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DATE: 31 October 2017

## **AUDIT SUB-COMMITTEE INFORMATION BRIEFING**

**Meeting to be held on Wednesday 8 November 2017**

### **QUESTIONS ON THE INFORMATION BRIEFING**

The Briefing comprises:

- 1 REVIEW OF CHILDREN WITH DISABILITIES TEAM AUDIT FOR 2016-2017**  
(Pages 3 - 12)
- 2 REVIEW OF BROMLEY CHILDREN'S PROJECT FINAL INTERNAL AUDIT REPORT-2016-2017.** (Pages 13 - 24)
- 3 REVIEW OF COMMUNITY INFRASTRUCTURE LEVY AUDIT 2017/18** (Pages 25 - 42)
- 4 REVIEW OF CONTRACT MONITORING FOR 2017-18** (Pages 43 - 54)
- 5 REVIEW OF DEBTORS-INCOME AUDIT FOR 2016-17** (Pages 55 - 76)
- 6 REVIEW OF EARLY YEARS FOR 2017-18** (Pages 77 - 92)
- 7 REVIEW OF INTERNET USAGE AUDIT-2016-2017** (Pages 93 - 100)
- 8 FOLLOW UP REVIEW OF MARJORIE MCCLURE SCHOOL-2016-2017**  
(Pages 101 - 110)
- 9 REVIEW OF PAYROLL EXPENSES AUDIT FOR 2016-2017** (Pages 111 - 122)
- 10 REVIEW OF PENSIONS AUDIT FOR 2016-2017** (Pages 123 - 130)
- 11 REVIEW OF POVEREST PRIMARY SCHOOL 2016-2017** (Pages 131 - 138)

- 12            **REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17** (Pages 139 - 168)
- 13            **REDACTED LB BROMLEY PARKING ENFORCEMENT REPORT BY RB GREENWICH 2015** (Pages 169 - 256)

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

<http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=559&Year=0>

Printed copies of the briefing are available upon request by contacting Steve Wood on 020 8313 4316 or by e-mail at [stephen.wood@bromley.gov.uk](mailto:stephen.wood@bromley.gov.uk).

*Copies of the documents referred to above can be obtained from*  
[www.bromley.gov.uk/meetings](http://www.bromley.gov.uk/meetings)

**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE & HEALTH DEPARTMENT**

**FOLLOW UP REVIEW OF CHILDREN WITH DISABILITIES TEAM**  
**AUDIT FOR 2016-17**

**Issued to:** David Dare, Head of Service Safeguarding and Care Planning  
Mark Smith, Group Manager,  
Janet Bailey, Interim Director, Children's Safeguarding & Social Care,  
David Bradshaw, Head of ECS Finance,  
Claudine Douglas-Brown, Head of Exchequer Services,

**C.c.** Ade Adetosoye, Deputy Chief Executive, Executive Director for ECHS (Final Only)

**Prepared by:** Principal Auditor.

**Date of Issue:** 3/8/2017  
**Report No.:** ECH/037/01/2016

## INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Children with Disabilities Team for 16-17. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016-17 Internal Audit Plan, agreed by the Director of Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## AUDIT SCOPE

3. This follow up review considered the final audit report issued on 18/6/2015 and identifying progress made on implementing the previously agreed recommendations.

## MANAGEMENT SUMMARY

4. Of the previous 4 agreed recommendations, 2 have been fully implemented in respect of the annual reviews and the procedures. Two recommendations relating to the Resource Request Form (RRF) and the Initial Assessment are partially implemented.
5. Through testing it was found that for Sample 1, this service user was also in receipt of direct payments. Reviewing the service agreements, it can be seen that one related to a direct payment of £107.30 per week being paid for the period 29/10/07 to 26/6/11. A second service agreement for direct payments commenced on 27/6/11, which is still in payment, of £182.41 per week, an increase of £74.80 per week. However, previous reviews on 25/9/14 and 25/7/16 both highlight that the direct payment was to be reduced to 15 hours and details an annual figure of £8,369.40, equating to a weekly figure of £160.94. Monitoring information provided to date has been queried as there are no receipts provided only bank statements going out and into the account of the carer. The Exchequer contractor have confirmed that the bank statement is in the name of the carer but is the same address as the family and will therefore require further checking.
6. For the same client it was found that the Initial Assessment was an Adult Initial Assessment, the service user was aged 13 at the time of completion. Additionally, the most recent RRF could not be located.
7. For Samples 1, 2 and 5 all service users had service agreements on Carefirst, but at the time of testing they had not been authorised. The Group Manager confirmed by e-mail that service agreements for Provider A were not authorised. No payment is made from CareFirst service agreements in respect of these placements as the Authority has a block contract with the provider. The team uses the RRF as the

authorisation for placement. Further testing for sample 1, 2 and 5 identified that there are current authorised RRF for 2 and 5 but as discussed in finding 3, sample 1 is not supported by a current RRF. The service should review their procedures with regard to authorisation of service agreements and RRF to ensure that there is an agreed standard approach that delivers an acceptable level of control.

8. As a result of the testing there are two new findings, one related to the direct payment and a second relating to the authorisation of the Provider A placements.

**SIGNIFICANT FINDINGS (PRIORITY 1)**

9. None.

**DETAILED FINDINGS/MANAGEMENT ACTION PLAN**

10. Any new findings and are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

**ACKNOWLEDGEMENT**

11. We would like to thank all staff contacted during this review for their help and co-operation

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
1	<b>Ensure that the DCT Procedures are up to date and available to all appropriate officers and available on One Bromley.</b>	Review of the policies has taken place and agreed at SMT. Updated procedures to be made available on One Bromley. GM to advise DCT at Team Meeting and in supervisions.	01/08/15	3	Head of Service Group Manager.	The Disabled Children's Procedures are held with the Children's Social Care Procedure Manual recorded under Children In Particular circumstances (Section 4). These are periodically reviewed and updated.	Implemented.
2	<b>Ensure that the Initial Assessments are carried out and are available in all cases.</b>	Team meeting agenda to include a slot on completing Single Assessments and ensure that supervisors cover these areas of practice in supervisions.	15/6/15	3	Group Manager	Audit testing showed that in respect of Sample 1 a query arose with the fact that the Initial Assessment is listed as an adult assessment. The service user is 16 years old but at the time was 13 as at 15/12/13.	Partially Implemented.
3	<b>Ensure that the Resource Request Forms are:-</b> <ul style="list-style-type: none"> <li>• Reviewed in a timely manner to identify any funding which is due to expire.</li> <li>• Include a duration date.</li> <li>• Are authorised in a timely manner.</li> </ul>	DCT Team Meeting Agenda to include workshop slot and cover these areas of practice and also supervisors to discuss in social workers one to one supervision. Monitoring	1/7/15	2	Group Manager	Testing showed that with the exception of Sample 1 all Resource Request Forms could be located. The last Resource Request Form was dated 27/1/15.	Partially Implemented.

