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DATE: 30 October 2017

To: Members of the  
**AUDIT SUB-COMMITTEE**

Councillor Neil Reddin FCCA (Chairman)  
Councillor William Huntington-Thresher (Vice-Chairman)  
Councillors Alan Collins, Ian Dunn, Will Harmer and Tony Owen

A meeting of the Audit Sub-Committee will be held at Bromley Civic Centre on  
**WEDNESDAY 8 NOVEMBER 2017 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 21ST JUNE EXCLUDING THOSE CONTAINING EXEMPT INFORMATION (Pages 5 - 14)**
- 4 QUESTIONS FROM 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 2<sup>nd</sup> November 2017.

## **5 QUESTIONS ON THE REDACTED REPORTS PUBLISHED ON THE WEB**

The list of redacted audit reports published on the web is as follows:

1. Review of Bromley Children's Project Final Internal Audit Report—2016-2017.
2. Review of Children with Disabilities Team Audit for 2016-2017
3. Review of Community Infrastructure Levy Audit 2017/18
4. Review of Contract Monitoring for 2017-18
5. Review of Debtors-Income Audit for 2016-17

6. Review of Early Years for 2017-18
7. Review of Internet Usage Audit-2016-2017
8. Follow up Review of Marjorie McClure School-2016-2017
9. Review of Payroll Expenses Audit for 2016-2017
10. Review of Pensions Audit for 2016-2017
11. Review of Poverest Primary School 2016-2017
12. Review of Street Works Permits and Defaults Audit for 2016-17
13. Redacted LB Bromley Parking Enforcement Report by RB Greenwich 2015

Members have been provided with advance copies of the reports via email.

The reports have also been published on the Council's Website at the following link:

<http://cds.bromley.gov.uk/ieListDocuments.aspx?CId=559&MId=6281&Ver=4>

Printed copies of the reports are available on request by contacting Steve Wood on 0208 313 4316 or by email at [stephen.wood@bromley.gov.uk](mailto:stephen.wood@bromley.gov.uk)

- 6 MATTERS OUTSTANDING FROM THE LAST MEETING NOT INCLUDING EXEMPT ITEMS (Pages 15 - 18)**
- 7 OVERVIEW BY ZURICH ON CORPORATE AND DEPARTMENTAL RISKS. (Pages 19 - 52)**
- 8 INTERNAL AUDIT PROGRESS REPORT (Pages 53 - 92)**
- 9 LOCAL GOVERNMENT ACT 1972 AS AMENDED BY THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) (VARIATION) ORDER 2006 AND THE FREEDOM OF INFORMATION ACT 2000**

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

<u>Items of Business</u>	<u>Schedule 12A Description</u>
<b>10 EXEMPT MINUTES OF THE MEETING HELD ON 21ST JUNE 2017 (Pages 93 - 98)</b>	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
<b>11 MATTERS ARISING INCLUDING EXEMPT INFORMATION (PART 2) FROM THE MEETING ON 21ST JUNE 2017 (Pages 99 - 102)</b>	
<b>12 INTERNAL AUDIT FRAUD &amp; INVESTIGATION AND EXEMPT ITEMS REPORT (Pages 103 - 144)</b>	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)

**13     DATE OF THE NEXT MEETING**

The date of the next meeting is 7<sup>th</sup> March 2018

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## **AUDIT SUB-COMMITTEE**

Minutes of the meeting held at 7.00 pm on 21 June 2017

### **Present:**

Councillor Neil Reddin FCCA (Chairman)  
Councillor William Huntington-Thresher (Vice-Chairman)  
Councillors Ian Dunn, Peter Fortune and Tony Owen

### **Also Present:**

Luis Remedios, Head of Audit (until 22/6/17)  
David Hogan, Head of Audit (replacing Mr Remedios)  
John Bosley, Dan Jones, Charles Obazuaye and Garry Warner, Head of Highway Network Management  
Deepali Choudhary, Principal Auditor  
Linda Pilkington, Principal Auditor

## **1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**

Apologies for absence were received from Councillor Collins.

The Chairman welcomed Mr David Hogan, the new Head of Audit, to the meeting.

## **2 DECLARATIONS OF INTEREST**

Councillor Peter Fortune declared that his wife was a teacher at an academy trust in Bromley.

Councillor Tony Owen declared that his daughter was a teacher at an academy trust in Bromley.

Councillor Neil Reddin declared that his children attended academies in the Borough and that his wife was a member of two school governing bodies.

## **3 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 4TH APRIL 2017**

The minutes of the meeting held on 4<sup>th</sup> April 2017 were agreed as a correct record.

## **4 QUESTIONS FROM COUNCILLORS AND MEMBERS OF THE PUBLIC**

No questions were received.

**5 MATTERS OUTSTANDING (NOT INCLUDING EXEMPT INFORMATION) FROM THE MEETING HELD ON 4TH APRIL 2017**

**Report CSD17085**

Members considered the Part 1 (Public) Matters Arising report. In relation to Minute 33 (Annual Internal Audit Plan 2017-2018), Mr Hogan confirmed that he was currently undertaking a review of the adequacy of resources within the Audit Team and further information would be available at the end of July 2017.

Concerning Minute 34 (Internal Audit Progress Report), the Chairman confirmed that the recent General Election had delayed progress on the letter to MPs. The letter would now be drafted and sent to Bromley MPs and the relevant Minister within the next week.

It was agreed that the matters outstanding from Minute 37/1 (Register of Staff Interests) were no longer considered to be exempt. The update from the Director of Human Resources would now be considered in Part 1 of the meeting.

The Director of HR provided an update to the Sub-Committee on the progress of returns for the Register of Staff Business Interests. A document providing a breakdown by department of non-completion was tabled. The Director of HR reported that the return rate was more encouraging than it had previously been. There were now only 40 forms outstanding from across the Council and staff within HR had been “chasing, encouraging and cajoling” in order to increase the return rate. The return rate was considered to be good but the target was 100%. The Sub-Committee were informed that not every member of staff was required to complete a declaration of business interest form. Every Senior Officer was required to complete a declaration and the requirement for other staff was dependent on their role and responsibilities.

In response to a question from the Chairman the Director of HR confirmed that there was no specific sanction for non-compliance. However, disciplinary action could be taken against a member of staff if the disciplinary issues were in anyway linked to the non-disclosure. HR impressed upon staff that completion of the Register of Business Interests was for their own protection. The Director of HR confirmed that the majority of staff interests would not be in conflict with the organisation.

The Sub-Committee noted that one particular area where more vigilance was required was that of agency staff, contractors and staff not directly employed by the Council. These groups of staff were not as easy for HR to monitor as they were not direct employees. The Head of Audit confirmed that there were concerns around the robustness of references sought by agencies in relation to agency staff. The Director of HR reported that the Council’s current

contractor had been tightening up their procedures in recent years. As a result of the pressure to bring staff into the Council it was often necessary to undertake a risk assessment and make a judgement about the need to wait for references and further enhanced DBS checks.

## **6 QUESTIONS ON THE AUDIT REPORTS PUBLISHED ON THE WEB**

No questions had been received concerning the internal audit reports that had been published on the web.

## **7 ANNUAL AUDIT REPORT**

### **Report FSD 17049**

The Annual Audit report was presented by the Head of Audit who reported that this year the Director of Corporate Services had contributed to the Annual Governance Statement. One of the main areas for concern this year was contract monitoring issues.

The report was primarily for Member information and was intended to assist the Council in meeting the financial management and internal control requirements of the Accounts and Audit Regulations 2015. Part of the overall arrangements required the Chief Executive and the Leader to sign an Annual Governance Statement.

Included in the report were highlights of the performance of the Internal Audit function, a summary of the audits undertaken and an opinion on the overall adequacy and effectiveness of the organisation's internal control environment.

Members noted that schools that were audited were included within the report.

The Committee was reminded that Internal Audit's main objective was to assist management and Members in minimising risks, maintaining high standards and continuously improving service delivery through independent appraisal, review and advice. The report outlined the methodology employed to achieve these objectives.

The audit reviews looked at the controls in place and assessed how effective these were, together with associated risks. The Committee were informed that whilst it was Internal Audit's aim to complete the 2016/17 plan, this had been adjusted as a result of unexpected levels of unplanned activity including fraud and investigative work. To redress some of the shortfall, internal audit had bought in to the internal audit service of Mazars through the Framework Agreement operated by LB Croydon. Mazars undertook six audits from the audit plan--totalling 67 days

Internal Audit completed the majority of high risk audit reviews scheduled in 2016/17 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, ad hoc investigations and sickness, Internal Audit had completed about 80% of the Plan against the annual performance indicator requirement of 90%. There were seven audits where work was still in progress.

The Committee was advised that during 2015/2016, 862 audit days had been undertaken, and this included fraud and investigative work as well as mainstream audit work.

All internal work resulted in a formal report to management. Final reports were agreed with clients prior to being released and were followed up systematically in the following financial year; unless there were priority one recommendations which would be followed up within six months. All audit reports (apart from follow ups and investigations) included an opinion from internal audit based on their findings.

The report explained the four different assurance levels that were provided post audit, these were:

- Full Assurance
- Substantial Assurance
- Limited Assurance
- No Assurance

The Committee was notified that audits had been undertaken on 8 schools that were still maintained by Bromley, and that these audits had resulted in 41 recommendations.

For clarity, it was noted that there were follow up reviews for 6 schools that had been audited in 2015/16; of the 22 recommendations raised, 21 were fully implemented and 1 partially implemented and therefore re-recommended.

The main internal audit issues in 2016/17 related to contract management and monitoring, and it had been decided that a major focus of the 2017/18 plan would be to audit contract monitoring controls.

With reference to the Annual Governance Statement, the Head of Audit confirmed that adequate action plans had been agreed for all areas of identified weaknesses and Internal Audit would continue to apply close scrutiny to ensure that all current priority control weaknesses were addressed by management.

The Risk Management process had been reviewed as a result of the Ofsted report into LBB Children's Services in 2016. The various procedures put in place as a result were explained to the Committee.

Following a request from the Executive and Resources PDS Committee Zurich had been commissioned to carry out a check and challenge process on the risk registers for the three Directorates.

The control issues that had been highlighted in the audit reports were divided into the following 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 ensures that the organisation complies with all relevant legislation, best practice guidance and internal policies with respect to the conduct of the business.

The Portfolio Holder for Education Children and Families requested that in future a further breakdown of the number of audit days for schools be broken down to enable an analysis of the implications of the acadamisisation agenda.

With reference to the Annual Governance Statement, a Member suggested that within the Statement it should be reflected that one of the Policy Development and Scrutiny (PDS) Committees had become a Select Committee. With reference to the Inspection of the Bromley Youth Offending Service by HM Inspectorate of Probation, the Portfolio Holder for Education Children and Families confirmed that the report was no longer subject to Purdah.

**RESOLVED that the Annual Governance Statement be noted and approved.**

## **8 INTERNAL AUDIT PROGRESS REPORT**

### **Report FSD17051**

The Head of Audit presented the Internal Audit Progress Report which was intended to inform Members of recent audit activity across the Council and to provide updates on matters arising from the previous Audit Sub-Committee meetings.

The Sub-Committee noted the latest list of outstanding priority one recommendations attached at Appendix A of the report. A Member suggested that in the interests of transparency, in future, all the reports with Priority 1 recommendations should be named in part 1 of the agenda.

In relation to the Priority 1 recommendation concerning St Paul's Cray CE Primary School, the Head of Audit reported that a number of other issues had been picked up during the audit process which were being addressed. The Sub-Committee was advised that the recommendation pertaining to cash handling at St Paul's Cray CE Primary School remained open.

The Sub-Committee were informed that a school had received an overpayment of relief on NNDR (National Non Domestic Rates) of £103,499 as the date on which it converted to an Academy had been miscalculated. This money had now been reimbursed to the Council.

Members were updated concerning the liability of businesses to pay the Community Infrastructure Levy (CIL). There had been two priority one recommendations made in the original audit relating to the identification of CIL liable cases and the need for spot checks. It had been estimated in the previous audit that 48 cases had been identified where CIL liability had not been recorded. The Committee was briefed that the number of original assessments for liability subsequently fell to 41 and 3 of these had made payments totalling £8,126. Another 14 cases had CIL liability orders issued, totalling £79,655.

There had been a priority 1 recommendation for management to run a report from UNIFORM to identify planning applications made since 1 April 2015 where CIL liability had not been assessed and recorded. This recommendation was now regarded as implemented.

There had been a second priority 1 recommendation regarding CIL spot check visits, and this was also regarded as implemented.

Members were provided with an update following the previous audit on the Learning Disabilities Service where there had been three priority one recommendations relating to Assessments, Care and Support Plans and Service Agreements. It was noted that the recommendation relating to Assessments remained outstanding. The recommendations concerning care and support plans and service level agreements would be looked at in a future audit.

Concerning document retention and storage, Members were reminded that previously there had been two priority one recommendations relating to contract monitoring, invoice checking, cumulative expenditure and also the requirement to undertake a comprehensive review of documents in storage. The former recommendation was considered to be implemented, whilst the latter recommendation was still open. A Member stressed the need to ensure that the costs for retrieval and return were not a disincentive to review documents that were held in storage. It was recognised that there would need to be a review of all the information held in storage in light of the new Data Protection legislation.

Members were updated concerning the audit of corporate waivers. It was still the aim to set up a fully audited corporate waiver register, possibly in an

electronic form that would enhance the audit trail, and audit controls. This matter was ongoing and would be reported back to the Committee at the November meeting.

There had been some slippage in meeting the targets of the 2016/2017 audit plan for a variety of reasons, and the Committee were informed of additional work that internal audit had undertaken outside of the audit plan.

Members were notified that 10 further internal audit reports had just been published, and this meant that 176 had been published to date.

Members approved the nomination of Deepali Choudhary, (Principal Auditor) as Auditor of the Year. This was for an outstanding piece of work in carrying out an audit of the Waste Contract, which was the biggest contract held by the Council.

The Head of Audit updated Members concerning the number of cases of suspected housing benefit fraud that had been referred by Bromley to the SFIS (Single Fraud Investigation Service). Members were still concerned at the lack of prosecutions undertaken by the SFIS, and had previously resolved to write to the DWP, expressing LBB's concerns over this. This letter had not yet been written due to the snap general election, and new ministerial appointments that may be made. However, it was still the intention of the Sub-Committee that the letter be drafted. The Chairman suggested that the concerns of the Sub-Committee surrounding delays in bringing prosecutions should also be included in the letter sent to the DWP.

The Sub-Committee were briefed that LBB were still successfully prosecuting for council tax support fraud.

In relation to training, the Head of Audit reported that there had been some problems with the link on the Bromley Learning Hub. Once the problems had been remedied the training would be relaunched and advertised amongst staff.

**RESOLVED: That**

- 1. The progress report and matters arising be noted;**
- 2. The Internal Audit report be noted;**
- 3. The list of Internal Audit Reports publicised on the web be noted;**
- 4. The nomination of Deepali Choudhary as Auditor of the Year be approved;**
- 5. The latest cases referred to the DWP be noted;**

**6. The letter to the minister for the DWP to express LBB's concerns at the lack of prosecution for housing benefit fraud should still be drafted; and**

**7. The update on risks, together with actions taken to improve the risk register be noted.**

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

**RESOLVED that the press and public be excluded during consideration of the items of business listed below as it was 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.**

**10           EXEMPT MINUTES OF THE MEETING HELD ON 4th APRIL  
2017**

The exempt minutes of the meeting held on 4<sup>th</sup> April 2017 were agreed as a correct record.

**11           MATTERS ARISING FROM THE PREVIOUS MEETING-EXEMPT  
INFORMATION**

**Report CSD17086**

The Matters Arising report (Exempt Information) was noted.

**12           ANNUAL FRAUD & INVESTIGATION REPORT**

**Report FSD17050**

The report was presented by the Head of Audit and summarised all fraud and investigations undertaken for 2016/17.

The report provided a summary of all the allegations of fraud that had been received, investigations of matters not fraud related but breach of financial regulations/procedures, results of the fraud partnership with the Royal Borough of Greenwich and findings from the National Fraud Initiative (NFI) data match exercise. The report also referred to other matters such as major investigations, individual cases of interest, summary of the fraud register, pro-active exercises and LBB's self- assessment of counter fraud measures arrangements against CIPFA's (Chartered Institute of Public Finance and Accountancy) Counter Fraud Code of Practice.

**13           FRAUD & INVESTIGATION**

**Report FSD17052**

The Committee considered a report informing Members of recent Internal Audit activity on fraud and investigations across the Council and providing an update on matters arising from previous meetings of the Audit Sub-Committee.

The Chairman reported that this was the last meeting that the current Head of Audit, Mr Luis Remedios, would attend. The Chairman thanked Mr Remedios for the support he had provided to Bromley and the Audit Sub-Committee. The Sub-Committee wished Mr Remedios well for the future. In response, Mr Remedios thanked the Sub-Committee for the challenge it had provided over the years and the work that had been done to increase the profile of Internal Audit

The Meeting ended at 9.05 pm

Chairman

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Report No.  
CSD17157

London Borough of Bromley

## PART ONE - PUBLIC

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**Decision Maker:**      **AUDIT SUB-COMMITTEE**

**Date:**                      **8<sup>th</sup> November 2017**

**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

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1.      Reason for report

To update the Sub-Committee on progress with Matters Arising (Part 1) from previous meetings.

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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: £343,810
  5. Source of funding: 2017/18 revenue budget
- 

### Staff

1. Number of staff (current and additional): 8 posts 7.27fte
  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.
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### 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.
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### 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.

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

## **Appendix 1**

<b>Issue &amp; Date</b>	<b>Summary</b>	<b>Action being taken</b>	<b>By</b>	<b>Estimated Completion</b>
Minute 33 4 <sup>th</sup> April 2017  Annual Internal Audit Plan 2017-2018.	It was noted that resources would be looked at to ensure that Internal Audit would not be under resourced going forward.	A review has been carried out by the Head of Audit. This highlighted that between 2012 and 2017, Internal Audit resources reduced from 12 to 5.5 full time equivalents. This is low in comparison to its statistical Nearest Neighbour group. In order to improve this position it has been agreed to recruit a Trainee Auditor to strengthen the Internal Audit structure in order to meet core elements of the Audit Plan. The aim is to recruit for a start date in April 2018. This would be in time for the first Chartered Institute of Internal Auditors Apprentice scheme cohorts, and will allow for training costs to use Apprentice funding. Funding of salary costs for the post will be considered during the budget process.	David Hogan	April 2018
Minute 34 4 <sup>th</sup> April 2017  Internal Audit Progress Report	It was resolved that the Chairman would write to Bromley MPs to raise concerns identified with the SFIS.	Due to the General Election, it was decided that the letter would be written in mid/late June 2017.	Cllr Neil Reddin	Mid/Late June
Minute 5 21 <sup>st</sup> June 2017	The Chairman agreed to draft and send the letter	The letter has been sent and a response received	Cllr Neil Reddn	Completed

Part 1 Matters Outstanding	to the relevant Minister within one week of the June Audit Sub Committee meeting.	which has also been circulated to members of the Audit Sub Committee.		
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# Corporate & Directorate Risk - Update

8<sup>th</sup> November 2017

Adam Lickorish & Rupert Riall, Strategic Risk Practice

**Zurich Risk Engineering**



# Project Overview

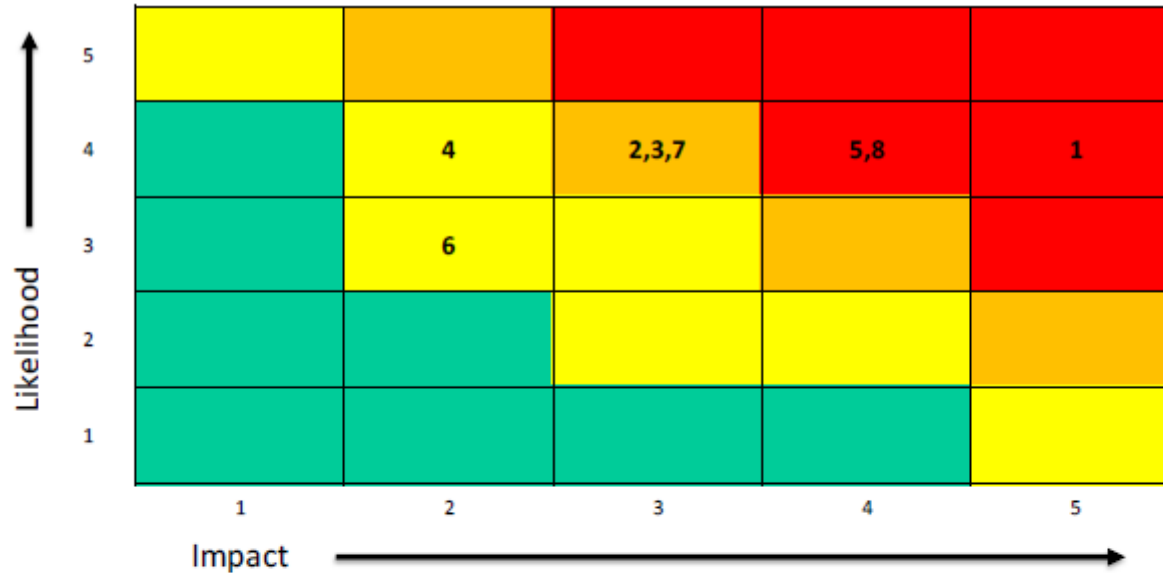
Zurich Risk Engineering has been commissioned by London Borough of Bromley to support the development of robust Risk Registers within the Directorates of the Council.

The first stage involved a desktop review of the existing risk registers which helped to inform priority areas for the following stages and made changes to the risk register, including the introduction of an auto-populated risk matrix (see slides 6 to 11).

The second stage, a 'check and challenge' workshop with each Directorate involved a discussion on the risks facing the department which challenged, refreshed and validated the current risk registers.

Having completed these two stages, the risk registers have now been reviewed by key stakeholders and sense-checked. The corporate risks were also discussed and put into a consistent format as part of the project and now all risk registers represent live documents, with current and up to date information contained within them.

# Corporate Risk Register View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	25	20
2	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	20	12
3	Failure to have a plan in place by 2017 for the partial implementation of Health & Social Care Integration by 2020	12	12
4	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	8	8
5	Ineffective governance and management of contracts	16	16
6	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	6	6
7	Failure to maintain robust Business Continuity and Emergency Planning arrangements	12	12
8	Failure to deliver effective Children's services social care services	16	16

# Summary of risk views across the Directorates

					Total	Linked Risks
Corporate Risk Register	n/a	n/a	n/a	n/a	n/a	n/a
CEX Risk Register	3	13	2	0	18	11
Finance Risk Register	2	6	1	0	9	3
ECHS Risk Register	2	12	5	4	23	4
ECS Risk Register	8	14	0	0	22	9
HR Risk Register	2	4	0	0	6	2
Commissioning Risk Register	0	0	2	1	3	3
Total	17	49	10	5	81	32

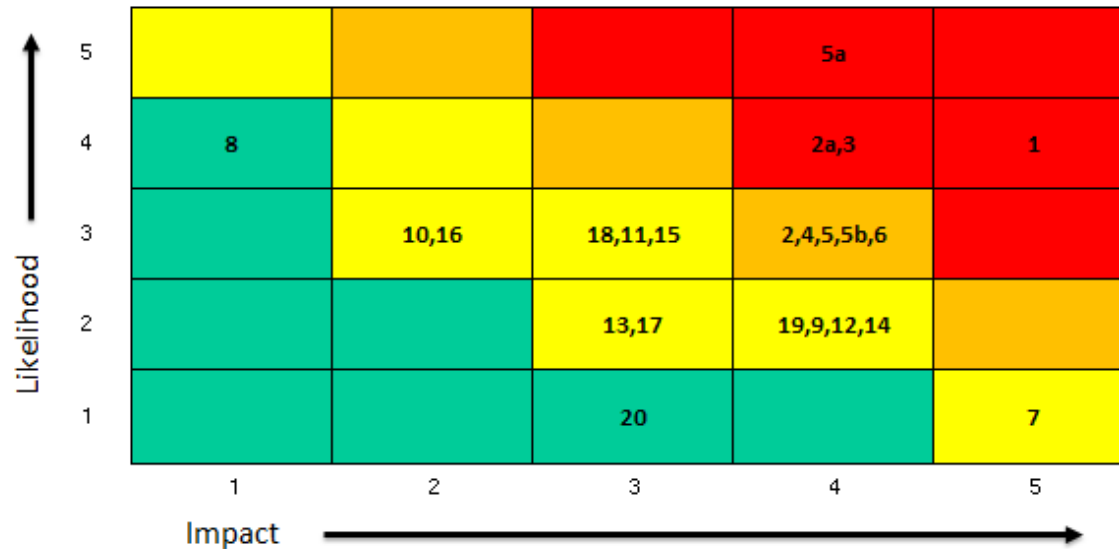
- 4 of the 5 Red risks are found within ECHS
- 20 risks are scored as Red at the gross level (before controls). Net scoring, after controls, moves 15 of these outside of the 'High' zone (8 amber, 6 yellow, 1 green).
- 10 Amber Risks which could easily move into Red

# Mapping to Corporate risks

Corporate Risk / Organisational Issues	ECS	ECHS	CEX	Commissioning	HR	Finance
Financial	X	X	X			X
Commissioning	X			X		
Organisational Change					X	
Contract Management		X	X	X		X
Information Communication Technology	X		X		X	X
Business Continuity and Emergency Planning	X	X	X			
Health and Social Care Integration						
Inability to deliver effective Children's Social Care services		X				

X indicates that the directorate has at least one risk on their register which is linked to the corporate risk

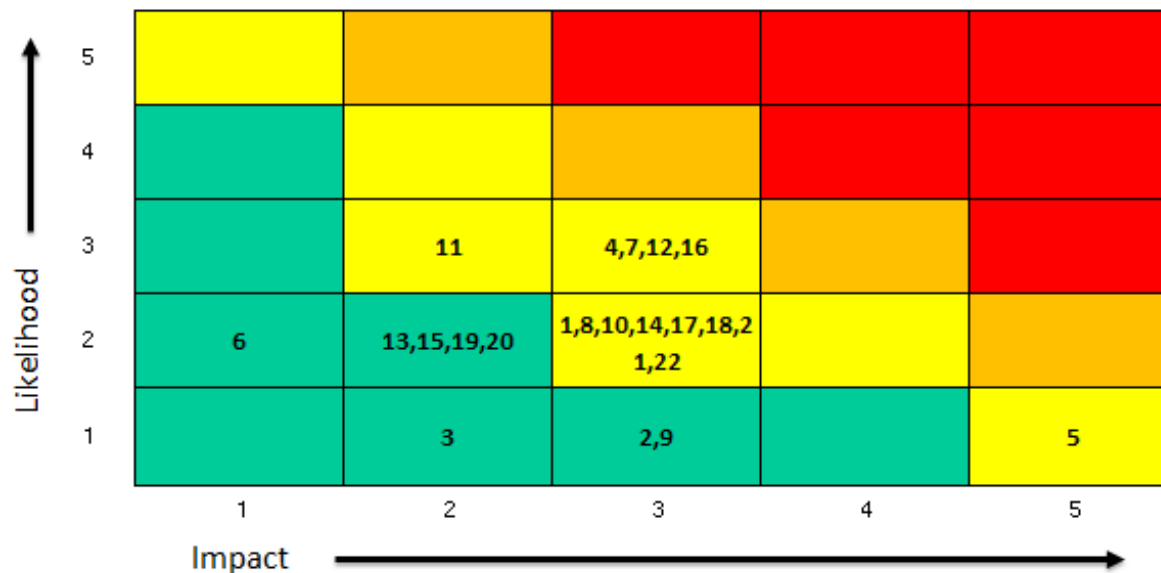
# ECHS Risk View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver ECHS Financial Strategy	25	20
2	Failure to deliver effective Adult Social Care services	16	12
2a	Failure to deliver effective Learning Disability services	16	16
3	Failure to deliver effective Children's services	20	16
4	Recruitment and Retention	20	12
5	Failure to deliver effective Housing Needs services	16	12
5a	Temporary Accommodation	20	20
5b	Capital Grant	16	12
6	Inability to deliver an effective Public Health service	16	12
7	Business Interruption / Emergency Planning	5	5
8	Contracts and Service Level Agreements	4	4
9	School Place Planning	12	8

Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
10	Not in Education, Employment or Training (NEET)	6	6
11	SEN Transport	9	9
12	SEN Reforms	12	8
13	School Standards	9	6
14	Youth Offending	12	8
15	Out of Borough Placements (Children and Young People)	9	9
16	Foster Carers	8	6
17	Care Leavers' accommodation	9	6
18	Welfare Reform	12	9
19	Deprivation of Liberty Safeguards	12	8
20	Data Collections	9	3

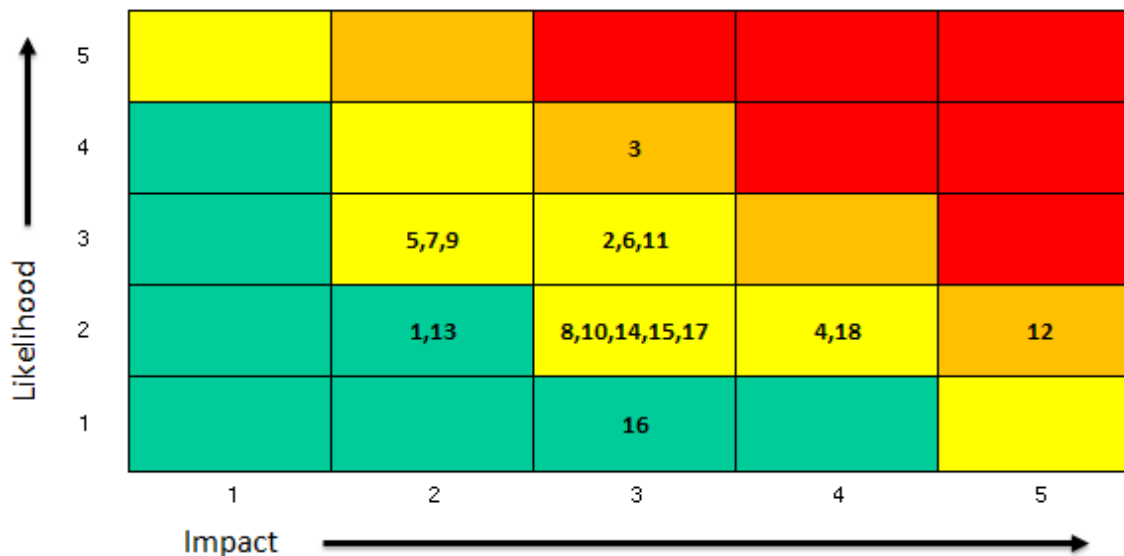
# ECS Risk View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Emergency Response	8	6
2	Loss of Central Depot	6	3
3	Fuel Shortage	3	2
4	Ineffective Business Continuity arrangement	12	9
5	Outbreak of an infectious disease	5	5
6	Industrial Action by contractor's staff	6	2
7	Line of business systems IT failure	9	9
8	Health & Safety (Department)	8	6
9	Health & Safety (Council)	8	3
10	Procurement	12	6
11	Inadequate management of Highways	8	6

Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
12	Inadequate management of Trees	12	9
13	Budgetary variations due to reduced income	6	4
14	Failure to achieve Waste budget	12	6
15	Delivery of 2019 Environment Services Strategy	12	4
16	Food Standards Agency Audit	16	9
17	Failure to redevelop high street	12	6
18	Failure to deliver new parking schemes	12	6
19	Recruitment and retention of quality staff	9	4
20	Lack of burial space within the borough	9	4
21	Climate change	9	6

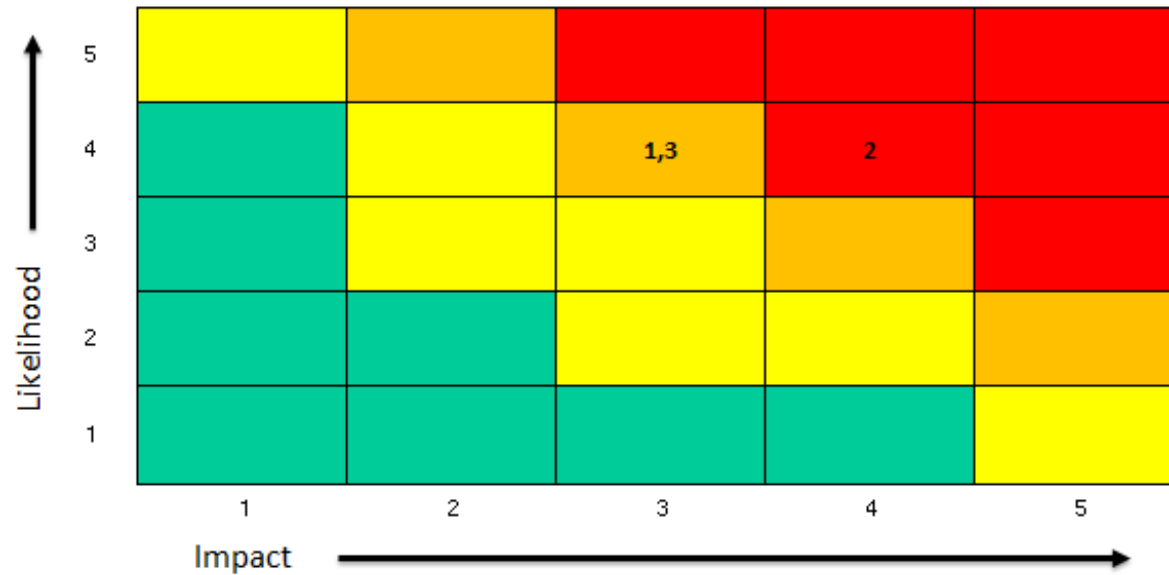
# CEX Risk View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	IT Security failure	20	4
2	Telecommunications failure	15	9
3	IT System Failure (partial loss)	16	12
4	IT System Failure (total loss)	15	8
5	Network Loss	9	6
6	Budgetary overspend	12	9
7	Fall in income from Registrars	9	6
8	Contractor Failure	8	6
9	Contractor Performance	12	6

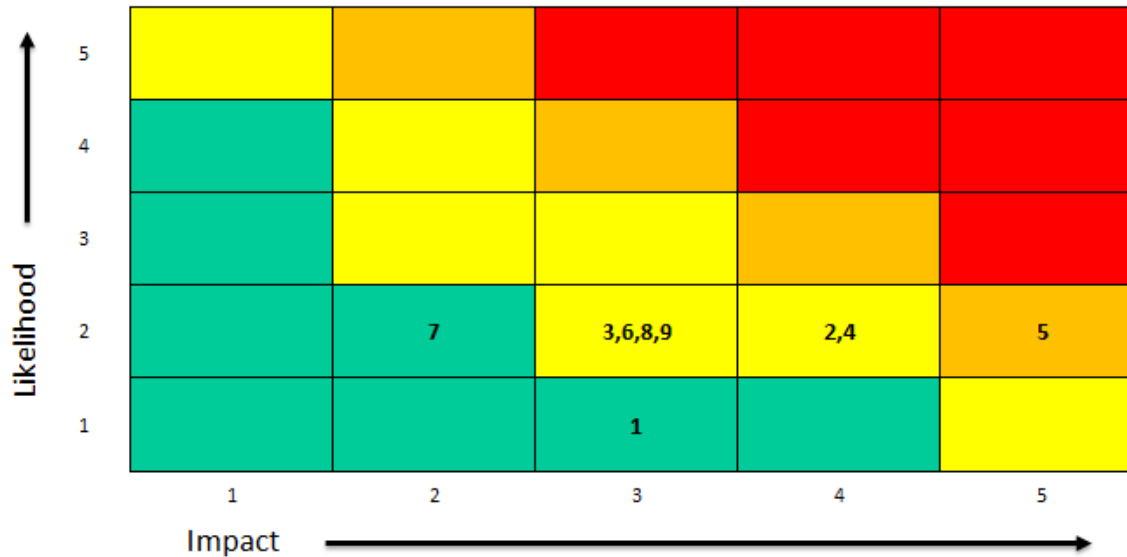
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
10	Legal Advice	9	6
11	Statutory and GRO standards	9	9
12	Disaster Recovery	10	10
13	Loss of Facility	9	4
14	Compliance failure	9	6
15	Data Protection	20	6
16	Failure to publish Register of Electors	6	3
17	Failure to manage election process	12	6
18	Safety of Statutory Records	8	8

# Commissioning Risk View



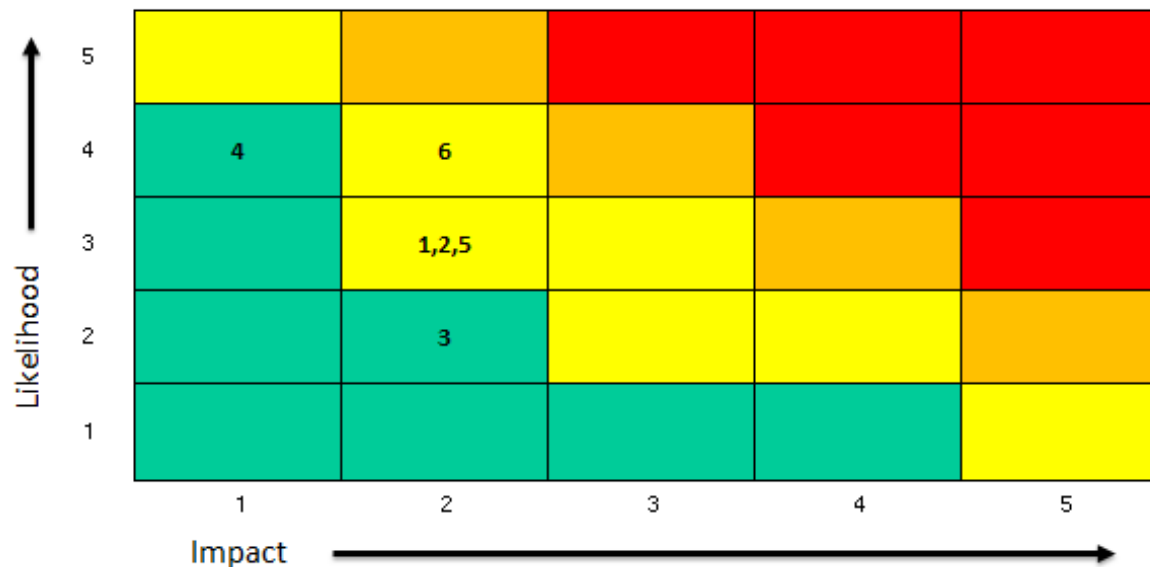
Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	20	12
2	Capability to effectively govern and manage contracts	16	16
3	Database Utilisation	12	12

# Finance Risk View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Gaps in Insurance cover	4	3
2	Financial Market Volatility	15	8
3	Capital Income Shortfall	12	6
4	Pension Fund	15	8
5	Budgetary Failure	15	10
6	Failure to act upon Financial assessments or arrears in a timely manner	9	6
7	Failure of Finance IT systems	6	4
8	Failure of external contractors (e.g. Liberata)	12	6
9	Contractor Poor Performance	9	6

# HR Risk View



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Ability to respond to short notice industrial action, changes in government initiatives, legal requirements	6	6
2	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	12	6
3	Failure to develop and implement effective recruitment and retention strategies for hard to fill posts e.g. Children's Social Workers	9	4
4	Agency Workers	12	4
5	Organisational Change	6	6
6	IT System Failure	12	8