**FOLLOW UP REVIEW OF CHILDREN WITH DISABILITIES TEAM 2016-17**

**Appendix A**

No	Recommendation	Management Comment	Target Date	Priority	Responsibility	Follow-up comments	Status
	<ul style="list-style-type: none"> <li>• <b>Specifies a review date. Ensure that service reviews are carried out as agreed within the Resource Request Form.</b></li> </ul>	spreadsheet to be implemented by admin, GM to track and manage work flow & oversee that this is being implemented.					
4	<b>The Annual Review must be carried out within a 12 month timeline including sign off by a manager. To achieve this commencement of the Annual Review should start at the 10th month to ensure that the Review is completed and signed off by a manager within the 12 months' timeline.</b>	A spreadsheet to be set up with a trigger alert for the social worker and supervisor to review the case at the 10 <sup>th</sup> month thereby ensuring that there is a good period of time to Review the case and record the outcome with managers authorisation before the 12 <sup>th</sup> month anniversary date. This is also included in the short break procedures.	15/6/15	2	Group Manager	Audit testing undertaken had no issues arising.	Implemented.

Original recommendation No.	Recommendation	Priority	Management Comment	Responsibility	Agreed Timescale
2	<b>Ensure that the Initial Assessment is carried out and are available in all cases.</b>	3*	Recommendation agreed , evidence to decision making is required in all cases	Group Manager /Team managers	To start immediately
3	<b>Ensure that the Resource Request Forms are:-</b> <ul style="list-style-type: none"> <li>• Reviewed in a timely manner to identify any funding which is due to expire.</li> <li>• Include duration date.</li> <li>• Are authorised in a timely manner.</li> <li>• Specifies a review date</li> <li>• Ensure that service reviews are carried out as agreed within the Resource Request Form.</li> </ul>	2*	Recommendation agreed, Review panel exists and sits fortnightly and considers RRF agreements.  The area of improvement needed is re the administration of ensuring all cases return to panel as stated.	Group Manager /Head of Service	Review these arrangements by July 1 <sup>st</sup> 2017



<p><b>New</b></p>	<p>For the direct payment case discussed in paragraph 5 of the management summary it should be determined whether the correct level of direct payment is being made. The dates of any change should be evidenced to calculate the value of any overpayment and then seek recovery. The status of the queries raised by the Exchequer contractor in respect of the direct payment monitoring information for this case should be confirmed, specifically payment to the carer at the same address.</p>	<p>2</p>	<p>Due to Playscheme hours reducing significantly this is offset against the overpayment made of 17 hours rather than 15 hours. No recovery is therefore required.( £1210 per year reduction of outgoings re Playscheme along with DP being provided at a cost of £1115.92)</p> <p>It is imperative that all staff are fully aware of the DP procedure.</p> <p>Payment to a carer at the same address should only be made in exceptional circumstances. In this case the understanding was the carer was staying in frequently but this still requires monitoring.</p>		
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<p><b>New</b></p>	<p>Service agreements should be authorised in a timely manner.</p> <p>The Department should evidence the decision not to authorise service agreements for Provider A.</p> <p>Resource Request Forms should be completed and authorised in a timely manner.</p> <p>Time limited placement decisions at panel should be diarised to ensure that authorisations are sought once the panel approval expires.</p>	<p>2</p>	<p>There is not a Service agreement for Provider A as this is a tendered contract.</p> <p>The Head of Service agrees that this is a specific arrangement for Provider A.</p> <p>Agreed</p> <p>Agreed - the reviewing mechanism needs strengthening and is to be reviewed.</p>	<p>Group Manager</p> <p>Group Manager /Team managers to oversee</p> <p>Group Manager /HOS</p>	<p>From June 1<sup>st</sup></p>
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Definition of priority categories.

**Priority 1**

**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**

**Required to address issues which do not represent good practice**

**Priority 3**

**Identification of suggested areas for improvement**

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**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION AND CARE SERVICES DEPARTMENT**

**REVIEW OF BROMLEY CHILDREN PROJECT AUDIT FOR 2016-17**

**Issued to:** Rachel Dunley, Head of Service for Early Interventions and Family Support  
Nicky Diggins, Service Continuity & Coordination Officer, Bromley Children Project

**Cc:** Ade Adetosoye, Executive Director of ECHS and Deputy Chief Executive (final report only)  
Janet Bailey, Interim Director of Social Care  
David Bradshaw, Head of Finance, ECHS  
Dave Hogan, Head of Internal Audit

**Prepared by:** Principal Auditor

**Date of Issue:** 11 September 2017

**Report No.:** ECH/027/01/2015.bf

## REVIEW OF BROMLEY CHILDREN PROJECT AUDIT FOR 2016-17

### INTRODUCTION

1. This report sets out the results of our systems based audit of Bromley Children Project Audit for 2016-17. The audit was completed in quarter 2 of 2017-18 as part of the programmed work specified in the 2017 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference. The period covered by this report is from 6 January 2016 to 5 January 2017.

### AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

- 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. Whilst no observation assessments

## REVIEW OF BROMLEY CHILDREN PROJECT AUDIT FOR 2016-17

were carried out of any of the courses and activities provided at Children Centres in 2016/17 due to staff shortages, we have seen that a programme of observations is in place for 2017/18.

6. Our testing identified the following issues which we would like to draw to management's attention :-
- The asset register on the team site used to record valuable and desirable assets at each Children Centre was not complete with details including the make, model, serial number and purchase price of each asset,
  - Weekly text reminders had not been sent to people who had booked courses and those people whose course attendance had lapsed were not contacted to establish the reason for their non-attendance,
  - The unit cost i.e. per person per session of each course had not been calculated and used at the end of the year to inform the decision making process for planning future courses.

### **SIGNIFICANT FINDINGS (PRIORITY 1)**

7. There are no Priority 1 findings.

### **DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

8. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### **ACKNOWLEDGEMENT**

9. We would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>There is an asset register on the team site which is used to record valuable and desirable assets. We noted that there is a field headed 'Additional Information / key numbers' which can be used to include details of the make, model and serial number. There was no specific field for the purchase price of each asset.</p> <p>Our sample of payments included the purchase of a cross-cut shredder in January 2016 for Blenheim Children Centre. This had been included on the asset register but the above details had not been entered.</p>	<p>Assets may not be readily identified in the event of loss through fire or theft.</p>	<p><b>When an item is purchased and added to the asset register in future, the details including the make, model, description, serial number, date of purchase and purchase price of each item should be added. The missing details of the cross-cut shredder purchased in January 2016 for Blenheim Children Centre, which we identified from our sample of expenditure, should be added.</b></p> <p><b>Additionally, arrangements should be put in place for an annual stock check of the items at each Children's Centre to be carried out.</b>  <b>[Priority 2]</b></p>

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement



DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p>Attendance registers/logs are completed and the details of courses attended by attendees are recorded on their database record. We obtained the attendance details for a sample of sessions covering 6 courses to analyse attendance levels. This showed that some session had been well attended but others less so. We were informed that text message reminders are sent to attendees to encourage them to attend sessions.</p> <p>Therefore we selected a sample of 8 people who had attended the first few sessions of a course but had missed the subsequent sessions. We checked their database record to confirm that they had been sent a reminder text. We found that a reminder was sent on only 2 occasions. For one of those occasions the reminder was sent on the day of the course. We discussed this with the Head of Service and Service Continuity &amp; Coordination Officer who told us that there has been a significant increase in the cost of the text messaging service and this can amount to a considerable sum when multiplied by the number of attendees on all courses and weekly course sessions. Alternative methods will therefore be considered.</p>	<p>Courses are not well attended resulting in an increase in the unit cost per person per session. Course places could have been offered to others who would have benefitted from attending and acquiring new skills, knowledge and experience.</p>	<p><b>The Children and Family Centre staff should consider alternative ways of reminding attendees of course sessions at their Centre, at least one day before that week’s session. Where someone does not attend for two weeks running, further action such as a follow up telephone call to try to find out the reason for the non-attendance should be made.</b>  <b>[Priority 2]</b></p>

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**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>One of the other courses in our sample was the Family Kitchen course at Burnt Ash from 10/1/17 – 7/2/17. The total cost of the course was £1,500. We noted that over the five weeks of the course only two people attended (with one of those bringing her son on the first week). We acknowledge that their attendance rate was 100% and 80% respectively. We were informed that a maximum of 6 people can be accommodated in the kitchen so the course was underutilised and this resulted in a cost per person per session of £166.00 or £88.00 per hour.</p>	<p>Value for money may not be obtained. Costing information is not included when decisions about future courses to be run at Children and Family Centres are made.</p>	<p><b>The Children and Family Centre staff should :-</b></p> <p><b>(a) identify any courses due to take place where bookings show that the course has an uptake of less than 50%. Action should then be taken to publicise the places still available and</b></p> <p><b>(b) calculate the cost per person per session at the end of a course. Costing information should be used as part of the decision making process when deciding which courses to commission for the coming year.</b></p> <p><b>[Priority 2]</b></p>

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	<p>When an item is purchased and added to the asset register in future, the details including the make, model, description, serial number, date of purchase and purchase price of each item should be added. The missing details of the cross-cut shredder purchased in January 2016 for Blenheim Children Centre, which we identified from our sample of expenditure, should be added.</p> <p>Additionally, arrangements should be put in place for an annual stock check of the items at each Children's Centre to be carried out.</p>	2	<p>There is an active Asset Register called an Asset Log. A lot of the existing assets were purchased before Bromley Children Project took over the Children and Family Centres and those purchase records were not available. Those items were added when we created the Asset Log, but the records were incomplete.</p> <p>We have added a purchase price field to our Log as recommended. We will complete this from this point on.</p>	<p>Head of Service</p> <p>Service Continuity and Coordination Officer</p>	<p>Add field 26/07/17</p> <p>Start to log price WEF 26/07/17</p>

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			<p>The Shredder purchased for Blenheim in January 2016 was added to the Log in April 2016 by a student on placement. The missing detail has now been added.</p> <p>We will put in place an Annual Asset Log check, which we will start by 30 September 2017.</p>	<p>Senior Finance Officer</p> <p>Service Continuity and Coordination Officer</p>	<p>Completed</p> <p>First check to start by 30/09/17</p>
2	The Children and Family Centre staff should consider alternative ways of reminding attendees of course sessions at their Centre, at least one day before that week's session. Where someone does not attend for two weeks running, further action such as a follow up telephone call to try to find out the reason for the non-attendance	2	<p>The texting costs rose to 20p per text making this no longer a viable option.</p> <p>The staffing structure is skeletal at the Children and Family Centres and this makes relying on making telephone chasers difficult.</p>	Head of Service & Intelligence and Operations Lead	Solution costed and procured (if relevant) by 31/03/18

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	should be made.		We are exploring other options such as emails – and whether these can be automated for users with email accounts. This is not a quick-fix and will take time to research a workable solution. This project started in February but halted when the IOT Lead left. The new IOT Lead arrived in July and this will be one of the projects she leads on (amongst other more pressing projects e.g. Tackling Troubled Families data).		
3	The Children and Family Centre staff should :-  (a) identify any courses due to take place where bookings show that the course has an uptake of less than 50%. Action should then be	2	(a) The process in the Children and Family Centre staff team already includes identifying courses where there is low take up.		

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>taken to publicise the places still available and</p> <p>(b) calculate the cost per person per session at the end of a course. Costing information should be used as part of the decision making process when deciding which courses to commission for the coming year.</p>		<p>Children and Family Centre support officers have been told to look two weeks in advance and if they are unable to recruit to a course, the SCCO will endeavour to renegotiate a new delivery slot with the provider or transfer to an alternative Children and Family Centre if the need is greater elsewhere in the borough.</p> <p>Courses with low take up are then emailed to all FSPPs and SFSP along with HoS. HoS will then forward to HoS in CSC.</p> <p>(b) We include a cost per head calculation for courses when we commission. We have not done this with post-attendance. We will now do this for a selection of courses and use to inform commissioning. We will aim to cost one course per provider by December 2017.</p>	<p>Senior Family Support and Parenting Practitioner Team to oversee Children and Family Centre Support Officers' work</p> <p>Service Continuity and Coordination Officer</p>	<p>In progress and on-going</p> <p>31/12/17</p>

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

**Assurance Level**

**Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound 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.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY AUDIT**  
**2017/18**

**Issued to:** Nigel Davies, Executive Director of Environment and Community Services  
Jim Kehoe, Chief Planner, Environment and Community Services  
Mary Manuel, Head of Development Plan and Planning Strategy, Environment and Community Services  
Tim Horsman, Planning Development Control Manager, Environment and Community Services  
Steve Ing, CIL and Planning Services Manager, Environment and Community Services  
Claire Martin, Head of Finance, ECS and Corporate  
Claudine Douglas-Brown, Head of Exchequer Services  
Pauline Maton, Local Land Charges Manager, Environment and Community Services

**Cc** Peter Turner, Director of Finance (final report only)

**Prepared by:** Principal Auditor

**Date of Issue:** 27 October 2017

**Report No.:** CX/085/01/2016

## INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the Community Infrastructure Levy. The audit was carried out in quarter two as part of the programmed work specified in the 2017/18 Internal Audit Plan, agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## AUDIT SCOPE

3. This follow up review considered the Internal Audit report issued on 11 November 2016 and the progress made to implement the nine recommendations.