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Corporate Risk Register

														DATE COMPLETED:		03/10/2017	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER				
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING						
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	<b>Cause(s):</b> 1. As a consequence of significant Government funding reductions (austerity continues until at least 2019/20), need to reduce the Council's significant 'budget gap' of £27 m per annum by 2019/20. 2. The Government's aim is to transform 'local government, enabling it to be self-sufficient by the end of Parliament' e.g. business rates to be fully devolved to local government by 2020/21. A future national recession could have a significant impact on income generated to fund key services within a fully devolved model. 3. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). 4. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. 5. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. 6. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). 7. As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. 8. Impact of welfare reforms and the phased roll out of Universal Credit. 9. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount).  <b>Effect(s):</b> - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage - Failure to achieve our Building a Better Bromley priorities.	Finance	5	5	25	- Regular update to forward forecast - Early identification of future savings required - Transformation options considered early in the four year forward planning period - Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost	4	5	20		Director of Finance				
2	Corporate Risk	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<b>Cause(s):</b> 1. Driven by budgetary considerations. 2. Our low cost base reduces the scope to identify efficiency savings compared with a higher cost organisation. 3. Availability of quality data to support decisions. 4. Capacity to deliver the Commissioning agenda. 5. Capacity of key areas to deliver outsourcing i.e. ICT (supporting IT and information transfers), HR, procurement teams and legal services. 6. Impact of not being able to outsource targeted services means that additional savings are required elsewhere. 7. Ensuring that we adequately engage with Members and consult staff, residents, service users, businesses and other interested parties. 8. Contracts and SLAs fail to deliver required quantity / quality / value for money services. 9. Potential downside: Contracted provider fails to meet performance standards, terminates contract or ceases to trade with the result that the service has to be brought back in-house.  <b>Effect(s):</b> - Service cuts required if balanced budget is not met - Reputational damage - Service standards reduce / outcomes not met - Contracts / SLAs fail to deliver required quantity / quality / value for money - If provider fails, potential for service to be brought back in-house - Failure to achieve our Building a Better Bromley priorities.	Commissioning	5	4	20	- Commissioning Programme developed - Initial pilot of 10 services identified - Commissioning Team represented at senior level across the Council - Governance arrangements and budget agreed - Commissioning Programme - Member and Officer training - Weekly Commissioning Board - Contract Sub Committee (5x per year) - Monitoring and progress reports to the Executive - Appropriate engagement wit Members, staff, residents, service users, businesses and other stakeholders	4	3	12	1. Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval. 2. Ensure that the organisation has the appropriate capacity and governance arrangements in place to deliver the agenda.	Director of Commissioning				
3	Corporate Risk	Failure to have a plan in place by 2017 for the partial implementation of Health & Social Care Integration by 2020	<b>Cause(s):</b> 1. Difficulty in achieving rapid change in a system as complex as health and social care. 2. Rising social care costs due to ageing population and people living longer with increasing complex needs. 3. Difficulties with agreeing budgets (given likely funding reductions going forward), complex governance arrangements, and workforce planning. 4. Need to focus on collaborative working (cultural differences). 5. Diminishing / reduced resources and changes in the way public funds are directed. 6. Pressure for social care services to be accessible 7 days a week both in terms of our own workforce and contracts with external providers in line with NHS priority to deliver 7 day working across the health sector. 7. LBB will need to contribute to a whole system review (led by the Bromley Clinical Commissioning Group ) to ensure that funding follows the patient.  <b>Effect(s):</b> - Failure to deliver statutory duties - Failure to achieve our Building a Better Bromley priorities.	Health & Social Care Integration	4	3	12	- A commitment to delivering an integration plan for health and social care services across the borough by 2017.  - Continued work with health partners to deliver the main transformation programmes.  - Building on the work already delivered through the S.75 and being implemented through the Better Care Fund workstream i.e. Reablement and Rehab services, Winter Resilience work, Transfer of Care Bureau and Integrated Care Records.  - Review of governance for integrated working between council and CCG	4	3	12		Deputy Chief Executive & Executive Director for Education, Care and Health Services				
4	Corporate Risk	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	<b>Cause(s):</b> 1. The on-going need to reduce the size and change the shape of the organisation to secure priority outcomes within the resources available. 2. Having the right people in place by implementing effective recruitment and retention strategies. 3. Potential skills gap and deterioration of service quality through loss of experienced staff as a result of age profile of workforce and downsizing (failure to succession plan). 4. Disruption while services realigned and staff appointed to new structure. 5. Increasing demands and pressures on remaining staff given increased customer expectation levels, could lead to morale issues. 6. Increased potential for internal controls to be bypassed due to flatter reporting structure. 7. Lack of capacity to lead projects / manage change agenda and consequent ability to respond to change initiatives and the achievement of outcomes and benefits. 8. Potential future shortage of professionally qualified practitioners in key areas, particularly around the Safeguarding agenda. 9. Need to ensure that relevant staff have necessary disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits e.g. risk and performance management. 10. Adverse industrial relations climate with individual and collective grievances including trade disputes with the unions, causing some disruptions to vital Council services. 11. Increasing number of employment tribunal cases causing financial and administrative inconveniences. 12. Having the right buildings and facilities to support fewer, more professional, differently organised staff. 13. Potential changes to working relationship with Members as we move to a smaller organisation. 14. The need to track continued changes to government strategy and policies coupled with changes in legislation to avoid compliance issues (approx. 1,300 statutory duties). 15. Adequacy of consultation on issues that affect residents across the borough i.e. re-organisation of libraries, Biggin Hill expansion. 16. Adverse external audit comment and resulting ratings in relation to 'excellent in the eyes of local people'.  <b>Effect(s):</b> - Skill gaps - Deterioration of service quality through loss of experienced staff - Disruption while services are realigned <i>Monitor internal controls</i>	Organisational Change	4	2	8	- Continuously address the recruitment and retention of key individuals in critical posts.  - Effective succession planning and grow your own initiatives, and using the Apprenticeship Levy to address recruitment challenges in the medium-long term  - Ensure the organisation has the HR capacity and employment law expertise to manage change.  - Address the transformational and transitional capabilities (including leadership) required for a successful commissioning journey/process.  - Provide adequate resources to support and improve staff engagement and communications.	4	2	8		Director of Human Resources				

Corporate Risk Register

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5	Corporate Risk	Ineffective governance and management of contracts	<b>Cause(s):</b> 1. Ensuring client side staff have the necessary training and skills to manage and monitor contracts. 2. Ensuring effective communication channels between client and provider to ensure contract compliance. 3. Need for monitoring officers to check quality of outsourced services and customer satisfaction levels. 4. Lack of understanding of the contract deliverables. 6. Short cuts in procurement processes e.g. extending contracts rather than retendering. 7. Compatibility of different systems and availability of IT support. 8. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. 9. Potential for operational errors / omissions by contractors (responsibility remains with LBB). 10. Managing customer expectations and dealing with complaints where there are failures.  <b>Effect(s):</b> - Financial losses - Service disruptions - Provider fails to maintain agreed service levels routinely - Increased resource to handle and manage complaints / customer expectations - Failure to achieve our Building a Better Bromley priorities.	Contract Management	4	4	16	- Review of contract management and contract monitoring controls including any issues identified by internal audit - Database alerts to assist in monitoring - Contract Sub Committee - Contract Monitoring Summary template completed and loaded on the Contract Monitoring Team site.	4	4	16		All Directors			
6	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<b>Cause(s):</b> 1. Need to ensure that Information systems are fit for future business purpose. 2. Capacity and skill within Corporate ICT to maintain and support systems during a period of significant change and in the future. 3. Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). 4. Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). 5. Adequacy of information governance data protection rules to ensure the confidentiality, integrity and availability of information assets. 6. IT failure impacting on critical operational systems. 7. Over the next 3 years we will need to undertake gateway reviews / procurement plans for at least 4 of the Council's business critical systems; Customer Relationship Manager, Carefirst, Housing info system and Education's Capita One system plus the main LBB website and SharePoint. 8. Transfer of IT contract to new ICT 3rd party supplier.  <b>Effect(s):</b> - Service disruptions - Inability to access key systems - Reputation damage - Inability to support organisation change and savings targets - Failure to achieve our Building a Better Bromley priorities.	ICT	3	2	6	- Transfer of IT contract to new BT in 2016 to give greater resilience. Robust backup arrangements .Enhanced antivirus/cyber security. tested system restoration arrangements.	3	2	6	Review data storage /hosting arrangements. Carry out at least 4 gateway reviews for major systems.  Increase stability of ICT infrastructure including Lync.	Director of Corporate Services			
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<b>Cause(s):</b> 1. Unavailability of Council offices / depots due to explosion, fire flood or police cordons around Council buildings 2. Operational emergencies due to severe weather conditions, fire, or major incident. 3. Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act). 4. Loss of key business systems due to power problems or system failure. 5. Inadequate IT disaster recovery arrangements leading to dislocation of Council services. 6. Sustained industrial action affecting key services. 7. Lack of Business Continuity Plan testing. 8. Adequacy of contractor's business continuity plans. 9. Shortage of staff to deliver key services in the event of a flu pandemic or similar  <b>Effect(s):</b> - Significantly prolonged service disruptions - Normal service takes longer to resume - Reputational damage / loss of credibility - Increased costs to rectify disruptions - Injury / harm - Loss of access to key systems - Failure to achieve our Building a Better Bromley priorities.	Business Continuity	4	3	12	- Business Continuity Plans - Emergency Planning procedures	4	3	12	To ensure that all Business Continuity Plans are up to date and are cross linked with one another across the Authority, specifically in relation to fall back sites, where there may be a number of departments using the same scarce resource.  To consider our Business Continuity plans in the event of a major incident in the Borough ( staff unable to get to work , staff caught up in or helping with the incident.  To revisit the evacuation protocols within the Civic Centre site, specifically where staff would go if there was a large cordon around Bromley Town Centre.  To continue to provide a resilient out of hours service to Emergency Planning by having Trained contactable volunteers.	Director of Environment & Community Services			
8	Corporate Risk	Failure to deliver effective Children's services social care services	<b>Cause(s):</b> 1. Failure to deliver effective children's services to fulfil safeguarding obligations and protect those at risk of sexual exploitation or missing from care. 2. Failure to prevent a child or young person from suffering significant harm or death. 3. Following 'Statutory Direction' from DfE, failure to perform to an adequate standard, some or all of the functions to which section 497A of the Education Act 1996 ("the 1996 Act") is applied by section 50 of the Children Act 2004 ("children's social care functions"), potentially leading to the recommendation to the Secretary of State that alternative delivery arrangements are the most effective way of securing and sustaining improvement 4. Unfavourable media coverage and loss of credibility  <b>Effect(s):</b> - The Council is unable to fulfil its statutory obligations in Safeguarding and Education - The Council is ineffective in protecting those at risk of significant harm or death, sexual exploitation or missing from care - Negative impact on life chances and outcomes for children - Reputational damage - Failure to achieve our Building a Better Bromley priorities.	Children's Social Care	4	4	16	- Multi Agency Bromley Children's Safeguarding Board (BCSB) in place and BCSB Training programme - Dedicated HR programme of support in place to recruit social workers to front line posts - Review of Performance Management Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Appointment of Deputy Chief Executive with Director of Children's Services responsibility (in post December 2016) - Appointment of Director, Children's Services (in post December 2016) - £950k available for immediate use to build capacity and £2.3m available on a recurring basis for Children's services - Performance Framework - Quality Assurance Audit Programme - Children's Service Improvement Action Plan refocused to ensure that Heads of Service and Group Managers are delivering the actions relevant to their teams. - Key events and supporting material developed to ensure improving practice is at the heart of the organisation - Review of team structures - New process for authorising placements developed - Continued reduction of caseloads - Development of CSE and missing unit (ATLAS team in place) - Training plan for qualified social workers and other professionals (Jan - Mar 2017) - Dedicated HR programme of support in place to recruit social workers to front line posts. 14 New social workers in the process of being recruited - £950K available for immediate use to build capacity - £2.3m available on a recurring basis for Children's services	4	4	16	Directors, Specifically Executive Director of ECHS				

# Finance Risk Register

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1	Finance	<b>Gaps in Insurance cover</b> Failure to ensure that sufficient insurance cover is in place with the result that Council assets may not be adequately covered and that claims in excess of our current excess (£125k - Public Liability) could be turned down by our insurance company	<b>Cause(s):</b> 1. Incorrect/incomplete asset/risk data provided to insurer. 2. Total level of insurance insufficient e.g. to cover damage to multiple high value assets. 3. Uninsurable risks e.g. criminal/regulatory fines.  <b>Effect(s):</b> Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Financial - Operational	1	4	4	1. Maintain schedule of all property, vehicles and plan to be insured by the Council 2. Maintain a register of all insurance premiums paid each year 3. Independent check on all such records by internal / external audit and professional insurance brokers.	1	3	3		James Mullender
2	Finance	<b>Financial Market Volatility</b> Financial loss arising from the volatility of financial markets.	<b>Cause(s):</b> Market volatility, recession, banking failure  <b>Effect(s):</b> We do not maximise our interest earnings on balances and could also suffer the following issues - Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks	Financial - Operational	3	5	15	1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Quarterly reporting to E&R PDS Committee (Members) 5. Adoption of CIPFA Treasury Management Code of Practice 6. Regular meetings / discussions with external auditors 7. Treasury management strategy	2	4	8		James Mullender
3	Finance	<b>Capital Income Shortfall</b> Inability to generate capital receipts	<b>Cause(s):</b> Property price reductions as a result of the economic environment.  <b>Effect(s):</b> Financial	Economic - Strategy	3	4	12	1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments 4. Quarterly reports on capital receipts (actual and forecast) to Executive.	2	3	6		James Mullender
4	Finance	<b>Pension Fund</b> The pension fund not having sufficient resources to meet all liabilities as they fall due	<b>Cause(s):</b> 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements  <b>Effect(s):</b> Financial	Financial - Operational	3	5	15	1. Use of external advice. 2. Financial: Monitoring of investment returns - analysis of valuation reports 3. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 4. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 5. Internal audit review of activities, performance, controls etc. 6. Quarterly reports to Pensions Investment Sub-Committee 7. Funding Strategy Statement 8. Statement of Investment Principles 9. Communications Policy 10. Governance Policy 11. Triennial valuation by actuary 12. Strategic asset allocation review.	2	4	8	Seeking opportunities for future 'gifting'	Director of Finance
5	Finance	<b>Budgetary Failure</b> Failure to deliver 4-year financial plan.	<b>Cause(s):</b> On-going public sector austerity, government funding changes, council not being self-sufficient and a future recession.  <b>Impact(s):</b> Service cut backs and potential failures to ensure legally obligated balanced budget.	Economic - Strategy	3	5	15	Controls: 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis 3. Reporting of financial forecast updates in year to provide an update of financial impact and action required 4. Obtain monthly trend / current data to assist in any early action required 5. Obtain regular updates / market intelligence 6. Reporting full year effect of budget variations 7. Analysis of government plans and changes	2	5	10	Exploring opportunities to make the council more financially self sufficient	Director of Finance

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6	Finance	Failure to act upon Financial assessments or arrears in a timely manner	<b>Cause(s):</b> 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems  <b>Effect(s):</b> Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown	
7	Finance	Failure of Finance IT systems	<b>Cause(s):</b> Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB  <b>Effect(s):</b> Inability to pay creditors, calculate payments due to our suppliers / foster carers (Payments Team) or to accommodate charging information for billing clients which could result in fines, penalties and loss of goodwill / reputation.	Contractual and Partnership - Operational	3	2	6	1. CareFirst has replaced the majority of the databases used in Finance for ECHS payments 2. All systems are backed up daily 3. If systems fail, new databases can be built and/or manual calculations for charges or payments could be made 4. Manual cheque payments could be raised 5. Close liaison with Liberata (and sub contracted company Xerox) to discuss any problems - escalation procedure works well. 6. Alternative printers being available at Xerox reduces the risk of cheques not being produced due to printer failure 7. Stock control measures in place to ensure cheques are ordered in time 8. BACS payments increasing - solid and dependable	2	2	4		Claudine Douglas-Brown	
8	Finance	Failure of external contractors	<b>Cause(s):</b> Contractor ceases to trade due financial failings.  <b>Effect(s):</b> disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale	
9	Finance	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	<b>Cause(s):</b> Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems  <b>Effect(s):</b> - Delay / non payment of suppliers, customers, staff salaries, pensions. - Increase in fraudulent payments -Delayed or non repayment from debtors  Resulting in loss of income, increased costs, increase in complaints and subsequent loss of good will and / or reputational damage.	Financial - Operational	3	3	9	1. Effective SLAs and contracts in place 2. Regular operational and strategic meetings monitoring progress and identifying action required 3. Action identified and formally agreed when monitoring key performance areas 4. Formal structures and procedures in place for monitoring and corrective action to minimise risk 5. Process reviewed on an ongoing basis 6. Weekly monitoring of complaints and patterns identified	2	3	6		Claudine Douglas-Brown / John Nightingale	

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

# Human Resources Risk Register

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1	Human Resources	Ability to respond to short notice industrial action, changes in government initiatives or legal requirements	<b>Cause(s):</b> - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networkings <b>Effect(s):</b> - Increased costs (bank / agency usage) - Reputation damage - Impacts on service delivery	Political	3	2	6	1. Early and effective engagement with staff and trade unions 2. Sound internal and external legal advice 3. Identifying appropriate legal options 4. Pro-active intelligence gathering via London Councils and other networks	3	2	6	1. Submitting timely proposals to Chief Officers and / or members of the Industrial relations committee.	Director of HR
2	Human Resources	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	<b>Cause(s):</b> - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding <b>Effect(s):</b> - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council Equality Scheme in place 2. Requirement to report and record accurately equalities information 3. Equalities training in place for managers and staff	3	2	6	1. Professional updates / HR Mgt Team forward planning	Director of HR
3	Human Resources	Ineffective recruitment and retention strategies for hard to fill posts e.g. Children's Social Workers	<b>Cause(s):</b> - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool <b>Effect(s):</b> - Potential service delivery impacts - Increased costs due to usage of agency workers - Reduction in quality of service	Personnel / Operational	3	3	9	1. Horizon scanning to anticipate changes and trends to staff complement 2. Keeping up to date on national trends for hard to recruit professions 3. Case load promise	2	2	4	1. Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees	TBC
4	Human Resources	Ineffective Agency Worker Checks	<b>Cause(s):</b> - Poor procedures - Inadequate monitoring - Lack of awareness / understanding <b>Effect(s):</b> - Workers with safeguarding concerns not identified - Safeguarding incident occurs (harm / injury) - Agency worker ID fraud - Reputation damage	Personnel / Operational	4	3	12	1. Managers check identity of candidate when arriving for work, with copy of DBS and proof of identity. E.g. passport, and original copy of birth certificate. 2. Up front audits with Adecco undertaken to ensure processes are robust.	4	1	4	None identified	TBC

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5	Human Resources	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	<b>Cause(s):</b> - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner  <b>Effect(s):</b> - New service models are ineffective / not fit for purpose - Increased costs - Legislative and legal requirements breached (e.g. TUPE) - Reduction in service quality / provision - Reputation damage	Personnel / Operational	3	2	6	1. Managing change procedure in place 2. Capacity building and additional resources to support the change process 3. Effective communication and engagement with staff and their representatives. 4. Formal consultation processes and departmental representatives 5. Regularly meetings include members	3	2	6	None identified	TBC
6	Human Resources	Inability to process / access pay and personnel records	<b>Cause(s):</b> - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around  <b>Effect(s):</b> - Delays or restriction in level of HR support available - Pay changes not made - Staff morale reduction if for a long period - Delays in ability to recruit	Data and Information	4	3	12	1. Back-up payroll processes/systems 2. Regular saving of personnel information on Resource Link 3. Business Continuity Plan in place	4	2	8	None identified	TBC

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

## ECHS Risk Register

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1	All	Failure to deliver ECHS Financial Strategy	Cause(s): - Continual reduction in Central Government funding - Demographic changes - Increased demand for services - Demand led statutory services (c. 80% of operations) which can be difficult to predict - Increasing cost volatility due to rise of complex, high cost families or placements requiring services.  Effect(s): - Lower than anticipated levels of financial resource - Failure to achieve a balanced budget - Failure to secure economy, efficiency, and effectiveness of use of resources leading to a Qualified Independent Auditors' Report - Objectives of the service not met - Reputation is impacted - Wider goals of the Council are not achieved	Financial	5	5	25	- Budget monitoring and forecasting - Regular review of medium term strategy - Regular reporting to DLT and Members via the Committee reporting process - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Monitor demographics, economic indicators and develop insight into future demand - Match financial planning to Council priorities - Internal audit framework - Early intervention with service users - Constantly reviewing service operations for potential efficiencies	4	5	20		ECHS DLT  Ade Adetosoye, Director of Education, Janet Bailey, Sara Bowrey, Naheed Chaudhry, Paul Feven, Stephen John, Nada Lemic.
2	Adult Social Care	Failure to deliver effective Adult Social Care services The Council is unable to deliver an effective adult social care service to fulfil its statutory obligations including the safeguarding of Adults	Cause(s): - Increasing demand - Above compounded by associated longer waiting lists leading to deteriorating condition and ultimately increased service user / carer costs - Failure to deliver effective safeguarding arrangements - Failure to comply with statutory requirements including the Care Act  Effect(s): - Impact on life chances and outcomes for service users - Failure to keep vulnerable adults safe from harm or abuse	Legal, Reputational	4	4	16	Care Act - Redesigned processes, including amending forms, and operational procedures in place and Care Act compliance training Better Care Fund - Programme overseen by the Interim Director of Programmes and the CCG Safeguarding - 1. Multi Agency Bromley Adult Safeguarding Board (BSAB) in place. 2. BSAB Training programme (E Learning and Face to Face). 3. Awareness training for vulnerable groups. 4. Care Act compliance training Recruitment - Dedicated HR programme of support in place to recruit social workers to front line posts Performance Monitoring Framework - Review of Performance Management Indicators Procurement and Contract Monitoring - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money	3	4	12		Director, Adult Social Care (Stephen John)
2a	Learning Disability Service	Failure to deliver effective Learning Disability services Failure to assess service users, establish eligibility criteria and carry out the review process.	Cause(s): - Failure to identify and meet service users' needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Failure to manage the transition process of service users from Children's Services to Adult Services leading to increased risk of Judicial Review  Effect(s): - Costs associated with Legal process - Ongoing care package costs as a result of Legal process outcome - Placement predictions leading to financial pressures (cross refer ECHS Budget risk)	Legal, Reputational	4	4	16	- Close monitoring of placements and eligibility criteria - Budget monitoring and forecasting - Regular review of medium term strategy - Regular reporting to DLT and Care Services PDS - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Hold provider to account for poor performance - Monitor demographics, economic indicators and develop insight into future demand	4	4	16	Review effectiveness of new controls implemented post audit in Q4 (?) 2017	Director, Adult Social Care (Stephen John)
3	All Children's Social Care, Safeguarding and Education Sections	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in Safeguarding and Education and protect those at risk of significant harm or death, sexual exploitation or missing from care	Cause(s): - Increasing demand - The Secretary of State could determine that the Council is failing to deliver its Children's Social Care services to an adequate standard and approve alternative delivery arrangements as the most effective way of securing and sustaining improvement. This arrangement could include the removal of service control from the authority.  Effect(s): - Impact on life chances and outcomes for children	Legal, Reputational	4	5	20	- Multi Agency Bromley Children's Safeguarding Board (BCSB) in place and BCSB Training programme - Dedicated HR programme of support in place to recruit social workers to front line posts - Review of Performance Management Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Appointment of Deputy Chief Executive with Director of Children's Services responsibility (in post December 2016) - Appointment of Director, Children's Services (in post December 2016) - £950k available for immediate use to build capacity and £2.3m available on a recurring basis for Children's services - Performance Framework - Quality Assurance Audit Programme - Children's Service Improvement Action Plan refocussed to ensure that Heads of Service and Group Managers are delivering the actions relevant to their teams. - Key events and supporting material developed to ensure improving practice is at the heart of the organisation - Review of team structures - New process for authorising placements developed - Continued reduction of caseloads - Development of CSE and missing unit (ATLAS team in place) - Training plan for qualified social workers and other professionals (Jan - Mar 2017)	4	4	16		Director, Children's Services (Janet Bailey)  Director, Education