## MANAGEMENT SUMMARY

4. We carried out sample testing and analysis of relevant documentation to confirm the extent to which the recommendations made in our original report had been implemented. 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.
5. 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 the Exchequer Contractor 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 Surcharges Policy which the CIL team has put in place and the Exchequer Contractor'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.
6. During the course of our follow up audit testing the CIL officer, who was an agency member of staff, resigned. A graduate intern is now carrying out this role. The role is key to the CIL process because checks on the CIL liability and measurements submitted by applicants are carried out. He will need to be supervised closely with relevant training to ensure that the requirements of the post are met. We have recommended therefore that appropriate separation of duties and authorisation controls are put in place by management.

**SIGNIFICANT FINDINGS (PRIORITY 1)**

7. There were two Priority 1 findings identified during our original audit. These related to CIL liability not being identified when a planning application is received and spot check visits not being carried out by the CIL team to identify any properties where building work has commenced but the Council have not been notified. Our follow up review has found that the two recommendations arising from these findings have now been implemented and the details are recorded in Appendix A.
8. One of our original Priority 2 recommendations has 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 were 39 cases open from previous financial years with 68 debtor invoices outstanding totaling £385,144.
9. 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.
10. 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 the CIL database which is provided to TfL showing 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.

**DETAILED FINDINGS/MANAGEMENT ACTION PLAN**

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11. Appendix A provides information on the recommendations that are being followed-up and the status following the audit review. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix B also gives definitions of the priority categories.

**ACKNOWLEDGEMENT**

12. We would like to thank all staff contacted during this review for their help and co-operation.

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
1	Management should obtain a report run from Uniform independently by IT, identifying those planning applications made since 1 April 2015 where CIL liability has not been assessed and recorded. Those applications should be checked by management. Any cases where CIL is liable should be recorded and reported to Internal Audit with details of the properties, amounts due and action to be taken.	1	Agreed. We will obtain a report from Uniform, identifying those planning applications made since 1 April 2015 where CIL liability has not been assessed and recorded. These applications will be checked by management. Any cases where CIL is liable will be recorded and reported to Internal Audit with details of the properties, amounts due and action to be taken.	Head of Planning Strategy and Projects with Planning Development Control Manager and CIL and Planning Services Manager	This has started and will be completed by February 2017.	<p>A report was run from Uniform and 48 cases since 1 April 2015 were identified where liability should have been recorded.</p> <p>As previously reported to the Audit Sub-Committee in June 2017, there are 23 cases where liability was not identified and work had started. The CIL team believe that the applicants could have received a self-build, extension or charitable exemption, had the Council identified these cases originally as being CIL liable and informed the applicant accordingly. These applicants are unable to claim an exemption now because they have started (or finished) building work.</p> <p>The situation was explained in a letter to TfL by the CIL team in May 2017, stating that, in the circumstances,</p>	Implemented

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
						no further action would be taken in these cases.	
2	The CIL team should put in place a formal programme of periodic spot check visits to identify any properties where building work has commenced but the Council has not been notified. The liable persons of any properties which are identified should be issued with a Demand Notice and a penalty charge invoiced. In the four cases identified, recovery action should be completed and the outcome notified to Internal Audit.	1	Agreed. A formal programme of periodic spot checks has been set up to identify any properties where building work has commenced but the Council has not been notified. The liable persons of any properties which are identified will be issued with a Demand Notice and a penalty charge invoiced.  Internal Audit have been advised of progress on the cases identified to date, and will be kept informed of further action.	Head of Planning Strategy and Projects and CIL and Planning Services Manager	This started in September 2016 and will be completed in February 2017. Further spot checks will then be put in place as required.  30 November 2016	Since our original audit a formal programme of spot check visits have been carried out by the CIL team. They are carried out at the beginning or end of the day, as part of the individual's journey to or from work, to make best use of available time. We found that the latest programme of 19 visits in March and April 2017 had identified three properties where building work had started but the Council had not been notified. This has resulted in a total amount of £17,250.13 invoiced, including surcharges.	Implemented
3	Management should ensure that :-  (a) the CIL and Planning Services	2	Agreed. (a) A request was made for the CIL and Planning Services Manager to have access to Oracle and this has	Head of Planning Strategy and Projects and CIL and	30 November 2016	(a) and (b) The CIL and Planning Services Manager has been given access to Oracle and is able to check information about individual	Partly implemented and therefore re-recommended, but upgraded to

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
	<p>Manager is made aware of all relevant financial information available from Oracle when he carries out the quarterly reconciliation process of CIL income including surcharges, so that the details can be included on the CIL database and Land Charges Register and</p> <p>(b) all invoices which are 'open' are reviewed and appropriate follow up or write off action is taken.</p>		<p>now happened, with access to Mayoral CIL payment information. It includes financial information about surcharges so the details can now be included on the CIL database and Land Charges Register and</p> <p>b) Open invoices have been identified and will be reviewed and follow up action will be taken.</p>	<p>Planning Services Manager</p> <p>Head of Planning Strategy and Projects and CIL and Planning Services Manager</p>	<p>30 November 2016</p>	<p>invoices raised and amounts received.</p> <p>During our follow up testing we obtained a Discoverer report from Oracle which showed 39 cases open from previous years with 68 debtor invoices outstanding totalling £358,144.86.</p> <p>Whilst there was a record of legal action being taken in four of these cases (CIL case 'A', CIL case 'B', CIL case 'C' and CIL case 'D'), the last dispute date in each case was over 6 months ago and we were unable to see the up-to-date position. We were also unable to see that appropriate follow up action had been taken in all other cases. For example, we noted that there were cases where the demand notice amount had been paid but the surcharge remained outstanding. For the amounts which remain</p>	<p>a new Priority 1 recommendation.</p>

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
						<p>outstanding, this is income where 96% of it is due to TfL. Therefore it is unclear if the Council has to pay over to TfL any amounts which the Council fails to collect and then decides to write off.</p> <p>A sample of these cases were checked by the Land Charges Team. They were not aware of the outstanding surcharges in all cases and the Land Charges Register did not have a record of these amounts due.</p> <p>We also found that amounts of surcharges invoiced and shown as unpaid on Oracle were either not recorded or inaccurately recorded on the report from the CIL database which provides the amount of future liabilities CIL information reported to TfL.</p> <p>In view of the number of invoices which remain outstanding from previous</p>	

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
						<p>years, the unclear position on the legal cases started in previous years and the discrepancies in the information and amounts outstanding on Oracle, the Land Charges Register and the CIL database, we have upgraded this to a Priority 1 recommendation.</p> <p>For ease of reference a spreadsheet showing all the open invoices by customer name and transaction date as at today's date is provided with this report.</p>	
4	<p>Management should review and clearly define the roles, responsibilities and procedures within the CIL team for administering and processing CIL applications.</p>	2	<p>Agreed. Management will review and clearly define the roles, responsibilities and procedures within different parts of Planning for administering and processing CIL applications.</p>	<p>Head of Planning Strategy and Projects with Planning Development Control Manager and CIL and Planning Services Manager</p>	31 December 2016	<p>The roles, responsibilities and procedures within the CIL for administering and processing CIL applications have been reviewed and defined.</p>	Implemented



FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
5	The CIL team should ensure that the Land Charges team are notified of the details whenever a developer/owner has been granted self build relief so that the Land Charges Register can be updated with the date when self build relief is due to expire.	2	Agreed. We will ensure that officers granting self build relief notify the Land Charges Team so that the Land Charges Register can be updated with the date when self build relief is due to expire.	Head of Planning Strategy and Projects and CIL and Planning Services Manager	30 November 2016	<p>We selected a sample of recent cases where self-build relief had been granted and our testing confirmed that the Land Charges Team had been notified of these. We checked that the details recorded on the Land Charges Register were correct, including the date when self-build relief is due to expire.</p> <p>We were informed by the Land Charges Team that the cases stay on the Land Charges Register until a final notice is received from the CIL team. A sample of notification emails sent by the CIL team did not clearly state that a final notice of self build had been received. A standard form of wording needs to be agreed between the CIL team and the Land Charges Team so that it is clear when final notification has been received.</p>	Original recommendation implemented but a new recommendation has been raised.

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
6	<p>Management should :-</p> <p>(a) Define what information should be recorded and management information produced from the CIL database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) Explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p>	2	<p>Agreed. Management will</p> <p>(a) Define what information should be recorded and management information produced from the CIL database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) We will explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p>	<p>Head of Planning Strategy and Projects and CIL and Planning Services Manager</p> <p>Head of Planning Strategy and Projects and CIL and Planning Services Manager</p>	<p>7 December 2016</p> <p>31 January 2017</p>	<p>(a) and (b) We were informed by the CIL and Planning Services Manager and the Land Charges Manager that training on the functionality of the CIL database was provided by the CIL database consultant. We have not however seen documented evidence of the training provided or how this has been implemented to improve current business processes.</p> <p>In view of the discrepancies in the accuracy of recorded information identified through our testing in recommendation 3, we are unable to give assurance that this recommendation has been fully implemented. We were informed by the CIL team that the Uniform version 10 upgrade has recently taken place and a possible link to the CIL database and Oracle will be explored by the end of March</p>	Not implemented and therefore re-recommended

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
						2018.	
7	Management should ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is included in surcharge invoices for late CIL payments.	2	Agreed. Management will ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is included in surcharge invoices for late CIL payments.	Head of Planning Strategy and Projects and CIL and Planning Services Manager and the Exchequer Contractor	30 November 2016	A surcharges policy has been put in place by the CIL team. This includes the circumstances where late interest is payable. We identified three cases within the last twelve months where we considered that late payment interest would be payable (CIL case 'E', CIL case 'F' and CIL case 'G'). We could not see however that late payment interest had been invoiced, or that the amount of late payment interest had been included on the CIL database record by management.	Partly implemented and therefore re-recommended.
8	Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their	2	Agreed. Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their current status, will be produced and	Head of Planning Strategy and Projects and CIL and Planning Services Manager	31 March 2017	This has not been implemented. Management have not yet decided which is the most appropriate Committee/forum to report this information to.	Not implemented and therefore re-recommended.

FOLLOW UP REVIEW OF COMMUNITY INFRASTRUCTURE LEVY 2017-18

No	Recommendation (Internal Audit report November 2016)	Priority	Management comment	Responsibility	Agreed timescale	Follow-up comments	Status
	current status, is produced and reported to senior officers and Members at the end of the financial year.		reported to senior officers and Members at the end of the financial year.				
9	Management should populate the departmental risk register with risks relating to CIL income collection and control measures to mitigate the risks occurring.	2	Agreed. Management will populate the departmental risk register with risks relating to CIL income collection and control measures to mitigate the risks occurring.	Head of Planning Strategy and Projects and CIL and Planning Services Manager	30 November 2016	The departmental risk register has now been updated with risks relating to CIL.	Implemented

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
1 Original rec no. 3	Management should ensure that all CIL debtor invoices which are currently 'open' showing income outstanding are reviewed and appropriate follow up or write off action is taken. Due to the length of time that the invoices prior to this financial year have remained open, and the discrepancies in information and individual amounts recorded on Oracle, the CIL database and the Land Charges Register, this should be done as a matter of urgency. In future, details of 'open' CIL debtor invoices eg through the monthly aged debtor report, should be provided to the CIL team and the Land Charges team. The CIL team can then carry out a reconciliation to the information recorded on the CIL database and take any required follow up action and the Land Charges team can update their records accordingly.	1	<p>Agreed. A meeting was held with the Exchequer Contractor on 21 September to review all outstanding cases and action as appropriate agreed, including write off, one further letter before referring to debt collection, court route and queries to be dealt with by the CIL team and the Exchequer Contractor.</p>	Head of Planning Strategy / CIL team	Implemented
			<p>Agreed monthly aged debtor report to be sent by the Exchequer Contractor and first one received on 2<sup>nd</sup> Oct 2017 by CIL and Land Charges Team.</p> <p>Weekly payment schedule to provide additional information including if further payments expected. First new format payment schedule received 2<sup>nd</sup> October 2017.</p> <p>CIL team to undertake reconciliation of the CIL database and Oracle.</p> <p>(Response provided by Head of Planning Strategy)</p> <p>The Exchequer Contractor refers any debts to the CIL team prior to taking legal action or when they are disputed.</p> <p>As agreed, the Exchequer Contractor are now providing the CIL team and Land Charges team with that a monthly aged debtor report showing the stage of the recovery process each invoice has reached.</p>		
				Operations Manager - The Exchequer Contractor	Implemented