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4	All	<b>Recruitment and Retention</b> Failure to recruit and retain key skilled staff with suitable experience/qualifications	<b>Cause(s):</b> - Failure to compete with other organisations to recruit the highest quality candidates to build an agile workforce - Small pool of experienced Social Workers, particularly children's  <b>Effect(s):</b> - Failure to identify and meet service user needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Lack of skill set results in an inability to deliver effective adults, children's and public health services to fulfil statutory safeguarding obligations, impacting on life chances and outcomes	Personnel	5	4	20	- Dedicated HR role to support managers in recruiting social workers to front line posts - Joint meetings held between HR and employment agencies to improve the quality and speed of locum assignments - Repromotion and review of the current Recruitment and Retention package - Repromotion of the 'no quit' policy - Recruitment drive to convert locums to permanent staff - Commissioning of improvements to the Council's recruitment web site to include a video virtual tour of the Council - Support in effectively managing staff performance - Provision of training measures to include targeted leadership and management training programmes including partners and other stakeholders - Tailored individual career plan for staff - Training and quality assurance of practice - Provision of regular monitoring information to feed into the corporate governance dashboard	3	4	12		Director, Adult Social Care (Stephen John)  Director, Children's Services (Janet Bailey)  Director, Public Health (Nada Lemic)  Director, Housing (Sara Bowrey)	
5	Housing Needs	<b>Failure to deliver effective Housing Needs services</b> The Council is unable to deliver an effective Housing Needs service to fulfil its statutory obligations	<b>Cause(s):</b> - very demand led - lack of trained staff - homelessness is increasing number and complexity of cases  <b>Effect(s):</b> - Impact on life chances and outcomes for individuals and families in need of Housing Services - Reputational damage - Legal challenge	Legal	4	4	16	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice support and sustainment - Assistance (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money	3	4	12	- Seek new and alternative forms/supply of temporary accommodation - Ensure the successful implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation - Work innovatively with a range of providers to increase access to a supply of affordable accommodation - Produce and maintain the new London Borough of Bromley Homelessness strategy ensuring that the strategy promotes partnership working to reduce and prevent homelessness	Director, Housing (Sara Bowrey)	
5a	Housing Needs	<b>Temporary Accommodation</b> Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homelessness budgets	<b>Causes:</b> - changes in government funding - rising number of placements (approx. 20 per month)  <b>Effect(s):</b> - Failure to fulfil statutory obligations - Impact on life chances and outcomes for individuals and families in temporary accommodation - Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) - Pressure on other services	Social	5	4	20	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice support and sustainment - Assistance (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money	5	4	20	- Seek new and alternative forms/supply of temporary accommodation - Ensure the successful implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation - Work innovatively with a range of providers to increase access to a supply of affordable accommodation - Produce and maintain the new London Borough of Bromley Homelessness strategy ensuring that the strategy promotes partnership working to reduce and prevent homelessness	Director, Housing (Sara Bowrey)	
5b	Housing Needs (Housing Strategy)	<b>Capital Grant</b> Failure to deliver the Council's affordable housing strategy in support of statutory obligations Lack of infrastructure in place where growth is occurring (Section 106 monies)	<b>Cause(s):</b> - Lack of availability of external capital grant (Housing Associations) to deliver key housing schemes - Lack of available suitable sites within the borough on which to develop new affordable housing schemes over the short to medium term  <b>Effect(s):</b> - An inadequate supply of housing will lead to an inability to meet housing needs of a range of client groups in support of statutory housing and homelessness duties.	Social	4	4	16	- Lead negotiations on the affordable housing provision on section 106 applications, ensuring that the affordable housing obligation reflects local adopted planning policy and local statutory and high priority housing need - Determination at planning stage to ensure collection of obligations due - Conditions attached to funding received to ensure it is spent on preventing homelessness	3	4	12	- Review of proposed legislation as it develops	Director, Housing (Sara Bowrey)	
6	Public Health	<b>Inability to deliver an effective Public Health service</b> The Council is unable to deliver an effective Public Health service to fulfil its statutory obligations	<b>Cause(s):</b> Reduced budget which has led to funding cuts, reduced service and redundancies. Withdrawal of non-statutory services.  <b>Effect(s):</b> - Increased clinical risk to patients and Bromley residents - Reputational risk to council - Gaps and potential blocks in health service between NHS and Local Authority	Professional, Legal, Reputational	4	4	16	- Working with partners including the CCG and Hospital Trust to jointly deliver Public Health functions and mitigate impact of cuts - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money	3	4	12	Plans for further integration with CCG	Director, Public Health (Nada Lemic)	

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7	All ECHS Divisions	<b>Business Interruption / Emergency Planning</b> Failure to provide Council services or statutory requirements of mass illness/fatalities scenario following a business interruption or emergency planning event	<b>Cause(s):</b> - Business Interruption could be caused by Loss of Facility (fire, flood etc.), Staff (illness, strike) or IT (cyber attack). - Mass fatalities or illness has a range of causes and this risk to the council could be caused by council staff being impacted resulting in failure to manage statutory requirements of mass illness/fatalities scenario (e.g. registering of deaths within timescales)  <b>Effect(s):</b> - Business interruption - failure to deliver services, loss of customer / resident satisfaction. - Emergency planning - failure to deliver statutory duties.	Personnel, Reputational	2	5	10	Business Interruption - Civil protection and emergency planning policies in place at corporate level overseen by the Corporate Risk Management Group - Business Continuity Plans in place at service level - Contracts contain business continuity provision - Communication to all staff prior to all impending industrial action, informing of any possible service disruption as well as explaining implications of strike action for individual staff members  Emergency Planning - Robust plans in place, including Outbreak Plan, Flu Plan and Pandemic Flu Plan - Alert system via the South East London Health Protection Unit (SEL HPU) - Annual Flu vaccination programme in place	1	5	5		ECHS DLT	
8	All ECHS Divisions	<b>Contracts and Service Level Agreements</b> Failure to effectively procure and/or manage key contractors or partners, leading to the department being unable to deliver key services, including attracting appropriate contractors or partners to deliver services	<b>Cause(s):</b> - Failure of provider - Provider withdrawing from the contract  <b>Effect(s):</b> - Failure to deliver required quality/quantity/value for money services	Contractual, Partnership	4	1	4	- Timely and effective procurement process - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Business Continuity plans - Contracts Sub-Committee established (a sub-committee of the Executive and Resources PDS Committee which considers a range of contracts issues including legal requirements, contract clauses and contract management to ensure value for money). - Traffic light system in use to assess the current status of each procurement project and any projects with a red status are tracked and reported to fortnightly divisional management team meetings - Commissioners and Procurement and Contract Compliance staff implement recovery plans for projects with red status alerts in order to mitigate all risks and to ensure that the department operates within financial regulations	3	1	3	- Ensuring appropriate adjustment of prices following introduction of the National Living Wage	ECHS DLT	
9	Education	<b>School Place Planning</b> Failure to meet the statutory requirement to ensure education is available to meet the needs of the population in the area	<b>Cause(s):</b> - Failure to secure sufficient Primary and Secondary school places in the area - Failure to provide/commission sufficient educational placements for children with disabilities and special educational needs - Failure to ensure sufficient alternative provision - Difficult to open new schools - can't do it directly, site restrictions, free schools only current route for new school - Planning consent - members / planning consent  <b>Effect(s):</b> - Disruption to Education - Impact on life chances for young people	Political, Legal	4	4	16	- Implementation of the Basic Need programme - Implementation of the Primary and Secondary School development plans - Regular review of medium term strategy - Monitor demographics, economic indicators and develop insight into future demand (including birth rate, dwelling stock and migration) - Maintain relationships with ESFA	2	4	8		Director, Education	
10	Education	<b>Not in Education, Employment or Training (NEET)</b> Failure to meet requirements of Education, Care and Skills Act 2008 - duty on all young people to participate in Education, Employment or Training until their 18th birthday	<b>Cause(s):</b> - Lack of control over Academies  <b>Effect(s):</b> - Disruption to Education - Impact on life chances for young people	Professional, Legal	3	2	6	- Provision offered by Bromley Youth Support Programme (BYSP) - Advice and Guidance Drop in sessions - One to one support - Looked After Children NEET support - YOT NEET support - Provision offered by Bromley Education Business Partnership (BEBP) - Bromley Youth Employment Scheme (YES) - Bromley Flexible Learning programme - Mentoring programme - Skills Xtra - Work experience for Children Looked After - N-Gage - Youth Contract - Tracking service in conjunction with South London CCIS Service - 'Door knocking'	3	2	6		Director, Education	

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11	Education	<b>SEN Transport</b> Failure to provide appropriate transport to educational establishments for children and young people with special educational needs	<b>Cause(s):</b> - Fluctuating demand year on year - Difficulty in retaining - £800k overspend - Produces worry in political environment - members - Rising numbers of children meeting criteria for transport provision and associated increase in costs (cross refer ECHS budget risk where budget position is highlighted)  <b>Effect(s):</b> - Disruption to education due to poor transport provision - Impact on life chances and outcomes for children and young people	Contractual, Partnership  Financial	3	3	9	- Budget monitoring and forecasting - Regular review of medium term strategy - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Monitor demographics, economic indicators and develop insight into future demand - Travel Training Programme - Route review and rationalisation - Sharing routes with other boroughs - Supporting parents to take up reimbursement of parental mileage	3	3	9	Review of policy - post election to get to mutually agreeable outcome.	Director, Education
12	Education	<b>SEN Reforms</b> Failure to manage the transition process of service users from Statements to Education, Health and Care plans leading to an increased risk of Judicial Review	<b>Cause(s):</b> - How you assess and describe a children's need  <b>Effect(s):</b> - Costs associated with the Legal process - Ongoing care package costs as a result of Legal Process outcomes	Financial Legal Customer/ Citizen Reputational	3	4	12	- Close monitoring of placements and eligibility criteria - Budget monitoring and forecasting - Regular review of medium term strategy - Regular reporting to DLT and Care Services PDS - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Hold provider to account for poor performance - Monitor demographics, economic indicators and develop insight into future demand	2	4	8	Dedicated project - £115k	Director, Education
13	Education	<b>School Standards</b> Failure to provide appropriate support to remaining maintained schools in category of concern	<b>Cause(s):</b> - Failure to provide effective and timely moderation and monitoring of statutory testing at EYFS, KS1 and KS2 - Failure to ensure that LA appointed governors for maintained schools are appointed in a timely manner and have appropriate skills to perform their duties  <b>Effect(s):</b> Impact on life chances and outcomes for children and young people	Professional	3	3	9	- One maintained primary school receiving direct intervention from School Improvement Team. Primary Support Advisor for English leaves post in summer 2017, remaining resource of 0.5 Primary Maths Advisor. Assuming no other remaining maintained schools go into support category and all convert in line with current plans by summer 2018 risk is medium to low. Appointment to new post of Head of School Standards will add capacity and new skills to the team and help improve support offer for schools. - Strategic challenge will remain to develop new relationships with schools to champion improved achievement and attainment, close the gaps for underperforming groups to ensure the best outcomes for children and young people in Bromley	2	3	6	New Head of school standards	Director, Education
14	Education	<b>Youth Offending</b> Failure to deliver effective youth offending services to protect children and young people and reduce their vulnerability	<b>Cause(s):</b> - Increase in youth offending  <b>Effect(s):</b> - Impact on life chances and outcomes for children - Failure to protect the public and actual or potential victims (assessment of risk to others and planning to mange the risk and protect the public)	Professional  Reputational	3	4	12	- Learning from the Youth Justice follow up Inspection of February 2017. Action plan to be developed - Annual Strategic Plan 2016/17 implementation - Youth Justice Board case file audit (March 2016) - Improved inspection result	2	4	8		Director, Children's Services (Janet Bailey)
15	Education  Children's Social Care	<b>Out of Borough Placements (Children and Young People)</b> Inability to reduce reliance on out of borough placements  Financial implications	<b>Cause(s):</b> - Failure to provide/commission sufficient local placements for children with disabilities, special educational needs, and children in care  <b>Effect(s):</b> - Parental appeals to Tribunals resulting in more costly out of borough placements - Cost implications of out of borough placements (Cross refer ECHS Budget risk)	Professional  Financial	3	3	9	- Close monitoring of placements and eligibility criteria - Budget monitoring and forecasting - Regular review of medium term strategy - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Monitor demographics, economic indicators and develop insight into future demand	3	3	9	Carrying out a review of how to move this forward.	Director, Education  Director, Children's Services (Janet Bailey)
16	Children's Social Care	<b>Foster Carers</b> Failure to meet the statutory requirement to ensure sufficient local placements to satisfy need	<b>Cause(s):</b> - Failure to recruit sufficient carers, particularly for adolescents, siblings, disabled children, parent and child placements, and BME children  <b>Effect(s):</b> - Lack of suitable carers from independent foster care sources leading to the arrangement of more expensive alternatives - Impact on life chances and outcomes for children	Professional	4	2	8	- Reviewed and refreshed recruitment strategy - Reviewed and refreshed Fostering web pages including rebranding and improved navigation - Carried out two borough wide leaflet distributions, via council tax information and environmental information - Monthly drop in sessions	3	2	6	- Market test the recruitment of the Foster Carer service through a negotiated procurement process for a contract term of three years with the option to extend for a further two years - Establish a sub group of the Corporate Parenting Strategy group to lead on the development of improved support packages for Foster carers to enable them to Care for children and young people with complex needs and/or challenging behaviour	Director, Children's Services (Janet Bailey)

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17	Housing Needs	<b>Care Leavers' accommodation</b> Failure to provide a sufficient range of safe and suitable housing for care leavers	<b>Cause(s):</b> - Failure to appropriately risk assess housing provision offered to care leavers  <b>Effect(s):</b> - Impact on life chances and outcomes for Care Leavers	Legal	3	3	9	- Review of all young people in B&B accommodation (post 18 years) undertaken and all were moved into more suitable accommodation. - Pathway plans updated to ensure appropriate support provided in relation to health and education needs. - Full strategic needs assessment of Bromley's young people's accommodation needs funded by DCLG commissioned from St Basils (a specialist service in young people's housing) to inform future decision making and help streamline the housing pathway. - BIS team to work closely with colleagues in the Housing Teams (S&R and Allocations) to review the housing pathway for care leavers and to identify suitable accommodation options for care leavers. - Undertake a review of the current homelessness strategy, ensuring it sets out the policy for housing all young people. - Develop a policy for vulnerable homeless and care leavers as part of the homelessness strategy, outlining the housing pathways, all placement options and alternatives to bed and breakfast accommodation. - Develop and implement a risk assessment framework for care leavers to be used before any placement in new accommodation. - Amend the wider housing policy to ensure it aligns to the new care leaver placement strategy - The BIS Team to adopt the risk assessment tool in practice to ensure that all accommodation to be provided to care leavers is assessed for its suitability, as a safe and secure base, prior to the placement being commissioned.	2	3	6	- Develop a communication plan to promote the 'Staying Put' policy with all foster carers and young people with a view to increasing take up of this ensuring:- - that staying put opportunities are discussed as early as possible - clarity is given to foster carers about the level of support, including financial support they will receive through the staying put policy - Potentially developing a framework for tendering this service	Director, Housing (Sara Bowrey)	
18	Housing Needs	<b>Welfare Reform</b> Impact of Welfare Reform legislation (including Universal Credit).	<b>Cause(s):</b> - Universal Credit payments commenced on 18th January 2016 in Bromley for single people only. From this time, there is no separate Housing. - Benefit payment direct to the Landlord Further roll out planned for 2018 which will increase the impact of this reform  <b>Effect(s):</b> - Increased Rent Arrears - Subsequent evictions and landlords reluctant to rent properties to claimants.	Social	4	3	12	- Notification, advice and support provided through:- - Housing Association transfers - Negotiations with landlords - Budgeting/debt advice - Moves to cheaper areas - Prevention grants/welfare fund/Credit union loans and savings - Access to child care and employment	3	3	9	- Work in partnership with Housing Benefit, the DWP, partner landlords and Social Care to minimise the impact of the Welfare Reform Act	Director, Housing (Sara Bowrey)	
19	Adult Social Care	<b>Deprivation of Liberty Safeguards</b> Failure to prevent unlawful deprivation of liberty	<b>Cause(s):</b> - Risk increased due to change in legislation increasing scope.  <b>Effect(s):</b> - Failure to comply with statutory requirements pursuant to Section 4 and paras 129, 180 and 182 of Schedule A of the Mental Capacity Act 2005 (as amended to incorporate the Deprivation of Liberty Safeguards 2009)	Legal	3	4	12	- Core administrative function maintained - Framework in place to deliver the functions of the Best Interest Assessor and the 'Section 12' Doctor	2	4	8		Director, Adult Social Care (Stephen John)	
20	Strategic & Business Support Services	<b>Data Collections</b> Failure to undertake statutory statistical data collections; including pupil census, attainment data and key adults' and children's social care information, thereby adversely affecting government grant allocations and performance assessments	<b>Cause(s):</b> - Business Interruption  <b>Effect(s):</b> - Failure to commission effectively - Adverse impact on the timing and quality of decision making	Data and Information	3	3	9	- Schedule of statutory returns has been incorporated into the Performance and Information team's work programme - Specialist members of the team for each area - Other staff trained to provide 'back up' for specialist members of the team - Good project planning in place to co-ordinate all data collections including contributions from other services	1	3	3		Assistant Director, Strategic and Business Support Services (Naheed Chaudhry)	
21	Education	<b>Addition of '30 hours funded childcare for three and four year olds of working parents from 1st September 2017'</b> The Council is unable to provide sufficient places within the local sector to fulfil its Statutory Duty	<b>Cause(s):</b> - Insufficient places within local sector resulting in Local Authority failure to meet its statutory duty - Inability to implement a suitable IT system which supports efficient and timely processing of funding claims  <b>Effect(s):</b> - Parental complaints about insufficient places, negative publicity and reputational damage - Official notification from DfE regarding failure to fulfil statutory duty - Delays in payment to providers, destabilising local businesses. Complaints from Private, Voluntary and Independent providers and reputational damage	Political, Customer, Reputational	3	3	9	- Detailed sufficiency planning in process - Introduce process for capturing vacant nursery placements as part of the claim submissions - Monitor eligibility, confirmations and take up of places to predict growth of demand - Work with ECHS Change and IT provider to ensure best fit IT solution within deadlines	2	3	6		Director, Education	

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+	Corporate Services	<b>IT Security failure</b>	<b>Cause(s):</b> Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems  <b>Effect(s):</b> Loss of service, potential fines, resident dissatisfaction	Data and Information	4	5	20	-Application of effective security management including effective application of anti-virus protection and security measures through the Facilities Management (FM) Contract with Capita - Regular Penetration Testing undertaken	2	2	4		Vinit Shukle
2	Corporate Services	<b>Telecommunications failure</b> Prolonged telecoms / switchboard failure	<b>Cause(s):</b> Power surge, contractor failure, malicious attack, IT failure  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information	3	5	15	- Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in	3	3	9	- Working with Capita to implement disaster recovery arrangements as part of new backup contract - Effective application of anti-virus protection and security measures through the Facilities Management (FM) contract with Capita - Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience.	Ian Withycombe
3	Corporate Services	<b>IT System Failure (partial loss)</b> Partial loss of IT systems	<b>Cause(s):</b> Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information - Operational	4	4	16	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - System now migrated to the server	4	3	12	- Awaiting an update from IS on the ability to migrate the original filing registry Novell / Regnet system onto the Windows 7 environment. Dependent on their advice this may well upgrade the risk and present the Legal team with an operational issue of new file allocations etc.	Stuart Elsey
4	Corporate Services	<b>IT System Failure (total loss)</b> Complete failure of IT systems resulting in widespread disruption across the Council	<b>Cause(s):</b> Complete loss of data centre and related hardware  <b>Effect(s):</b> Widespread disruption across the Council Financial loss Reputational impact	Data and Information - Operational	3	5	15	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - Backup power arrangements in the event of power issues (most likely) - Server room has fire suppression, water detection and significant physical security measures have been undertaken.	2	4	8	- Property are planning additional works to resolve the issues that caused the outages, but until then we remain at an elevated risk.	Stuart Elsey
5	Corporate Services	<b>Network Loss</b> Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	<b>Cause(s):</b> Major malfunction of council's network caused by Cyber Attack or other means  <b>Effect(s):</b> Loss of system access Service Disruption Reputational impact	Data and Information - Operational	3	3	9	- Existing local resilience procedures (over Liberata network via Citrix) - Business Continuity Plan and manual procedure plans in place - Prepared for use of smart telephony messaging, web banner message and reception signage	3	2	6		Duncan Bridgewater

# CEX Risk Register

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6	Corporate Services	<b>Budgetary overspend</b>	<b>Cause(s):</b> Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees)  <b>Effect(s):</b> Financial	Economic - Strategic	4	3	12	- Effective forward budgetary planning	3	3	9	- Identify "risk areas" (e.g. contracts using low paid labour)	Director of Corporate Services
7	Corporate Services	<b>Fall in income from Registrars</b> Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars	<b>Cause(s):</b> Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue  <b>Effect(s):</b> Reduced level of bookings Financial impact	Financial - Operational	3	3	9	- Regular budget and activity monitoring - Targeted marketing of ceremonies, venues etc. to maximise income, website videos, use of 'twitter' - Flexible use of staff to maximise income in periods of high activity - Development of civil funeral service	3	2	6		Carol Tyson
8	Corporate Services	<b>Contractor Failure</b>	<b>Cause(s):</b> Contractor (such as Liberata) cease trading due to financial or other failure.  <b>Effect(s):</b> Interruption to or deterioration of service due to failure of contractors (out of hours security guards @ Civic Centre, for example)	Contractual and Partnership - Operational	2	4	8	- Regular monitoring of performance and monthly operational meetings to identify any continued and ongoing reduction in service delivery - Core contract monitoring and overview of other elements of the contract to identify shortfalls in other areas of service delivery - Effective scrutiny of potential contractors - Appropriate performance bonds or parent company guarantees - Business continuity planning - Standardised contract letting procedures and documentation as contracts renew	2	3	6	-Identify potential alternative contractors	Duncan Bridgewater
9	Corporate Services	<b>Contractor Performance</b>	<b>Cause(s):</b> Failure to effectively manage service delivery contracts with provided such as Liberata  <b>Effect(s):</b> Continued and ongoing poor performance and/or increased customer complaints.	Contractual and Partnership - Operational	4	3	12	- Daily, weekly, monthly and annual monitoring of performance and key performance indicators - Monthly operational meetings with contractor to discuss performance and monitor against balanced score card - Escalation through core contract route of any continued and ongoing shortfalls in performance	3	2	6		Duncan Bridgewater
10	Corporate Services	<b>Failure to follow Legal Advice</b> Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	<b>Cause(s):</b> Advice not being sought and/or followed by clients.  <b>Effect(s):</b> - Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines. - Council making unlawful decisions - Potential compensation to injured parties - Negative publicity - Potential judicial reviews	Legal - Operational	3	3	9	- Service procurement procedures - Register of all relevant statutory requirements - Regular review of compliance - Effective training of managers in requirements of relevant legislation - Systematic consultation - Robust internal customer service standards - Continuous learning and feedback	2	3	6	- Review service procurement procedures and redesign if appropriate - Regular service delivery meetings with clients - Identify, document and review all relevant statutory requirements - Identify and train all staff responsible for meeting statutory requirements	Director of Corporate Services
11	Corporate Services	<b>Maintenance of Statutory and GRO standards</b>	<b>Cause(s):</b> Increase in life events (births / deaths) within Bromley Staffing pressures  <b>Effect(s):</b> Drop in standards leading to a potential breach of statutory duty and loss of confidence from residents.	Legal - Operational	3	3	9	-Regular monitoring of registration activity and timescales.	3	3	9		Carol Tyson

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12	Corporate Services	<b>Disaster Recovery</b> Inadequate disaster recovery arrangements leading to dislocation of Council services	<b>Cause(s):</b> Lack of adequate disaster recovery arrangements  <b>Effect(s):</b> Dislocation of council services	Data and Information - Operational	2	5	10	-Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Working with BT to review and implement disaster recovery arrangements as part of new IT contract. - Effective application of malware protection and security measures through the Facilities Management (FM) contract with BT - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Virtualisation project will help facilitate disaster recovery provision with the option of using the cloud to provide quick capacity - New Storage Area Network (SAN) gives additional replication facilities to work with suitable partners reducing the time to switch over to a DR site	2	5	10	Exploring cloud back up	Stuart Elsey
13	Corporate Services	<b>Loss of Facility</b> Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre	<b>Cause(s):</b> Major power failure or other incident that prevents access to the Civic Centre  <b>Effect(s):</b> Major disruption to council services	Data and Information - Operational	3	3	9	- Existing local resilience procedures (overflow to alternative Liberata Office)	2	2	4		Duncan Bridgewater
14	Corporate Services	<b>IT Compliance failure</b>	<b>Cause(s):</b> Failure to meet compliance regulations i.e. CoCo (Code of Connection) / London Public Services Network (LPSN)  <b>Effect(s):</b> Loss of access to certain government systems	Data and Information - Operational	3	3	9	- Penetration Test (PenTest) carried out to ensure the integrity of the system and establish vulnerability - Met with Head of Public Services Network (PSN) - Carried out patching on the network to ensure security	2	3	6		Vinit Shukle
15	Corporate Services	<b>Data Protection Breach</b>	<b>Cause(s):</b> Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets.  <b>Effect(s):</b> 1. Distress and/or physical impact on wellbeing of customers 2. Impact on operational integrity 3. Reputational damage to services and the authority as a whole 4. Liability in law 5. Economic damage to authority and/or customers 6. Impact on service take up due to reduced confidence from the public	Data and Information - Operational	4	5	20	- LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo) and Connecting for Health Information Governance Toolkit (CfH IGT). The LBB Information Governance Board formally accepted the CfH IGT as the basis of LBB's internal information governance program at their meeting in August 2012. Both standards are based on the ISO27001 international best practice standard for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk	2	3	6		Director of Corporate Services
16	Corporate Services	<b>Failure to publish Register of Electors</b>	<b>Cause(s):</b> Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements  <b>Effect(s):</b> Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	<b>Controls:</b> 1. Project Plan including detailed Risk Register 2. Robust documented internal procedures 3. Monitoring by Electoral Commission through appropriate Performance Standards	1	3	3		Carol Ling

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17	Corporate Services	Failure to manage election process	Cause(s): Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems Effect(s): Cost of dealing with a challenge to election process Reputational damage Cost of re-running an election if result is set aside	Political	3	4	12	- Project Plan including detailed Risk Register specific to election underway - Staff Training - Adequate insurance (Returning Officer - personal liability) - Monitoring by Electoral Commission through appropriate Performance Standards.	2	3	6		Carol Ling	
18	Corporate Services	Safety of Statutory Records	Cause(s): Fire / flooding Strong room not GRO compliant Effect(s): Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during he wider accommodation review	Carol Tyson	

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

Commissioning Risk Register

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1	Commissioning	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<b>Cause(s):</b> - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets  <b>Effect(s):</b> - Service cuts required if balanced budget is not met - Reputational damage	Procurement & Contracts	5	4	20	1. Commissioning Programme developed 2. Initial pilot of 10 services identified 3. Commissioning Team represented at senior level across the Council 4 Governance arrangements and budget agreed 5. Commissioning Programme 6. Member and Officer training 7. Weekly Commissioning Board 8. Contract Sub Committee (5x per year) 9. Monitoring and progress reports to the Executive	4	3	12	1. Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval.	Director of Commissioning
2	Commissioning	Effective governance and management of contracts	<b>Cause(s):</b> - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding  <b>Effect(s):</b> - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	4	4	16	1. Review of contract management and contract monitoring controls including any issues identified by internal audit 2. Database alerts to assist in monitoring 3. Contract Sub Committee	4	4	16	None Identified	Director of Commissioning
3	Commissioning	Database Utilisation	<b>Cause(s):</b> - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose  <b>Effect(s):</b> - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	4	3	12	1. Database guidance issued to officers 2. Follow-ups issued to remind contract managers and commissioners 3. Quarterly Member reporting 4. Sign-off by CLT 5. Contract Sub Committee	4	3	12	None Identified	Director of Commissioning

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

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## Environment & Community Services (ECS) Risk Register

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1	All ECS	<b>Emergency Response</b> An ineffective response to a major emergency / incident internally or externally	<b>Cause(s):</b> Emergency may be triggered by storms, floods, snow , extreme heat or other emergency. Ineffective response could be caused by capacity and organisational issues  <b>Effect(s):</b> - Failure to fulfil statutory requirements and recovery role - Major disruption to highways infrastructure and service provision in general	Service Delivery	2	4	8	1. Corporate Major Emergency Response Plan 2. E&CS Incident Plan 3. Service Business Continuity Plans 4. Out-of-Hours Emergency Service 5. Winter Service Policy and Plan reviewed annually 6. Corporate Risk Management Group 7. Corporate Emergency Response Plan 8. Training, Testing and Exercising 10. Multi-agency assessment of emergency risks	2	3	6	- Greater Corporate awareness and support - Development of risk specific arrangements in accordance with Minimum Standards for London and informed by the Borough Risk Assessment - Implement on-call rota for Emergency Response Manager - Recruit and train more Emergency Response Volunteers	All ECS
2	All ECS	<b>Loss of Central Depot</b> Major incident resulting in loss of access or total / partial loss of the borough's main vehicle depot	<b>Cause(s):</b> Fire, explosion, train de-railing etc.  <b>Effect (s):</b> Significant service disruption (Waste, Street Cleaning, Fleet management etc.)	Service Delivery	2	3	6	1. Contingency plans for: - Alternative vehicle parking - Temporary relocation of staff - Storage of bulky materials 2. Key Business Continuity Plan agreed 3. Close liaison with Waste Contract management, depot users e.g. Kier (Street Cleansing) and Highways Winter Service Team 4. Health & Safety forum across site users. 5. Inspection regime in place.	1	3	3	- Consideration of issue as part of Environmental Services Contract	Paul Chilton
3	All ECS	<b>Fuel Shortage</b> Fuel shortage impacting on transport fleet and service delivery	<b>Cause(s):</b> National fuel shortage caused by picketing or other external factors.  <b>Effect (s):</b> Failure to provide critical services and impact on residents and customers	Service Delivery	1	3	3	1. Identified alternative fuel supplies at contractors and neighbouring boroughs 2. Designated Filling Station identified under National Emergency Plan by London Resilience Team as designated fuel supply for LBB logoed vehicles 3. Fuel store at Central Depot 4. Ongoing liaison with London Boroughs concerning collaboration and assistance	1	2	2	- Ensure contractors have adequate arrangements	Paul Chilton
4	All ECS	<b>Ineffective Business Continuity arrangements</b>	<b>Cause(s):</b> Failure to implement and keep up to date effective corporate Business Continuity Plans  <b>Effect (s):</b> Non provision of critical services following a major incident	Service Delivery	3	4	12	1. Corporate Risk Management Group (Chaired by Pete Turner) now encompasses Business Continuity 2. Review of current status of BCPs	3	3	9	- Re-establish BCM Programme Management - Corporate BCM Review (underway) - Enhance understanding of the risks - Consider additional central resources to support and coordinate BCM	Laurie Grasty
5	Public Protection	<b>Outbreak of an infectious disease</b>	<b>Cause(s):</b> Numerous external causes outside of Bromley's control.  <b>Effect(s):</b> Disruption to normal services due to staff sickness and high demand on services from community	Service Delivery	1	5	5	1. Notifiable Infectious Disease Protocol in place (with Public Health England and DEFRA) including out-of-hours provision 2. Flu Pandemic Plan also in place	1	5	5	- Regular multi-agency review of Protocols - Consider immunisation for key staff - Implement BCPs as appropriate. Each Executive Director/Director should develop contingency plans to ensure service continuity in the event of a major outbreak affecting significant staff	Paul Lehane
6	Streetscene and Greenspace	<b>Industrial Action by contractor's staff</b>	<b>Cause(s):</b> Union dissatisfaction over pay and conditions (particularly in Waste)  <b>Effect (s):</b> Temporary loss of service and disruption to residents.	Service Delivery	2	3	6	1. Ongoing monitoring / meetings regarding workforce issues 2. Joint development of contingency plans with contractor	2	1	2		Dan Jones
7	All ECS	<b>Line of business systems IT failure</b>	<b>Cause(s):</b> Network, software, hardware problems  <b>Effect (s):</b> Impacting on service delivery and contract liaison	Service Delivery	3	3	9	1. Paper-based system implemented when network problems exist 2. Ongoing discussion with Corporate IT to reduce likelihood of IT failure	3	3	9	- Review and refresh ICT Quality Assurance Procedures accounting for more mobile working - Ensuring issue addressed in future contracting arrangements	Dan Jones
8	All ECS	<b>Health &amp; Safety (Department)</b> Ineffective management, processes and systems within ECS	<b>Cause(s):</b> Failure to take departmental action to reduce likelihood of accidents, incidents and other H&S issues (inc. slips, trips and falls)  <b>Effect (s):</b> Fines from HSE and increased insurance claims.	Health & Safety	2	4	8	1. Workplace Risk Assessments (including lone and home working) 2. Accident & Incident Reporting system (AR3 & Riddor) 3. Contractor Inspection Reporting system 4. Interface with Corporate Risk Management Group 5. Annual audits and annual paths surveys (parks) 6. Cyclical 5 year survey of park trees and highway trees 7. Footway inspections	2	3	6	- Ensure Workplace Risk Assessments (inc. Homeworking) updated annually, and that a biennial reviews conducted - Encourage reporting of all significant accidents and incidents using AR3 form (and reporting of RIDDOR incidents) - Use of newly revised Contractor Inspection Reporting forms (and consideration of electronic forms) - Ensure resource exists to discharge statutory functions	All ECS
9	Public Protection	<b>Health &amp; Safety (Council)</b> Ineffective management, processes and systems across Bromley	<b>Cause(s):</b> Capacity to discharge the Council's H&S responsibilities  <b>Effect (s):</b> Potential prosecution of council and / or civil claims for compensation	Health & Safety	2	4	8	1. 0.6 fte Corporate Safety Advisor employed (Post currently vacant but plans to make it full time). 2. Safety Policy reviewed and updated regularly 3. Commitment to HSW from Chief Executive and Directors 4. Risk assessment & proactive monitoring in place to ensure highest standards for Council premises, equipment & activities. 5. Supported by H&S training programme and network of policies and procedures (regularly reviewed) 6. Divisional Safety Committees meet regularly 7. Properly related HSW matters now provided through Anev	1	3	3	Propose dedicated Corporate H&S Group?	Paul Lehane

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10	Streetscene and Greenspace	Environmental Services Contract Procurement Failure to effectively procure services	<b>Cause(s):</b> - Tender programme not keeping to schedule - Lotting structure and/or timetable unattractive to tenderers - Unfamiliarity with Sharpe Pritchard contract model - Lack of client capacity to complete all contract documentation required by OJEU - Lack of client capacity to deliver contract - Significant service change requires service user consultation - Costs are significantly higher than annual / four-year budget / forecast.  <b>Effect(s):</b> - Procurement timetable slippage - Reduced negotiation time - Out of contract costs - Reputation damage - Failure to achieve value for money - Lack of competition - Failure to deliver service to requirements / KPIs / expectations. - Budgetary pressures	?	3	4	12	- Undertook an early view that tenderers have understood the contract model -Test attractiveness at Bidders Day and one-to-ones with contractors - Programme Plan (on Team Site) regularly updated - Regular progress reports to Programme Board and LBB Commissioning Board (DJ) - Build flexibility into the lotting strategy - Build possibility of staggered start dates into procurement timetable - Critical path timetables created. - Project Sponsor and Programme Board aware of in flight project issues - Consideration by Programme Board to restrict unnecessary growth and to impress vfm on tenderers - Consideration by Programme Board whether working with other boroughs will achieve economies of scale / income streams to mitigate cost increases - Ensure possible price / growth pressure flagged up in four-year forecast - Ensure 2019/20 budget accommodates tendered costs - Lotting to drive best value and allow benchmarking and flexibility - Three-year programme to allow sufficient time for market engagement and a phased approach to procurement - Programme management team identified - Expert Programme Board to advise Commissioners - Project Risk Register created	2	3	6		Dan Jones	
11	Transport & Highways	Inadequate management of Highways	<b>Cause(s):</b> Failure to appropriately manage highways due to deteriorating condition (winter weather etc.) and lack of resourced  <b>Effect (s):</b> Leading to increased maintenance costs, insurance claims (trips, falls and RTAs) and reputational damage	?	2	4	8	1. Strategy to mitigate insurance claims 2. Inspection regime and defined intervention levels for maintenance repairs and monitoring 10% of works for compliance. 3. Winter Maintenance procedures (gritting / salting) 4. Increased salt storage capacity 5. Improvement management of customer expectations 6. Asset management technique (e.g. Highway Asset Management Plan) 7. New capital programme to reduce reactive works	3	2	6	- Review frequency of Highways Inspections and adjust as deemed appropriate to effectively manage the risk in line with revised Code of Practice (published 2016) - Additional inspections carried out and repairs undertaken as necessary - Modernisation of contractor's programming and completion of maintenance repairs involving remote working ICT technology	Gary Warner	
12	Streetscene and Greenspace	Inadequate management of Trees	<b>Cause(s):</b> Failure to ensure that trees are managed as safely as reasonably practicable  <b>Effect (s):</b> Leading to lack of capacity to clear blocked highways / make environment safe, reputational damage and financial liabilities	?	4	3	12	1. Tree care and safety contract (commenced July 2008) with Gristwood & Toms Tree Contractors Ltd 2. Annual targeted inspections of high risk areas (Dead, Dying & Dangerous Survey) 3. Full asset Survey of ~30% of street and park trees (and 50% of school trees) 4. Implement remedial works to address risk associated defects	3	3	9	- Review the 'Storm Strategy' annually to be able to respond quickly and call in additional staff, equipment and contractors - Provide a cyclical safety survey and remedial works schedule commensurate to budget availability and potential prioritisation - Complete the Tree Strategy which includes a Risk Management appendix	Julian Fowgies	
13	All ECS	Budgetary variations due to reduced income	<b>Cause(s):</b> - Improved Street Works performance by utility companies (reduced fines) - Under-achievement of expected car parking income and parking enforcement, due to economic climate or resistance to price increases and reduced incidents. - Loss of income from Penalty Charge Notices for Bus Lane Enforcement activity - Reduction in Street Enforcement activity (Fixed Penalty Notices) - Failure of APCOA to provide contracted services (e.g. strikes) - Removal of council exemption for charging VAT on commercial waste impacting on pricing and therefore income.  <b>Effect (s):</b> Loss of income to council with potential to impact availability of funds to deliver services.	Financial	3	2	6	- Regular monitoring - monitoring of contractor performance (e.g. only issue good quality PCNs) - good debt recovery systems - monitoring parking usage and avoid excessive charge increases - Provide attractive, safe clean car parks - Reviewed fees and charges to optimise Trade Waste income - Regular contractor meetings where required - APCOA for the Shared parking contract	2	2	4	- Refine procedure for resolving disputes with utilities - Review parking tariff structures annually - Monitor income trends - Monitor for signs of success in achieving enforcement objectives - Benchmark charges against other authorities and local private sector competitors - Work with Contractor to explore economies of scale - Intelligence-led targeting of hotspot sites for enforcement	All ECS	