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
			(Response provided by Head of Exchequer Services)		
2 Original rec no. 6	<p>Management should :-</p> <p>(a) Define what information should be recorded and management information produced from the CIL database and identify what levels of access, training and guidance should be given to other users such as the Land Charges team, and</p> <p>(b) Explore the functionality that the CIL database can provide to improve CIL business processes, including the cost-benefit of linking to existing systems such as Oracle and Uniform.</p>	2	<p>Agreed. CIL database training being provided to Land Charges Officer and graduate intern covering the CIL officer post 5/10/17 and 6/10/17.</p> <p>Enquiry already made to the CIL database supplier re linking to Oracle. Link to uniform already exists. The CIL database supplier advised a very basic link to Oracle. Further information requested. IT assistance will be required.</p> <p>(Response provided by Head of Planning Strategy)</p>	<p>Head of Planning Strategy / CIL Manager</p> <p>Head of Planning Strategy / CIL Manager</p>	<p>Implemented</p> <p>Initial enquiry early October with follow up action to be taken by 31 December 2017.</p>
3 Original rec no. 7	<p>Management should ensure that the correct amount of late interest payable (an annual rate of 2.5 percentage points above the Bank of England base rate) as set out in the CIL Regulations, is calculated and included in surcharge invoices for late CIL payments. For those</p>	2	<p>Agreed that late interest will be charged by the Exchequer Contractor automatically except where there is a dispute recognised by the Exchequer Contractor or advised by the CIL team and a hold put on late interest and surcharges. Exception is where late payment would be less than £50.</p> <p>(Response provided by Head of Planning Strategy)</p>	<p>Head of Planning Strategy / CIL Manager</p>	<p>31 October 2017</p>

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
	<p>cases which Internal Audit have identified during the follow up testing as being liable for a late interest payment, the CIL team and the Exchequer Contractor should check these cases and raise invoices if appropriate.</p>		<p>The Exchequer Contractor will include late interest payment in the surcharge invoices. The calculation will be in accordance with the guidance as set out in the CIL team's Surcharges Policy once this has been issued.</p> <p>Agreed. The Exchequer Contractor will review with the CIL team the cases as identified by Internal Audit as being liable for late interest payment and raise invoices if appropriate.</p> <p>(Response provided by Head of Exchequer Services)</p>	<p>Operations Manager – The Exchequer Contractor</p>	<p>Once the Surcharges Policy has been issued by the CIL team.</p> <p>Within 5 working days of receiving the final Surcharges Policy the CIL team confirming interest is to be charged on these cases.</p>
<p>4 Original rec no. 8</p>	<p>Management information about CIL, including amounts received and paid to TfL, amounts outstanding from Demand Notices and Liability Notices issued and amounts in dispute and their current status, is produced and reported to senior officers and Members at the end of the financial year.</p>	<p>2</p>	<p>Agreed. Monies received and transferred to TFL are signed off by the Director of Environmental Services currently. The amount outstanding from Demand Notices will be reported to Environmental Services DMT half yearly and to Members annually.</p> <p>Approach to outstanding Liability notices to be considered as these relate to planning permissions and only become payable when planning permission has commenced, so may need a different approach to analysis.</p> <p>(Response provided by Head of Planning Strategy)</p>	<p>Chief Planner / Head of Planning Strategy</p>	<p>30 November 2017 and 30 April 2018 for reporting to DMT and 31 May 2018 for reporting to Members.</p>

No	Re-recommendation	Priority	Management Comment	Responsibility	Target Date
No	New recommendation	Priority	Management Comment	Responsibility	Target Date
1	A standard form of email wording is agreed between the CIL team and the Land Charges Team so that the Land Charges Team are fully aware that the final stage of the self-build relief process has been concluded and that no further action is outstanding.	2	Agreed. A standard form of wording will be provided for self build and extension relief.  (Response provided by Head of Planning Strategy)	Head of Planning Strategy / CIL Manager	31 October 2017
2	The Exchequer Contractor ensures that the weekly notification to the CIL team and the Land Charges Team of income received includes full details of the debtors, case references and amounts received, including surcharges.	2	Agreed. The omission was due to new staff taking on the task from July 2017.  (Response provided by Head of Exchequer Services)	Operations Manager - The Exchequer Contractor	Already implemented and is on-going



No	New recommendation	Priority	Management Comment	Responsibility	Target Date
3	<p>Following the recent departure of the former CIL officer, formal checks and separation of duties should be put in place by management to ensure that:-</p> <p>(a) the CIL and Planning Services Manager checks the measurements of all new CIL applications calculated by the graduate intern who is now carrying out the CIL role and</p> <p>(b) the CIL and Planning Services Manager checks, authorises and issues the Liability Notices prepared by the graduate intern.</p>	2	<p>Agreed. The measurements of all new CIL applications and details of Liability Notices prepared are being checked by a different member of staff to the one preparing it.</p> <p>(Response provided by Head of Planning Strategy)</p>	Head of Planning Strategy	Implemented
4	The Mayoral CIL Procedural Guidance operated by the Exchequer Contractor is updated to include the process to be followed for late payment interest.	2	<p>Agreed. Update to be made. The Surcharges Policy, which includes the late payment policy, will be revised and circulated to the Head of Exchequer Services.</p> <p>(Response provided by Head of Planning Strategy)</p> <p>Agreed. The Exchequer Contractor Mayoral CIL Procedural Guidance will be updated once the CIL team has provided the Head of Exchequer Services and the Exchequer Contractor with the revised Surcharges Policy.</p> <p>(Response provided by Head of Exchequer Services)</p>	<p>Head of Planning Strategy</p> <p>Senior Operations Manager - The Exchequer Contractor</p>	<p>31 October 2017</p> <p>Once the Surcharges Policy has been issued by the CIL team.</p>

Definition of priority categories.

**Priority 1**

**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**

**Required to address issues which do not represent good practice**

**Priority 3**

**Identification of suggested areas for improvement**

**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF CONTRACT MONITORING FOR 2017-18**

**Issued to:** Doug Patterson, Chief Executive  
Ade Adetosoye, Executive Director of ECHS  
Mark Bowen, Director of Corporate Services  
Lesley Moore, Director of Commissioning  
Peter Turner, Director of Finance  
Nigel Davies, Executive Director of ECS  
Charles Obazuaye, Director of HR

**Cc:** Dave Starling, Head of Corporate Procurement  
Susan Fraser, Senior Solicitor

**Prepared by:** Senior Auditor (Audit Contractor on behalf of LB of Bromley)  
Principal Auditor

**Date of Issue:** 26 October 2017

**Report No:** CEX/019/2017/AU

## REVIEW OF CONTRACT MONITORING FOR 2017-18

### INTRODUCTION

1. This report sets out the results of our systems based audit of Contract Monitoring for 2017/18. The audit was carried out in quarter 2 as part of the programmed work specified in the 2017-18 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 1<sup>st</sup> March 2017.