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					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
14	Streetscene and Greenspace	Failure to achieve Waste budget	Cause(s): - Failure to anticipate/manage waste management financial / cost pressures due to increasing landfill tax, incineration tax, increasing property numbers, declining recycling income (lower paper tonnages) and limited incineration capacity - Failure to achieve contract payment mechanism targets for the proportion of waste sent to landfill / incineration / recycling / composting - Waste tonnage growing faster than budgeted or operational factors (i.e. Adverse weather conditions, etc)  Effect (s): - Budgets being exceeded and knock on impact on council services	Financial	3	4	12	- Cost pressures recognised in Council's Financial Strategy (FSD17005) - Landfill tonnages falling - offsets tax increase - Continued focus on promoting waste minimisation and recycling (e.g. in Environment Matters) - Monthly monitoring of recycled tonnages and projection to yearly figures - Regular and sustained recycling awareness campaign - Consolidation of Compositing for All - Continuing investigation of waste minimisation and recycling initiatives - Monthly monitoring of all waste tonnages and projection to yearly figures. - Monthly monitoring of all collection costs and figures - Ongoing analysis of collection and disposal methodology	2	3	6	- Consideration of alternative disposal routes such as Veolia's MBT plant - Reviewing and benchmarking of operational costs to explore and develop options to reduce costs where possible regarding market operational costs - Achieving BV under new contract	Dan Jones	
15	All ECS	Delivery of 2019 Environment Services Strategy (technical issues) Failure to deliver on the following: - Secure sufficient capacity at Waste Disposal Facilities to handle / process future need - Address over-reliance of waste tenders on unproved technology or unbuilt plant - Defra waste collection methodology harmonisation review may require changes to frequencies / segregation / containers - Failure to provide sufficient finance to meet the public's aspirations for improved street cleanliness - Improving the Street Scene - Proposed EU Waste / Circular Economy Directive should place all compliance cost on producers benefitting the Council (e.g. extra processing capacity / systems). Risk this may not happen by 1 April 2019 (or only partially happen)	Cause(s): Technical issues constaining the Environmental Services contract procurement process  Effect (s): - Higher service costs - Reduced capacity - Reduced satisfaction in the Council leading to reputational damage	Financial / Operational	3	4	12	- Programme Board aware of issue and need to scrutinise unproven / unbuilt proposals - LBB input to Defra Waste Collection Harmonisation Steering Group and will Provide early feedback on any possible changes - Process & frequency Plan for each service - Consideration by Programme Board: e.g. secure sufficient guaranteed but flexible capacity	2	2	4	- In partnership with Street Environment Contractor, regularly monitor and review the delivery of the revised cleansing frequencies, highlighting areas of concern, implementing necessary actions, and escalating concerns to senior management and Councillors. Programme of additional works involving deep cleaning and weekend Street sweeping. - Ensure responsibility to secure assured capacity is clearly placed on contractor in contract specification - Assess tenders to ensure sufficient capacity including capacity to accommodate future waste growth - Map which other councils / contracts may be let during similar timeframe (competition for capacity)	Dan Jones	
16	Public Protection	Food Standards Agency Audit Failure to meet required service standards as required by Food Standards Agency Audit (April 17) due to a	Cause(s): Lack of resource to meet code of practice service standards  Effect(s): Leading to reputational damage and possible use of power of direction	Service Delivery, Health and Safety, Reputational	4	4	16	- Current levels of resourcing - Prioritised according risk	3	3	9	- Executive agreed funding for 5 additional posts - Recruitment is underway but there is a high risk of not being able to recruit to these posts.	Paul Lehane	
17	All ECS	Loss of businesses from town centres	Cause(s): Failure to redevelop high streets Out of town developments and online shopping  Effect(s): Reduction in high street business and market stall occupancy Loss of income (Business rates and market stalls) Poor public perception and negative publicity	Financial / Reputational	3	4	12	- BID Teams organise town centres events - Investment in Orpington High Street and Bromley North (done) - Regular advertising / promotion of Markets and availability of stalls - Review of Market operational costs to reduce costs where possible - Regular maintenance and renewal of market infrastructure	2	3	6	- Ongoing review of market provision linked to outsourcing service provision to Bromley Business Improvement District - Detailed annual action plan to be drawn up for each town centre	Jim Kehoe Colin Brand Dan Jones	
18	Transport & Highways	Failure to deliver new parking schemes	Cause(s): Increasing demand from residents for parking schemes coupled with decreasing grant funding from TfL  Effect (s): Increased congestion and reduced income	Service Delivery	3	4	12	- Set up register of agreed schemes with designated officers and timescales - Develop and agree financial appraisal framework with finance department - New software procured 13/14 to help improve project and programme management	2	3	6		Angus Culverwell	
19	All ECS	Recruitment and retention of quality staff	Cause(s): Unavailability of suitably qualified / experienced staff to replace retirees and loss of staff. Particular problem within Planning, Environmental Health and Traffic (to TfL which offers better remuneration and career progression) divisions.  Effect (s): Leading to impact on production and delivery of Local Implementation Plan and potentially greater reliance on contracted staff and loss of organisational memory	Service Delivery	3	3	9	- Ongoing programme to find and retain quality staff through internal schemes such as career grades and ongoing CPD	2	2	4	- Consider potential for contractors to supply necessary skills	Angus Culverwell	

Environment & Community Services (ECS) Risk Register

											DATE LAST REVIEWED:		09/10/17
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
20	Streetscene and Greenspace	Lack of burial space within the borough	Cause(s): Potential lack of acceptable local space for burials (ashes internment not a problem)  Effect (s): Leading to reputational damage	Service Delivery	3	3	9	- Burial plots are available at St Mary Cray and Biggin Hill (with some limited capacity in other sites for partners of deceased) - New cemetery provided by the private Sector at Kemnal Manor Chislehurst, which will alleviate pressures of lack of Borough owned burial space.	2	2	4	- Monitor availability of private sector capacity - Consider what further burial alternatives are being provided by the private sector i.e. new cemetery at Kemnal Manor, Chislehurst	Rob Schembri
21	All ECS	Climate change Failure to adapt to our changing climate	Cause(s): Severe weather events including extreme heat, storms, floods etc  Effect (s): Resulting in threats to service provision, environmental quality and residents' health	Service Delivery	3	3	9	- Adopt best adaptation practice identified through London Climate Change Partnership, UK Climate Impacts Programme, and the Local Adaptation Advisory Panel - LBB Surface Water Management Plan and Draft Local Flood Risk Strategy	2	3	6	- Liaise with Public Health on cross-cutting issues e.g. excess summer deaths and vector-borne disease etc	All ENV ADs

Remember to consider current Internal Audit priority one recommendations when identifying, assessing and scoring risks.

Report No.  
FSD 17083

London Borough of Bromley

## PART ONE - PUBLIC

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**Decision Maker:**      **AUDIT SUB-COMMITTEE**

**Date:**                      **Wednesday 8 November 2017**

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

**Title:**                      **INTERNAL AUDIT PROGRESS REPORT**

**Contact Officer:**      David Hogan, Head of Audit  
Tel: 020 8313 4886      E-mail: david.hogan@bromley.gov.uk

**Chief Officer:**              Director of Finance

**Ward:**                      (All Wards)

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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 Risk Management

3.5 Internal Audit Progress

3.8 Internal Audit Resources

3.12 Audit Activity (Key Findings)

3.25 Audit Activity (Priority One Recommendations)

3.34 Waivers

3.35 Publication of Internal Audit Reports

3.36 Appointment of External Auditors

3.37 Letter of Representation

3.38 Code of Transparency

3.39 Annual Audit Letter

3.40 Objection to the Accounts

3.41 Minutes (extract) of the General Purposes and Licencing Sub-Committee 12-9-17

## **2. RECOMMENDATION(S)**

**a) Note:-**

- i. the results of the Zurich Risk management exercise**
  - ii. the actions taken to improve the Risk Management process**
  - iii. the Departmental Risk Registers**
- b) Approve the revised Corporate Risk Register**
- c) Note the Progress report and comment upon matters arising.**
- d) Note the list of Internal Audit Reports publicised on the Council's website.**
- e) Note the list of waivers sought since March 2017.**
- f) Note the appointment of Ernst and Young as local auditor.**
- g) Note the Letter of Representation.**
- h) Note the Code of Transparency - reporting of fraud.**
- i) Note the Minutes (extract) of the General Purposes and Licencing Sub-Committee 12-9-17**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: Some of the audit findings could have an impact on Adults and Children's Services
- 

### 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: ££469K including £164K fraud partnership costs
  5. Source of funding: General fund, Admin penalties, Legal cost recoveries
- 

### Personnel

1. Number of staff (current and additional): 5.5 FTE
  2. If from existing staff resources, number of staff hours: 2017/18 - 800 audit days are proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich investigators time.
- 

### Legal

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

### Procurement

1. Summary of Procurement Implications: Some audit recommendations will have procurement implications
- 

### Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 100 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 Risk Management**

- 3.2 The Annual Audit report presented at the June meeting provided a summary of risk management arrangements for 2016/17. Members were informed that we had commissioned Zurich our insurers to carry out a check and challenge process on the current risk registers to be undertaken for each of the three directorates (Education, Care & Health Services (ECHS), Environment & Community Services (ECS) and Chief Executive Directorates). The aim of this process was to provide the Directorate Management Teams (DMTs) with an independent discussion on risk and one that challenged, refreshed and validated the current risk register content. The outputs from the exercise are updated risk registers that will be taken forward by the DMTs and will be reported to the respective PDS Committees on a regular basis.
- 3.3 Zurich's findings and recommendations have been discussed at the Corporate Risk Management Group and Zurich have attended all the DMT's to discuss their findings and provide a challenge where necessary. Finally the findings have been discussed at Corporate Leadership Team, where it was agreed to undertake the same challenge and scoring process for corporate risks.
- 3.4 Adam Lickorish and Rupert Ryall from Zurich will be attending the Audit Committee to present their findings and to introduce the new Risk Registers. A summary of their findings and Risk Registers appear elsewhere on the Agenda.

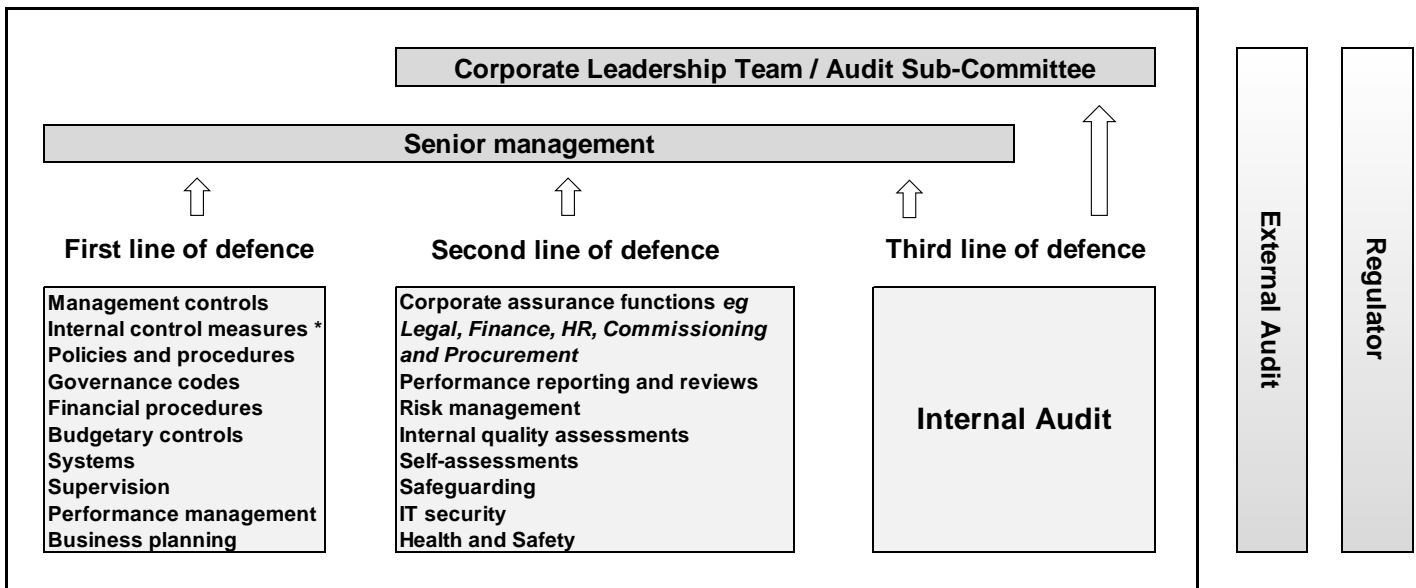
#### **3.5 Internal Audit Progress**

- 3.6 The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance. Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation:

- First line – operational management controls
- Second line – monitoring controls
- Third line – independent assurance (Internal Audit forms the Council's third line of defence)

This is demonstrated in the diagram overleaf:

## The 3 lines of defence model - assurance mapping



\* These include segregation of duties, organisation controls, authorisation and approval, physical controls, management controls, arithmetical and accounting controls, personnel controls and supervision.

3.7 An independent internal audit function will, through its risk-based approach to work, provide assurance to the Council's Audit-Sub Committee and senior management on the riskier and more complex areas of the Council's business. The work of internal audit is critical to the evaluation of the Council's overall assessment of its governance, risk management and internal control systems, and forms the basis of the annual opinion provided by the Head of Audit which contributes to the Annual Governance Statement. It can also perform a consultancy role to assist in identifying improvements to the organisation's practices. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Internal Audit should be insightful, proactive, and future-focused. It should promote organisational improvement.

### 3.8 Internal Audit Resources

3.9 At the meeting of the Committee in April 2017 the question was asked if Internal Audit resources were sufficient. It was minuted that Internal Audit resources would be reviewed to ensure that Internal Audit would not be under resourced going forward. Public Sector Internal Audit Standards require that the Chief Audit Executive (Head of Audit) "establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals". They go on to state that the Chief Audit Executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan. Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan. Where the Chief Audit Executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board (Audit Sub-Committee).

3.10 The findings from the review highlighted that between 2012 and 2017 Internal Audit Staffing has been reduced from 12 to 5.5 f.t.e. Internal Audit resources at LB Bromley are low in comparison to its statistical Nearest Neighbour group. In order to improve this position it has been agreed to recruit a Trainee Auditor to strengthen the Internal Audit structure to ensure minimum audit

requirements of the Internal Audit plan are met. This assumes that any costs from special investigation work will need to be funded separately from other Council resources. The aim is to recruit for a start date in April 2018. This would be in time for the first Chartered IIA Apprentice scheme cohorts and allows for training to utilise Apprentice funding. Funding of salary costs for the post will be considered during the budget process. The Staffing levels will be reviewed 12 months after the implementation of this change.

- 3.11 In his Annual Report of June 2017, the previous Head of Audit advised the Committee that overall, after allowing for a number of audits that were either postponed or cancelled due to management requests/ organisational change, ad hoc investigations and sickness, the section had completed about 80% of the plan against the annual performance indicator requirement of 90%. There remained 7 audits where work was in progress. In view of the work carried forward into the current year and the impact of days lost to sickness and vacancy, action was required to risk-assess current plans, bring in some additional resources from Mazars and re-scope and prioritise items within the plan. Further detail is provided in the Part 2 agenda. Due to prior year slippage some items would be inappropriate to perform in the current year as that would mean that they would be carried out twice, with the Assurance opinion not justifying that.

### **3.12 Audit Activity**

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

As summary of key findings from Audits completed to date follows:-

### **3.13 Payroll expenses**

#### **Objective**

The overall objective of the audit was to provide assurance that the Council has effective controls in place over starters, payments, deductions and variations to pay and employment status, following the HMRC audit.

#### **Audit opinion – Substantial**

Controls were in place and working well for the procedures for new starters, recording of annual and sick leave, the calculation of tax, NI and pension contributions, reconciliations of payments, calculation and authorisation of amendments to pay and monitoring of the payroll contract.

We have made four Priority 2 recommendations and two Priority 3 recommendations where management action will further improve controls. These relate to the recording of recovery action on overpayments and debts not written off where recoverable and staff not recording the hours worked when claiming for additional hours or overtime. The other recommendations relate to publishing equalities information on the Council's website, retention of documentation relating to deductions to pay and leavers not being removed from the IT systems or returning equipment.

### **3.14 Pensions**

#### **Objective**

The overall objective of the audit was to provide assurance that the Council has effective controls in place over reconciliations of the pension fund, payments made, calculation of deductions, re-enrolment and the procedures for annual and lifetime allowances.

### **Audit opinion – Substantial**

Controls were in place and working well in the areas of availability of funds for the scheme, actuarial valuations monitoring of scheme assets, calculations of payments and deductions and management of outsourced ICT activities.

We have made two Priority 2 recommendations and one Priority 3 recommendation where management action will further improve controls. These relate to the timeliness of pension fund transfers, refunds being made by cheque and evidencing the monthly amounts paid over by commissioned out employers.

### **3.15 Bromley Children Project**

#### **Objective**

The overall objective of the audit was to provide assurance that the Council has effective arrangements in place for assessing and monitoring the activities and services offered by the Bromley Children Project, including expenditure controls and the users' needs.

#### **Audit opinion – Substantial**

Controls were in place and working well in the areas of activities and services aligning with the core principles in the Sure Start Children's Centres' statutory guidance 2013, publicising services and activities, monitoring and engaging with Bromley Children Project users, budget monitoring and certifying expenditure.

We have made three Priority 2 recommendations where management action will further improve controls. These include recording full details of assets held at the Children Centres on the asset register, following up users' non-attendance on courses and activities and using costing information at year end to inform the decision making process when planning future courses and activities.

### **3.16 Children With Disabilities – Follow Up**

#### **Objective**

The follow up review considered the final audit report issued on 18/6/15 and identified progress made on implementing the recommendations.

#### **Outcome**

Of the 4 previously agreed recommendations, 2 have been fully implemented in respect of the annual reviews and procedure documentation; 2 recommendations relating to the Resource Request Form (RRF) and the Initial Assessment were partially implemented.

The follow up testing identified that for 1/5 cases tested the initial assessment was listed as an adult rather than a child and for the same case the RRF had expired. Management accepted the findings and confirmed that all decisions should be evidenced and that the Review Panel will consider all RRF agreements. Management commented that the administration to ensure cases are returned to panel will be reviewed and improved.

A new recommendation was raised in respect of the direct payment made to the case identified above and possible overpayment. Management confirmed that changes in service offset any overpayment and therefore no recovery was due. However all staff to be reminded of the Direct Payments procedure.

### **3.17 Debtors**

#### **Objective**

The overall objective of the audit was to provide assurance that the Council has effective controls in place over reconciliation of the debtor account, debt recovery and long term arrears, credit notes, cases in dispute and write offs.

#### **Audit opinion – Substantial**

Controls were in place and working well in the areas of reconciliation of the debtors system to the general ledger, up-to-date policies and procedures, coding of income and the production and monitoring of aged debtor reports on a monthly basis.

There are five Priority 2 recommendations which we have made to further improve controls. These relate to changes in dispute codes, ensuring that debtor invoices are raised accurately, evidencing action taken to recover debts, following up and writing off debts timely and scanning all supporting documentation relating to debts onto the accounting system.

### **3.18 Early Years**

#### **Objective**

System review of Early Years grant payments for free education to 2 year old and 3 to 4 year olds, including policies and procedures, registration of providers, eligibility criteria, monitoring of child attendance, payments made to providers and budget monitoring.

#### **Audit opinion – Substantial**

Controls were in place and working well in the areas of registration with Ofsted; all providers tested had signed the Free Early Education (FEE) agreement; sufficient eligibility, in line with HMRC guidelines had taken place for the two year old children at public, voluntary and independent sector settings receiving funding that were tested; payments to schools, pre-schools, nurseries and childminders were made on time and there was sufficient segregation of duties for the approval and processing; all payment batches examined had been authorised by the Head of Service and budget monitoring reports examined had been reviewed and signed by the budget holder on a monthly basis.

Two priority 2 recommendations were raised with regard to data matching for the information received from schools and providers and that the submission of attendance registers for checking by the Early Years be kept under review.

Six priority 3 recommendations were raised relating to; checking the voucher code on the online checker; ensure that provider's source supporting documentation before claiming; inclusion of a fraud disclaimer on the agreement; review the decision not to review all parent declarations and children's ID; evidence the checklist and date the review and update of procedures.

### **3.19 Internet usage**

#### **Objective**

The overall objective of the audit was to provide assurance that policies covering internet usage are sufficiently detailed, extensive and up to date and controls are in place to prevent staff access to inappropriate internet sites and to prevent inappropriate use of the email system.

#### **Audit opinion – Substantial**

Controls were in place and working well in the areas of policies for internet usage being sufficiently detailed, extensive, up to date and available to staff. Information provided showed a summary of staff internet usage and the sites accessed.

We have made three Priority 2 recommendations where management action will further improve controls. These relate to staff not undertaking information assurance training, the lack of technical controls that can be put in place to prevent Blackberry users accessing inappropriate sites and updating the Code of Conduct to refer to the protocol for the monitoring of staff emails.

### **3.20 Marjorie McClure School – Follow up Report**

#### **Objective**

The follow up review considered the final audit report issued on 19/01/16 and identified progress made on implementing the recommendations.

#### **Outcome**

Of the 6 previously agreed recommendations relating to the IT asset register, governor approval of the scheme of delegation, declaration of interest for Governors, processing invoices, purchase card reconciliation and extending the contract register had been satisfactorily implemented.

The follow up testing identified 1/5 payments checked that was not supported by a purchase order prior to the invoice date. The school accepted the recommendation and all staff were reminded by e-mail to comply with Financial Procedures.

### **3.21 Poverest Primary School – Follow up Report**

#### **Objective**

The follow up review considered the final audit report issued on 12/02/16 and identified progress made on implementing the recommendations.

#### **Outcome**

Of the 3 previously agreed recommendations relating to the asset register, cumulative spend and evidencing a copy of the catering contract, all were satisfactorily implemented.

Follow up testing identified two new recommendations relating to an adequate audit trail to support financial decisions and completion and retention of the HMRC on line questionnaire to support payment to individuals as self employed workers. The school accepted both recommendations.

### **3.22 Community Infrastructure Levy – Follow up Report**

#### **Objective**

The overall objective of the review was to review the progress made implementing the nine recommendations made in the original audit carried out in November 2016.

#### **Outcome**

We found that five recommendations had been implemented, including the two Priority 1 recommendations in our original report, three recommendations had been partly implemented and one had not been implemented. One of the partly implemented recommendations relating to outstanding income due from CIL applications has been raised to a Priority 1.

There are four new recommendations which have arisen from our testing. Two of these relate to clarification to the Land Charges Team that final notification of self-build relief has been received and ensuring that Liberata notify the full details of the debtors, case references and amounts to the CIL team and the Land Charges Team when income has been received.

We saw the draft Surcharges Policy and Liberata's Mayoral CIL Procedural Guidance which they follow. This Guidance does not however include the process to be followed for late payment interest and needs to be updated to include this, once the Surcharges Policy has been finalised by the CIL team.

We have also recommended that separation of duties and authorisation controls are put in place by management for CIL processes being carried out a new member of staff.

### **3.23 Contract Monitoring Audit**

#### **Objective**

The overall objective of the audit was to provide assurance that the Council has effective arrangements in place to account for the location of contracts, ensuring they are signed and sealed by all parties and recording and retaining key supporting documentation such as Performance Bonds and Public Liability Insurance.

#### **Audit opinion – Limited**

Controls were in place and working well in the areas of locating contracts and ensuring they were signed and sealed.

We have made two Priority 1 recommendations and two Priority 2 recommendations where management action will improve controls. These relate to ensuring that key supporting documentation is retained with contracts and checking on an annual basis that sufficient Public Liability Insurance is in place for contracts held. We have also recommended chasing up on a formal basis any contracts borrowed from the strong room and ensuring that all licensing and maintenance agreements are included on the Contracts Database.

### **3.24 For definitions of audit opinions see below:**

- Full Assurance- There is a sound system of control designed to achieve all the objectives tested.
- Substantial Assurance- While there is a basically sound systems 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.

- Nil 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.

### **3.25 Commentary on Priority 1 recommendations**

#### **3.26 Document Storage and Retention**

The Senior Property Manager advised that 'after a review of records held in storage approximately 900 boxes have been identified for destruction. TNT has been instructed to destroy these files and the destruction process is underway.

New box deposits continue to be made as space previously taken up by filing is required for additional staff and as staff begin to prepare for the Civic Centre redevelopment.

This upward trend in deposits is likely to continue until staff are equipped to work electronically, facilitated by the right equipment, IT infrastructure and a comprehensive framework for document management and governance'.

The Director of Regeneration advised that 'this is a corporate wide issue that can only be rectified by investment in technology and cultural change, it is therefore likely to remain a Priority 1 until such times as it is picked up through the Civic Centre Accommodation Strategy'. Therefore, this recommendation remains outstanding.

#### **3.27 Temporary Accommodation**

At the previous meeting we reported that there was one outstanding priority 1, shared between Housing and Liberata, relating to rent arrears arising from non-completion of Housing Benefit forms as well as a lack of clarity around the collection of rent, assurances around the use of accommodation and delays in processing evictions.

This area of work covers a three stage, time-critical process; the set-up of accounts, collection of rent and timely intervention if an account falls into arrears.

At a meeting with the Director of Housing and the Head of Allocations and Accommodation on the 4.10.17 it was confirmed that there had been improvements in the communication between teams when setting up rent accounts; with a more cohesive arrangement for sharing information and arranging housing benefit sign ups.

The second stage of the process is twofold. Liberata are responsible for ensuring that rent is collected and that prompt action is taken to engage with the client in the event that they default. Work has been undertaken to review processes and there is now improved communication between housing benefit and rent recovery teams within Liberata to identify where benefit entitlements may end or change to enable action to be taken more quickly to support residents in paying their rent. The Housing Team is also assisting Liberata to redraft the arrears collection procedure and processes. Further work is also being carried out as part of the implementation of a new IT system, which is due to begin a phased implementation in April 2018 and will cover both services.

Housing are responsible for ensuring that temporary accommodation placements are suitable and that they are appropriately occupied. The previous audit found that, due to insufficient staffing levels, there were inadequate checks undertaken to ensure compliance in this area. To this end the service has sought to appoint 2 x temporary accommodation visiting officers. Adverts for this job closed on the 8.10.17 and interviews will be held shortly.

The third stage is the process to evict, where this is necessary. The current eviction referral process and form to collate information has been in operation since 2016. With experience of using this process and the documents used by officers, Housing Management and Acquisitions have identified areas that need to be changed. There has been an interim change in management but responsibility for this area of service has been assigned and will be delivered. The Director of Housing has requested that the Priority 1 remains as outstanding at this time to allow time for new processes to be fully embedded.

The planned Internal Audit review of Temporary Accommodation will be undertaken in quarter 3 and it was agreed that both the completion of Housing Benefit forms and the progress to improve the process for rent collection and eviction will be considered.

### **3.28 Review of Waivers**

The former waiver process (which relied on a single paper form) is being enhanced firstly by developing individual paper templates for each discrete activity and secondly by introducing a new digital Authorisation Process (both of which have been scrutinised by Contracts Sub Committee).

The Contracts Database will hold all Authorisation information about waivers, and five separate templates have been introduced for different procedures e.g. extension beyond contract term, exemption from competition rules. Completed waivers will be held in the Contract Management SharePoint site. New guidance has been published and training is being provided to all contract managers.

Due to the considerable work involved in developing and launching the Contracts Database, the new digital authorisation process is still under development. As it is not yet fully established, we consider that the two Priority 1 recommendations are 'in progress'. Prior to the next Audit-Sub Committee we will carry out testing to ensure that the new control arrangements are operating effectively.

### **3.29 Street Works**

In the audit report finalised on 21/06/2017, 5 priority one recommendations were made.

Contract monitoring meetings – Management advised that the Street works inspections are now provided by an in-house team, the recommendation actions have been implemented for all other Contracts managed by Highways. Internal Audit requested and reviewed the minutes of performance meetings with FM Conway (minor highways works) and O'Rourke's (major Highways works) held during June, July & August 2017 to ensure details of any discussions on contract changes, contractor performance e.g. Key Performance Indicators and any decision making are documented. It was noted that the copies of agendas and contract monitoring reports discussed at these meetings were not provided. Timescales for completion of actions were not recorded. The issues with quality of contract monitoring minutes will be reviewed as part of the future audits in this area. Internal Audit evidenced progress and the recommendation is discharged on this basis.

Variation to the terms of contract without authority – Management advised that they are currently working with the Director of Commissioning and Head of Procurement to prepare a new Change Control Notice (CCN) to allow any variations to existing contracts to be documented and authorised. This was evidenced by minutes of the meeting of Environment Services DMT on 28th September 2017 which was attended by Director of Commissioning to discuss CCN. Internal Audit evidenced progress and the recommendation is discharged on this basis.

Failure to comply with Contract Procedure Rules in respect of additional non-contractual work - The issues of award of non-contractual work to the existing contractor will be reviewed as part of future audits in this area. Internal Audit noted management comments and the recommendation is discharged on this basis.

Inadequate contract monitoring - The issues of unauthorised changes to KPI's will be reviewed as part of future audits in this area as the contract reviewed during the contract has ended. Internal Audit noted management comments and the recommendation is discharged on this basis.

Failure to comply with Financial Regulations (Raising invoices in a timely manner to collect income due) – It was recommended that management agree the procedure to raise draft statements before raising official invoices and acceptable timescales with Director of Finance. Head of Highways advised that the invoicing process has been agreed with the Head of Finance ECS on 27/10/2017. Internal audit will review the agreed invoicing process and its effectiveness in timely collection of income due for permits, inspections and defects and report the progress to next Audit committee meeting. This recommendation will remain open.

### **3.30 Community Infrastructure Levy**

One of the Priority 2 recommendations in our original report had been partly implemented and, in view of our findings during the follow up testing, has been raised to a Priority 1. We found that the CIL and Planning Services Manager has now been given access to Oracle and is able to check information about individual invoices raised and amounts received. We downloaded a Discoverer report from Oracle during our follow up testing which showed that there are currently 39 cases open from previous financial years with 68 debtor invoices outstanding.

Four of these cases involved legal action and were over twelve months old. Furthermore, we noted that there were cases where the Demand Notice amount had been paid but the surcharge remained outstanding. The Land Charges Team were not aware of the surcharges in all of these cases and the Land Charges Register did not therefore have a record of these amounts outstanding.

We also found from our sample testing that in 10 cases, amounts of surcharges invoiced and shown as unpaid on Oracle were either not recorded or shown as different amounts on the report from Exacom which is provided to TfL and shows the future CIL liable amounts. Due to the discrepancies identified, the lack of a procedure in place to reconcile periodically the amounts owed and the need for accuracy and completeness in the recording and reporting of information to TfL and the Land Charges Team, we have raised this to a Priority 1 recommendation.

### **3.31 Contract monitoring**

We found that key supporting documentation including all signed variations to the contract, Performance Bonds or Parent Company Guarantees and Public Liability Insurance documents is not held with the signed and sealed contracts. There is no single source record to identify where key supporting documentation for contracts is held.

Public Liability Insurance was not available for five of the contracts in our sample. In one case, Public Liability Insurance dated 2009 was seen. However, more recent documentation was not provided. It is unclear, therefore, whether or not those contractors have sufficient Public Liability Insurance in place.

We have made two Priority 1 recommendations to address these findings.

### **3.32 Learning Disabilities**

There were three priority 1 recommendations outstanding in this service area; core assessments and reviews, care and support plans, panel decisions to support service agreements.

At the June meeting Members were informed that progress had been made but the audit testing on the original sample identified that the core assessment was outstanding for 2 cases, opened but not ended for 2 cases and reviews were outstanding for 4 cases. At this time it was acknowledged that there had been a high turnover of staff but procedures had been improved, reports generated from the system were being used to monitor cases and two officers would be recruited to complete the review work.

At the update review for this committee, the Learning Disabilities (LD) Team Manager confirmed that one of the Care Manager Assistants engaged to complete reviews had left the Authority. This is part of an ongoing problem to recruit and retain CMA's and is still impacting on the LD team, there is also a dependency on agency staff. Moving forward it has now been agreed to issue LD officers with laptops to allow assessments to be completed directly to the template, this will streamline the process and should reduce elapsed time.

For the November meeting the outstanding cases from previous testing were checked to CareFirst, all had been completed. The testing did identify areas for consideration relating to how the information is shown on CareFirst for reviews and this was discussed with management.

A report of current clients, produced by the Performance and Information Team on the 25.9.17, detailed 1,179 lines of service agreements. Budget monitoring reports detail 678 current clients receiving service as at October 2017. A sample of 5 clients, who have a service agreement starting after the 1.6.17, was randomly selected from the report for audit testing. The sample was satisfactorily checked to CareFirst with the LD Team Manager. There was a significant improvement in the three areas raised by the priority 1 findings, the core assessment, the care plans, the reviews and the panel approval for service agreements. The sample selected represented a range of services, new and old clients but given the volume of clients managed by the LD service is a very small proportion. However, there is satisfactory progress in the three areas to consider the priority 1 recommendations closed.

### **3.33 We also carried out the following:**

- Planned audit work with the focus on completion of the 2016/17 Internal Audit Plan and commencement on the 2017/18 plan.
- Fraud and investigations - the results of which are reported in Part 2 of this agenda..
- Advice and support - Internal Auditors are available to offer advice and consultation to all officers. The input required from Internal Audit varies; ad hoc enquires will be received by e-mail, phone or in person and any advice dispatched is confirmed by e-mail to allow an adequate trail for both parties. Requests are not always settled by one response and have generated audit review work. Internal Audit also attend working groups to advise on system controls and good practice.
- Monitoring/authorisation role for the Greenwich Fraud partnership.
- Liaison work with our external auditors in preparation of their audit of the 2016/17 accounts
- Involvement in proactive exercises that are reported in Part 2.

- Committee work.
- Internal Liaison with the Commissioning Board; Corporate Leadership Team/Directors' Group; Directorate Management Teams and Corporate Risk Management Group.
- External liaison with the various London Audit Groups and our External Auditors

### 3.34 Waivers

Members of this Committee took the decision to only report on waivers sought under the Contract Procedure Rules 3 and 13.1 and to therefore exclude specific exemptions provided to officers under the Council's Scheme of Delegation which relate to social care placements. The list attached as Appendix B reflects waivers sought for the period March 2017 to September 2017. As required by the Contract Procedure Rules (CPR) this Committee has to be updated on waivers sought across the Authority at six monthly intervals. Members are asked to review this list and comment as necessary preferably prior to the meeting so that officers can extract the details on queried waivers. The low number of waivers could indicate that officers are using the tendering process or that not all waivers had been captured as indicated in the findings of the audit report on waivers reported previously.

### 3.35 Publication of Internal Audit Reports

Two exemptions are being sought for this cycle that is explained in part 2 of this agenda.

Since the last cycle of this Committee we have published a further 10 redacted final reports, listed below. At the request of Members of this Committee we have included the audit opinion given to each audit. Follow up audits for implementation of previous recommendations are not given an opinion.

	<b>Audit Opinion</b>
• Bromley Children's Project	Substantial
• Children with Disabilities	Follow Up
• Community Infrastructure Levy	Follow Up
• Contract Monitoring	Limited
• Debtors	Substantial
• Early Years	Substantial
• Internet Usage	Substantial
• Marjorie McClure School	Follow Up
• Payroll	Substantial
• Pensions	Substantial
• Poverest Primary School	Follow Up
• Street Works	Limited
• LB Bromley Parking Enforcement report by RB Greenwich 2015.	

### **3.36 Appointment of External Auditors**

It had been had previously reported that from the financial year 2018/19 the appointment process under the Local Audit and Accountability Act 2014 will be operational. The Act provided for the approval of a sector-led body to act as 'appointing person' and to undertake a procurement exercise and appointment on behalf of the authority. Public Sector Audit Appointments Ltd (PSAA) attained accreditation to be an appointing person under the requirements of the Local Audit (Appointing Person) Regulations 2015 (the Regulations) from the Secretary of State. The decision to go through PSAA received full council approval. In August PSAA sent a formal communication to the Chief Executive and Director of Finance to consult on the appointment of Ernst & Young LLP to audit the accounts for five years from 2018/19. The appointment will start on 1 April 2018.

Ernst & Young LLP (EY) is a multinational professional services firm with 231,000 employees based in over 150 countries worldwide. They provide assurance, tax, consulting and advisory services, and are one of the "Big Four" accounting firms. EY employs around 13,000 people in the UK. There are 240 staff including 14 Key Audit Partners who currently work full-time in the Government and Public Sector assurance service team, who are also able to draw from an extensive pool of specialists.

In developing this appointment proposal, PSAA have applied the following principles, balancing competing demands as much as they can, based on the information provided to them by audited bodies and audit firms:

- ensuring auditor independence, as they are required to do by the Regulations;
- meeting their commitments to the firms under the audit contracts;
- accommodating joint/shared working arrangements where these are relevant to the auditor's responsibilities;
- ensuring a balanced mix of authority types for each firm;
- taking account of each firm's principal locations; and
- providing continuity of audit firm if possible, but avoiding long appointments

### **3.37 Letter of Representation**

The Letter of Representation is attached to this report for information. It sets out the key undertakings given by the Director of Finance to the External Auditors in relation to the 2016/17 Statement of Accounts. Members are asked to note the Letter of Representation attached as Appendix C.

### **3.38 Code of Transparency**

The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015. The Code sets out key principles for local authorities in creating greater transparency through the publication of public data. The Government believes that local people are interested in how their authority tackles fraud and have introduced a mandatory requirement in respect of fraud data. Attached as Appendix D is our publication on the Council's web site of the fraud statistics for 2016/17.

### **3.39 Annual Audit Letter**

The annual audit letter for 2016/17 issued by the external auditors is attached as Appendix E. The headlines to note are following. They issued a qualified 'except for' VFM conclusion in relation to children's services following the Ofsted rating as improvements had not been in place for the entirety of 2016/17. They issued an unqualified opinion on the authority's financial statements on 27<sup>th</sup> September 2017. This means that they believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.

### **3.40 Objection to the accounts**

The Council's Accounts and related records were made available for public inspection for 30 working days between 3rd July 2017 and 11th August 2017. This is a requirement of the Regulations and must take place prior to the completion of the audit. An elector in the Bromley borough has raised two objections to the 2016/17 accounts:

Waste Management and Street Cleansing Services;

Trade Waste Collection Service.

As a result of these objections the audit cannot be formally concluded and an audit certificate issued

### **3.41 Minutes (extract) of the General Purposes and Licencing Sub-Committee 12-9-17**

The meeting considered findings and recommendations from the Council's External Auditors KPMG. The minutes recorded the following:

Members raised the issue of Journal Posting. The Auditors recommended a monthly process be put in place for a sample of journals to be checked to see that they are correct. Officers responded that they were not aware of any priority one recommendations relating to this issue, but undertook to discuss this recommendation with Internal Audit. A Member requested that this matter be referred to Audit Sub-Committee for consideration.

## **4. IMPACT ON VULNERABLE ADULTS AND CHILDREN**

- 4.1 The contents of this report have implications for both adults and children in respect of cost and also care requirements in for instance.

## **5. POLICY IMPLICATIONS**

None

## **6. FINANCIAL IMPLICATIONS**

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

## **7. PERSONNEL IMPLICATIONS**

- 7.1 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.

## **8. LEGAL IMPLICATIONS**

- 8.1 There is a statutory requirement to provide an internal audit function through the Accounts and Audit Regulations 2015.

## **9. PROCUREMENT IMPLICATIONS**

- 9.1 The contents of this report have implications for procurement relating to contract procedure rules, financial regulations and VFM issues.