### AUDIT SCOPE

4. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

5. Overall, the conclusion of this audit was that Limited Assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

6. We initially selected a sample of 15 contracts from the Contracts Database across the Council's Directorates. Testing was carried out to confirm that all contracts had been signed, sealed and were available. We looked to confirm that they were supported by Public Liability Insurance, Variations and Performance bonds/Parent Company Guarantees documentation. Two of the original signed and sealed contracts in our sample could not be found when we visited the strong room within

## REVIEW OF CONTRACT MONITORING FOR 2017-18

Legal Services but these were subsequently found and seen. One had been recorded on the Legal Services records as a Miscellaneous Agreement rather than a contract and was then located. For the other contract, whilst it could not be found at the time of our initial visit, on re-checking the Legal Services records we identified that it had been booked out to and was being held by an officer several months previously. We were therefore able to see it.

7. We would like to bring to management's attention the following issues:

- Key supporting documentation was not held with the contracts for all the contracts selected in our sample. There was no single source record where Public Liability Insurance, Performance Bond/Parent Company Guarantee and variation documentation was held for all the contracts selected.
- In one case, we saw a deed of guarantee and indemnity dated 2008 but more recent documentation was not seen. In one case, Performance Bond/Parent Guarantee documentation was not readily available and in one case neither a pension bond nor a Parent Company Guarantee was held. In four cases, Public Liability Insurance documentation was not readily available. In one case, a Public Liability Insurance document dated 2009 was evidenced. More recent documentation was not available.
- There is no formal process in place in Legal Services for chasing officers who have borrowed contracts from the strong room but have not returned them;
- There is no formal contract in place with Supplier 'A'. Instead there is an annual arrangement for the purchase of licences and maintenance from Supplier 'A'. However, this information has not been included on the Contracts Database. Similar arrangements with other suppliers may be in place across the Council without the information being recorded on the Contracts Database.

## REVIEW OF CONTRACT MONITORING FOR 2017-18

### SIGNIFICANT FINDINGS (PRIORITY 1)

8. The following significant findings were identified:
- 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 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.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

10. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

REVIEW OF CONTRACT MONITORING FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1	<p>A sample of 15 contracts was tested to confirm that up to date Performance Bond/Parent Company Guarantee documentation and that the most recent Public Liability Insurance documentation had been retained with the contracts. The following was identified:</p> <ul style="list-style-type: none"> <li>• <b>Grounds Maintenance (Supplier B):</b> We saw a deed of guarantee and indemnity dated 2008 however more recent documentation was not seen;</li> <li>• <b>Library Book and AV Materials Supply Contract with Central Buying Consortium (CBC) Framework (Supplier C) and Education - Provision of Full Time Education for Permanently Excluded Pupils and Pupils at Risk of Permanent Exclusion (Supplier D):</b> Documentation was requested, but no information was provided;</li> <li>• <b>Total Facilities Management (Supplier E):</b> Neither a pension bond nor a Parent Company Guarantee was held. At the time of the audit, Legal Services were chasing the contractor for these documents;</li> </ul>	<p>The Council is unable to account for the location of key contractual documentation. Delays in proceedings should such documentation need to be referred to.</p>	<p>Chief Officers in liaison with Legal Services should ensure that key supporting documentation is obtained and retained with contracts. This should include all signed variations to the contract, Performance Bonds or Parent Company Guarantees and Public Liability Insurance documents.</p> <p>(Priority 1)</p>

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**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

REVIEW OF CONTRACT MONITORING FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
	<ul style="list-style-type: none"> <li>• <b>Highway Maintenance Contract Major Works (Supplier F) and Older People - Nursing Beds (PF &amp; EMI) (Supplier G):</b> Public Liability Insurance documentation was not held by contract managers. Copies were sought from these contractors, but not provided at the time of the audit report.</li> <li>• <b>Education - Framework for Passenger Transport Services - Lot 1 - SEN and Non-SEN Children Transport Services (Various – framework agreement):</b> Public Liability Insurance documentation was not provided; and</li> <li>• <b>Provision of Exchequer Services (Consolidated Summary) (Supplier H) :</b> A Public Liability Insurance document dated 2009 was seen. However, more recent documentation was not provided.</li> </ul> <p>Although documentation for variations, Public Liability Insurance and Performance Bonds were seen for some contracts there was no single source record where this information was held for all the contracts selected.</p>		

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement



**REVIEW OF CONTRACT MONITORING FOR 2017-18**

**DETAILED FINDINGS**

**APPENDIX A**

No.	Findings	Risk	Recommendation
2	From the sample of contracts selected for testing, in five cases the latest Public Liability Insurance documents could not be evidenced at the time of the audit (see recommendation 1 above). It is unclear, therefore, whether or not those contractors have sufficient Public Liability Insurance in place.	The service provided by the contractor is not sufficiently covered by up to date Public Liability Insurance.	Chief Officers should ensure that contract managers check and evidence on an annual basis that sufficient Public Liability Insurance is in place for contracts held. (Priority 1)
3	A deeds register is maintained within Legal Services which details individuals who have borrowed deeds, the dates they were borrowed and the dates they have been returned. However, gaps were identified where contracts had been borrowed, but there was no date of return recorded. We established that there is currently no formal monitoring mechanism in place to track the locations of borrowed contracts.	The location of contracts within the Council is not known.	Legal Services should introduce a formal chase up procedure for contracts which have been borrowed from the strong room. (Priority 2)

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

**REVIEW OF CONTRACT MONITORING FOR 2017-18**

**DETAILED FINDINGS**

**APPENDIX A**

No.	Findings	Risk	Recommendation
4	<p>We identified that there is no formal contract in place with Supplier 'A'. Instead there is an annual arrangement for the purchase of licences and maintenance from Supplier A'. However, this information has not been included on the Contracts Database. A total of £36,932.79 has been paid to 'Supplier A' for licences and software support for 2017/18. There may be other similar licensing and maintenance agreements with suppliers in place across the Council and which have not been identified and recorded.</p>	<p>Inability to account for agreements in place with suppliers, resulting in a lack of openness and transparency of information.</p>	<p>Chief Officers should review the Contracts Database to ensure that all licensing and maintenance agreements are recorded on the Database as required.</p> <p>(Priority 2)</p>

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

**REVIEW OF CONTRACT MONITORING FOR 2017-18**

**APPENDIX B**

**MANAGEMENT ACTION PLAN**

<b>Finding No.</b>	<b>Recommendation</b>	<b>Priority *Raised in Previous Audit</b>	<b>Management Comment</b>	<b>Responsibility</b>	<b>Agreed Timescale</b>
1	Chief Officers in liaison with Legal Services should ensure that key supporting documentation is obtained and retained with contracts. This should include all signed variations to the contract, Performance Bonds or Parent Company Guarantees and Public Liability Insurance documents.	1	From individual responses collated by Internal Audit, all Chief Officers have agreed to do this.	All Chief Officers	30 November 2017
2	Chief Officers should ensure that contract managers check and evidence on an annual basis that sufficient Public Liability Insurance is in place for contracts held.	1	From individual responses collated by Internal Audit, all Chief Officers have agreed to do this.	All Chief Officers	30 November 2017