Non-Applicable Sections:	Policy
Background Documents: (Access via Contact Officer)	None

Report Number/Date	Title	Opinion	No. of Priority One's	Details of original Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ENV/003/01/2015/2016-17  Finalised date 17/11/2016 (1 outstanding recommendation) and Follow-up report finalised date 29/03/2017 (9 outstanding recommendations)	Waste Services Audit	Limited	15 of which 9 are o/s + 1 o/s for Green Garden Waste	Part 2	In progress	Executive Director, Environment and Community Service	June 2017 Part 2 - update  November 2017 See Progress Report	High
CX/025/01/2016-17  Finalised date 3rd November 2016	Document Storage & Retention	Limited	2 of which 1 is o/s	1. Contract monitoring and invoice checking are not robust. 2. Cumulative spend on this contract continues to rise.	In progress	Executive Director, Environment and Community Service  Director of Regeneration	June 2017 See progress report- there has been work to progress implementation the two priority one recommendations that has resulted in 1 priority one recommendation implemented but one still outstanding.  November 2017 See Progress Report	High
ECH/031/01/2016  Finalised date 21st November 2016	Temporary Accommodation	Limited	3 of which 1 o/s	Need for occupancy checks; timely decisions on homeless applications; & rent arrears/delays by clients in submitting benefit application forms/action on evictions.	In progress	Deputy Chief Executive and Executive Director of Education, Care and Health Services  Director, Housing	June 2017 Follow up of the 3 priority one recommendations as reported in Part 2  November 2017 See Progress Report	High
CX/089/16/2016  Finalised date 17th March 2017	Review of Waivers	Limited	2	Need for central register of waivers for accountability purposes. Need for a standard template that cannot be altered, can be tracked to promote consistency.	In progress	Chief Executive  Director of Commissioning and all Chief Officers	June 2017 See Progress Report to be followed up for November 2017 Audit Sub Committee.  November 2017 See Progress Report	High
ECH/036/01/2016  Finalised date 9th March 2017	Review of Reablement Team	Limited	2 of which 1 is o/s	Part 2	In progress	Deputy Chief Executive and Executive Director of Education, Care and Health Services  Director of Adult Social Care	June 2017 To be followed up for November 2017 Audit Sub Committee meeting.  November 2017 Part 2 update	High
ECS/011/01/2016  Finalised Date 21/06/2017	Street Works	Limited	5, of which 1 is o/s	Part 2	In progress	Executive Director, Environment and Community Service  Head of Highway Network	See 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
CEX/019/2017/AU  Finalised date 27/10/17	Review of Contract Monitoring	Limited	2	1) Key supporting documentation should be obtained and retained with contracts 2) Contract managers should be instructed to check and evidence on an annual basis that sufficient Public Liability Insurance is in place	In progress	All Chief Officers	See Progress Report	High
The following priority one recommendations have been implemented: None see comments column above								
Learning Disabilities. 3 Priority One recommendations closed - see Progress Report								
Direct Payment - Learning Disabilities Client. 2 Priority One recommendations. One previously implemented. Both now closed - see Part 2								
St Paul's Cray Primary School. One original recommendation implemented. Four new Priority One recommendations relating to manual cheque payments, expenditure on vulnerable children, purchase and distribution of school uniform and payments to an individual - all implemented - see Part 2								
Leaving Care Investigation. 1 Priority One recommendation implemented - see Part 2								
Community Infrastructure Levy. 1 Priority One recommendation raised in the follow up audit draft report and implemented prior to issue of the final version of the follow up report - see Progress Report.								

**Waivers - From March 2017 to September 2017**  
**Waivers > £50,000**

**APPENDIX B**

DIRECTORATE	SERVICE AREA	CUMULATIVE VALUE	ANNUAL AMOUNT	NO OF PREVIOUS WAIVERS	VALUE OF PREVIOUS WAIVERS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
Education, Care and Health Services	Public Health	£300,000	£100,000	None	N/A	Point of care testing	01/04/18	31/03/21	Approved by email by Director of Public Health, Director of Finance, Director of Corporate Services and Director of Commissioning.Portfolio Holder approval given via PDS minutes.
Education, Care and Health Services	Housing	£869,924	£57,961	None	N/A	Two additional beds for emergency placements at Drake Court	01/07/17	30/09/19	Interim Director Children's Social Care, Executive Director ECHS, Director of Commissioning, Director of Finance, Director of Corporate Services, Portfolio Holder.
Environment and Community Services	Town Centre Management and Business Support	£53,950	£53,950	None	N/A	Penge Business Support Programme	01/04/18	27/07/18	Head of Finance, Director Culture and Leisure, Executive Director, Director of Commissioning, Director of Finance, Director of Corporate Services
Environment and Community Services	Traffic and Road Safety	£69,000	£69,000	None	N/A	Provision of a parking design specialist	19/06/17	18/06/18	Approved by Head of Finance, Director of ECS and Director of Commissioning.Not signed/approved by :- Director ECS, Director of Finance or Director of Corporate Services.
Environment and Community Services	Libraries	£79,106	£15,980	One	£75,106	Audio books and e-magazines	01/09/17	30/08/18	Head of Finance, Stock and Reader Development Manager, Executive Director ECS.
Financial Services	Technical and Control	£143,000	£56,000	One	£95,000	Pension Fund Advice service	01/05/17	31/03/18	Head of Finance, Chief Accountant, Director of Corporate Services, Director of Commissioning.
Chief Executive's	Internal Audit	£4,127,000	£165,000	One	£4,012,000	Fraud partnership	01/04/18	31/03/19	Head of Finance, Head of Internal Audit, Director of Corporate Services, Director of Commissioning, Portfolio Holder.

It should be noted that ECHS have referred the following waivers to the Care Services Portfolio Holder for approval :-

June 2017 - Variation of the existing nursing bed block contract

July 2017 - Learning Disability Supported Living Scheme Extension (Johnson Court)

September 2017 - Exemption from tendering for the child sexual exploitation support contract.

Executive approved the following 7 contracts to be extended or exempt from Contract Procedure Rules at the meetings held in June, July and September 2017 :-

March 2017 - Extension of contract for temporary accommodation at Stewart Fleming Primary School

June 2017 - Extension of the contract for Learning Disability Supported Living (5 properties)

July 2017 - Extension of the contract for Supported Learning Services at Padua Road, Bromley Road and Brosse Way.

September 2017 - Exemption from tendering for NHS Health Checks and short breaks for disabled children and young people.

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## Financial Services

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KPMG LLP  
15 Canada Square  
London  
E14 5GL

12<sup>th</sup> September 2017

Dear Phil

This representation letter is provided in connection with your audit of the financial statements of the London Borough of Bromley ("the Authority"), for the year ended 31 March 2017, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended;
- ii. whether the Pension Fund financial statements give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2017 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2017, other than liabilities to pay pensions and other benefits after the end of the scheme year; and
- iii. whether the financial statements have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

These financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement, the Collection Fund and the related notes (including the Expenditure and Funding Analysis). The Pension Fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes.

The Authority confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Authority confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

### Financial statements

1. The Authority has fulfilled its responsibilities, as set out in the Accounts and Audit Regulations 2015, for the preparation of financial statements that:

- i. give a true and fair view of the financial position of the Authority as at 31 March 2017 and of the Authority's expenditure and income for the year then ended;
- ii. give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2017 and the amount and disposition of the Fund's assets and liabilities as at 31 March 2017, other than liabilities to pay pensions and other benefits after the end of the scheme year;
- iii. have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

The financial statements have been prepared on a going concern basis.

2. Measurement methods and significant assumptions used by the Authority in making accounting estimates, including those measured at fair value, are reasonable.
3. All events subsequent to the date of the financial statements and for which IAS 10 *Events after the reporting period* requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole.

#### **Information provided**

5. The Authority has provided you with:
  - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
  - additional information that you have requested from the Authority for the purpose of the audit; and
  - unrestricted access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Authority confirms the following:
  - i) The Authority has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.
  - ii) The Authority has disclosed to you all information in relation to:

- a) Fraud or suspected fraud that it is aware of and that affects the Authority and involves:
  - management;
  - employees who have significant roles in internal control; or
  - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Authority's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Authority acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Authority acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Authority has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Authority has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Authority has disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with IAS 24 *Related Party Disclosures*.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them as defined in IAS 24 and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

11. The Authority confirms that:

- a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Authority's ability to continue as a going concern as required to provide a true and fair view.
- b) Any uncertainties disclosed are not considered to be material and therefore do not cast significant doubt on the ability of the Authority to continue as a going concern.

12. On the basis of the process established by the Authority and having made appropriate enquiries, the Authority is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and are in accordance with the requirements of IAS 19 (Revised) *Employee Benefits*.

The Authority further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
- statutory, contractual or implicit in the employer's actions;
  - arise in the UK and the Republic of Ireland or overseas;
  - funded or unfunded; and
  - approved or unapproved,

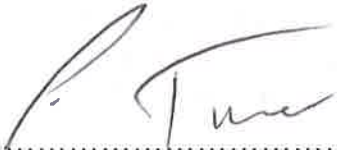
have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.


13. The Authority provides the following specific representations:

- The valuation of land and buildings within the financial statements (net book value of £289 million) is appropriate and reflects all relevant factors impacting upon valuation, including the measurement of the gross internal area of buildings.

This letter was tabled and agreed at the meeting of the General Purposes and Licensing Committee on 12 September 2017.

  
.....  
Peter Turner, Director of Finance

.....12/9/17.....  
Date

  
.....  
Councillor Ian Payne  
Chair of the General Purposes and Licensing Committee

.....12/9/17.....  
Date

## **Appendix to the Authority Representation Letter of the London Borough of Bromley: Definitions**

### **Financial Statements**

A complete set of financial statements comprises:

- A Comprehensive Income and Expenditure Statement for the period;
- A Balance Sheet as at the end of the period;
- A Movement in Reserves Statement for the period;
- A Cash Flow Statement for the period; and
- Notes, comprising a summary of significant accounting policies and other explanatory information and the Expenditure and Funding Analysis.

A local authority is required to present group accounts in addition to its single entity accounts where required by chapter nine of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

A housing authority must present:

- a HRA Income and Expenditure Statement; and
- a Movement on the Housing Revenue Account Statement.

A billing authority must present a Collection Fund Statement for the period showing amounts required by statute to be debited and credited to the Collection Fund.

A pension fund administering authority must prepare Pension Fund accounts in accordance with Chapter 6.5 of the Code of Practice.

An entity may use titles for the statements other than those used in IAS 1. For example, an entity may use the title 'statement of comprehensive income' instead of 'statement of profit or loss and other comprehensive income'.

### **Material Matters**

Certain representations in this letter are described as being limited to matters that are material.

IAS 1.7 and IAS 8.5 state that:

“Material omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or a combination of both, could be the determining factor.”

## **Fraud**

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

## **Error**

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

## **Management**

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

## **Related Party and Related Party Transaction**

### **Related party:**

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
  - i. has control or joint control over the reporting entity;
  - ii. has significant influence over the reporting entity; or
  - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions applies:
  - i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled, or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Key management personnel in a local authority context are all chief officers (or equivalent), elected members, the chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

A reporting entity is exempt from the disclosure requirements of IAS 24.18 in relation to related party transactions and outstanding balances, including commitments, with:

- a) a government that has control, joint control or significant influence over the reporting entity; and
- b) another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

### **Related party transaction:**

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.





## Transparency Code

The Department for Communities and Local Government (DCLG) published a revised Transparency Code in February 2015. The Code sets out key principles for local authorities in creating greater transparency through the publication of public data. The Government believes that local people are interested in how their authority tackles fraud and have introduced a mandatory requirement in respect of fraud data.

This dataset provides information on London Borough of Bromley counter fraud work. Details are provided to meet the Local Government Transparency Code 2015 requirements.

The table below shows activity in respect of the required data for 2016/17.

Information	Figures for 2016-17
Number of occasions they use powers under the Prevention of Social Housing Fraud (Power to Require Information) (England) Regulations 201432, or similar powers	37
Total number (absolute and full time equivalent) of employees undertaking investigations and prosecutions of fraud	2 full time equivalent
Total number (absolute and full time equivalent) of professionally accredited counter fraud specialists	2 full time equivalent
Total amount spent by the authority on the investigation and prosecution of fraud	£190,282
Total number of fraud cases investigated	5279
Total number of cases of irregularity investigated	5279
Total number of occasions on which a) fraud and b) irregularity was identified	1108
Total monetary value of a) the fraud and b) the irregularity that was detected	£468,335
Total monetary value of a) the fraud and b) the irregularity that was recovered	£508,437

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# Annual Audit Letter 2016/17

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**London Borough of Bromley**

|

October 2017



# Contents

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This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. Public Sector Audit Appointments issued a document entitled Statement of Responsibilities of Auditors and Audited Bodies summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointment's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public 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.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Phil Johnstone, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Andrew Sayers ([andrew.sayers@kpmg.co.uk](mailto:andrew.sayers@kpmg.co.uk)). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing [generalenquiries@psaa.co.uk](mailto:generalenquiries@psaa.co.uk), by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW 1P 3HZ.

This Annual Audit Letter summarises the outcome from our audit work at London Borough of Bromley in relation to the 2016/17 audit year.

Although it is addressed to Members of the Authority, it is also intended to communicate these key messages to key external stakeholders, including members of the public, and will be placed on the Authority's website.

<b>VFM conclusion</b>	<p>We issued a qualified 'except for' conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2016/17 on 27 September 2017.</p> <p>During 2015/16 the Council received a report from Ofsted rating its Children's Services as 'inadequate'. The Ofsted report raised concerns that strategic leaders did not have a comprehensive understanding of the services being provided, and noted that there had been a significant deterioration in the quality of services since 2010, with children being left in negative home situations for too long because of a poor understanding of the risk identification and reduction process. During 2016/17 Ofsted issued two further monitoring reports that identified areas where some improvements had occurred, and some areas where it considered that progress had not met the expectations stated within the local authority's action plan. The Council has appointed a new management team and improved the timeliness of several services. However, the majority of these actions were made late in 2016/17 and were not in place for the entirety of the year.</p>
<b>VFM risk areas</b>	<p>We undertook a risk assessment as part of our planning work to identify the key areas impacting on our VFM conclusion and considered the arrangements you have put in place to mitigate these risks. Our work identified the following significant matters:</p> <ul style="list-style-type: none"> <li>Financial resilience - Local Authorities are subject to an increasingly challenged financial regime with reduced funding from Central Government, whilst having to maintain a level of services to local residents. The Council is facing a number of ongoing funding pressures</li> <li>Findings from regulatory bodies - In June 2016 Ofsted published a report grading the Authority's children's services as 'inadequate'. The Authority has made a number of personnel changes following the inspection and has put in place an improvement plan which is being monitored by Senior Management. The Authority is working with the appointed Commissioner to improve services. This resulted in an 'except for' qualified VFM conclusion in 2015/16.</li> <li>Overspends in Children's Services - Following the June 2016 Ofsted report, there have been a number of overspends within Children's Services. This could indicate that resources within this area are not being deployed in a sustainable manner.</li> </ul>
<b>Audit opinion</b>	<p>We issued an unqualified opinion on the Authority's financial statements on 27 September 2017. This means that we believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.</p>
<b>Financial statements audit</b>	<p>There were no significant audit adjustments identified as part of our work. We received complete draft accounts in June 2017 in accordance with the DCLG deadline. The accounting policies, accounting estimates and financial statement disclosures are in line with the requirements of the code.</p> <p>The Authority has good processes in place for the production of the accounts and good quality supporting working papers. Officers dealt efficiently with audit queries and the audit process has been completed within the planned timescales.</p>

## Headlines (cont)

We have not yet issued our audit certificate for the 2016/17 year as there are objections outstanding as at the date of this report.

<b>Other information accompanying the financial statements</b>	Whilst not explicitly covered by our audit opinion, we review other information that accompanies the financial statements to consider its material consistency with the audited accounts. This year we reviewed the Annual Governance Statement and Narrative Report. We concluded that they were consistent with our understanding and did not identify any issues.
<b>Pension fund audit</b>	There were no significant issues arising from our audit of the pension fund and we issued an unqualified opinion on the pension fund financial statements as part of our audit report.
<b>Whole of Government Accounts</b>	We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.
<b>High priority recommendations</b>	We raised one high priority recommendation as a result of our 2016/17 audit work. This is detailed in Appendix 1 together with the action plan agreed by management. This recommendation related to the requirement for the Authority to use a separate pension fund bank account in order to maintain compliance with legislation. This recommendation was not accepted by the Authority, although it is noted that this will be continually reviewed.
<b>Certificate</b>	We have not yet issued the certificate which confirms that we have concluded the audit for 2016/17 in accordance with the requirements of the Local Audit & Accountability Act 2014 and the Code of Audit Practice. This is because there are objections outstanding which are currently being considered. This means that we are not yet able to issue our certificate.
<b>Audit fee</b>	Our fee for 2016/17 was £119,076, excluding VAT. This is in line with the fee highlighted within our audit plan agreed by the Audit Sub-Committee in February 2017 and the scale fee set by PSAA Ltd. Further detail is contained in Appendix 3.

# Appendix 1: Key issues and recommendations

We have raised one high priority recommendation as part of our work, detailed here.

No.	Issue and recommendation	Management response / responsible officer / due date
1	<p><b>Pension Fund Bank Account</b></p> <p>The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 require that all pension schemes have their own bank account.</p> <p>Although a separate bank account has been set up for the Fund, it is not being used. As a result, the Fund is not fully compliant with the requirements of the legislation. This is a point consistent with the prior year.</p> <p><b>Recommendation</b></p> <p>We recommend that the pension fund bank account is put into use in order that the pension fund is fully compliant with all regulations.</p>	<p>A cost benefit analysis was carried out during 2013/14 and has been reviewed. Details were provided to Members of Audit Sub-Committee in January 2015. It remains the view of management that there is little to be gained from using a separate Pension Fund bank account. Whilst the External Auditors are required to raise this matter as a non-compliance issue, management are satisfied that there is a robust coding structure in place which sufficiently separates out the pensions transactions in an effective manner.</p> <p><b>Responsible Officer:</b> Principal Accountant</p>

## Follow up of previous recommendations

As part of our audit work we followed up on the Authority's progress against previous audit recommendations. The Authority has partially implemented one of the three prior year recommendations with the other two still not implemented.

- Use of the pension fund bank account: This was not agreed by the authority in the previous year, and has been re-raised as a high priority recommendation as part of our work in 2016/17 (re-iterated above)
- Segregation of Duties Journal Entries: Management believes its compensation controls are adequate and do not intend on implementing this recommendation.
- Fixed Asset Reconciliation: Management was able to partially implement this recommendation.

# Appendix 2: Summary of reports issued

This appendix summarises the reports we issued since our last Annual Audit Letter.

These reports can be accessed via the Audit-Sub Committee or General Purposes and Licensing Committee pages on the Authority's website at [www.bromley.gov.uk](http://www.bromley.gov.uk).

## External Audit Plan (February 2017)

The External Audit Plan set out our approach to the audit of the Authority's financial statements and to work to support the VFM conclusion.

## Audit Fee Letter (April 2017)

The Audit Fee Letter set out the proposed audit work and draft fee for the 2017/18 financial year.

## Auditor's Report (September 2017)

The Auditor's Report included our audit opinion on the financial statements including the pension fund accounts along with our VFM conclusion.

2017

January

February

March

April

May

June

July

August

September

October

November

## Reports to Those Charged with Governance (September 2017)

The Report to Those Charged with Governance summarised the results of our audit work for 2016/17 including key issues and recommendations raised as a result of our observations. We issued a separate report for the audit of the pension fund.

We also provided the mandatory declarations required under auditing standards as part of this report.

## Annual Audit Letter (October 2017)

This Annual Audit Letter provides a summary of the results of our audit for 2016/17.

# Appendix 3: Audit fees

This appendix provides information on our final fees for the 2016/17 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2016/17 planned audit fee.

**External audit**

Our final fee for the 2016/17 audit London Borough of Bromley was £119,076, which is in line with the planned fee.

Our final fee for the 2016/17 audit of the Pension Fund was in line with the planned fee of £21,000.

Our fees are still subject to final determination by Public Sector Audit Appointments.

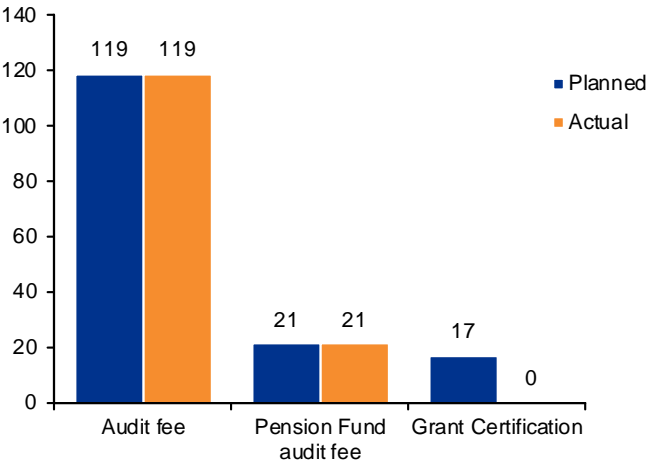
**Certification of grants and returns**

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in November 2017 but is planned at £17,476.

**Other services**

We did not charge any additional fees for other services.

External audit fees 2016/17 (£'000)





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