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

**REVIEW OF CONTRACT MONITORING FOR 2017-18**

**APPENDIX B**

**MANAGEMENT ACTION PLAN**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Legal Services should introduce a formal chase up procedure for contracts which have been borrowed from the strong room.	2	Agreed. Contracts which have been borrowed from the strong room will be reviewed on a weekly basis and reminders will be sent to the person holding the document and if necessary the document will be retrieved. Only exceptionally will an individual outside of Legal Services be permitted to hold original contract documents for more than 1 week.	Director of Corporate Services	30 November 2017
4	Chief Officers should review the Contracts Database to ensure that all licensing and maintenance agreements are recorded on the Database as required.	2	From individual responses collated by Internal Audit, all Chief Officers have agreed to do this.	All Chief Officers	30 November 2017

Project Code: CEX/019/2017/AU

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**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

<b>Assurance Level</b>	<b>Definition</b>
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.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF DEBTORS - INCOME AUDIT FOR 2016-17**

**Issued to:** Claudine Douglas-Brown, Head of Exchequer Services

**Cc:** Peter Turner, Finance Director

**Prepared by:** Senior Auditor (Mazars LLP on behalf of LBB)  
Principal Auditor

**Date of Issue:** 16 June 2017

**Report No.:** CX/067/02/2016

## REVIEW OF DEBTORS - INCOME AUDIT FOR 2016-17

### INTRODUCTION

1. This report sets out the results of our systems based audit of Debtors – Income Audit for 2016/17. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 29/12/16. The period covered by this report is from 01/01/16 to 31/12/16.
4. As at 31/01/2017 there was an outstanding in year sundry debt figure of £7.19 million and an outstanding in year domiciliary care debt figure of £2.21 million. For sundry debts, this is a £1.14 million increase from the start of the 2016/17 financial year. For domiciliary care debts, this is an £80,000 decrease from the start of the 2016/17 financial year.
5. As at 31/01/2017 there was an outstanding non in-year balance of £4,833,245 and £3,712,118 had been collected.

### AUDIT SCOPE

6. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

7. Overall, the conclusion of this audit was that Limited Assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.



### MANAGEMENT SUMMARY

8. The following areas were tested: 25 debts on suppression, 5 invoices in dispute dated between 2010 and 2014, 25 outstanding debts, 25 invoices that have been raised, 10 credit notes that have been raised, 10 payment arrangement cases and 25 write-offs.
9. Controls were in place and working well in the areas of:
  - Policies and procedures are in place, readily available to staff and up to date;
  - Debtors system 'A' is regularly reconciled to the General Ledger;
  - Income due is allocated to the correct General Ledger codes; and
  - Aged debtors reports are produced and monitored on a monthly basis.
10. However we would like to bring to Managements attention the following issues:
  - Testing of a sample of 25 debts in suppression found that in 8 cases there had been a change in dispute code. However, there is no clear audit trail to show when these codes had been changed and whether actions taken for suppressed cases were done in a timely manner in accordance with Dispute ID procedures;
  - A report of current invoices in dispute identified that there were 25 invoices dated between 2011 and 2014 totalling £175,015.34. A random sample of five was selected and in all cases, there was insufficient correspondence confirming what had been done to resolve the disputes.
  - Testing of a sample of 25 outstanding debts and 25 debts in suppression found the following:
    - 6 cases where there was insufficient correspondence on the V1 system showing what action had been taken to recover debts;
    - 3 cases where recovery action was undertaken in an untimely manner; and
    - 2 cases where insufficient recovery action had taken place to recover debts.
  - Testing of a sample of 25 outstanding debts found that in one case, an invoice relating to domiciliary care was marked for write off on 7<sup>th</sup> January 2016 and sent to the Assistant Director by Head of Exchequer Services on 10<sup>th</sup> November 2016. However, there was no evidence that this had been authorised and returned to the Exchequer Contractor;
  - Testing of a sample of 25 debts that were written off found that in six cases supporting documentation could not be located;

## REVIEW OF DEBTORS - INCOME AUDIT FOR 2016-17

- Testing of a sample of 25 invoices raised found that one invoice had not been raised within five working days of the invoice request. This particular invoice request was dated 6th November 2016 and the invoice was raised on 21st November 2016. A recommendation was raised in the 2015-16 report that a sample of invoices raised should be monitored to determine the time taken to raise invoices. A 5% sample of invoices is checked on a monthly basis for accuracy and timeliness and as such, no recommendation has been raised;
- Testing of a sample of 10 credit notes found that three of them were as a result of errors made on invoices. The recommendation made within the 2015-16 report for credit memos was found through testing to remain outstanding and therefore has been re-recommended; and
- For the samples selected for suppressed invoices, outstanding debts, raised invoices and credit notes, there were instances where invoice images were missing on the V1 system, This was later resolved during the audit and no issue has been raised.

### SIGNIFICANT FINDINGS (PRIORITY 1)

11. None

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

13. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p><u>Debt Suppression</u></p> <p>Testing of a sample of 25 debts in suppression dating back to April 2016 found that in 8 cases, there had been a change in dispute code:</p> <ul style="list-style-type: none"> <li>• Customer number 96107957, invoice dated 21<sup>st</sup> November 2016 for £1,403.52 (10.5 to 9.80);</li> <li>• Customer number 96107766, invoice dated 21<sup>st</sup> November 2016 for £775.00 (10.5 to 9.70);</li> <li>• Customer number 96104297, invoice dated 7<sup>th</sup> March 2016 for £414.00 (L to 6.00);</li> <li>• Customer number 96104869, invoice dated 26<sup>th</sup> April 2016 for £306.60 (L to 8.00);</li> <li>• Customer number 96077719, invoice dated 7<sup>th</sup> March 2016 for £2,299.29 (L to 10.00);</li> <li>• Customer number 95519460, invoice dated 7<sup>th</sup> June 2016 for £7,410.00 (10 to 3.00); and</li> <li>• Customer number 95008326, invoice dated 30<sup>th</sup> September 2016 for £3,875.00 (6.1 to 8.00).</li> </ul> <p>There is no clear audit trail to determine whether actions taken for suppressed cases were done in a timely manner in accordance with Dispute ID procedures. There is no notes facility within Oracle to confirm when there has been a change in dispute code as a result of actions taken. Discussion with the Operations Manager – Income and Recovery stated that there is the intention to implement a notes facility within the new debt management</p>	<p>Ineffective monitoring of debts in suppression</p>	<p>Where there is a change in dispute code, it should be visible on the Accounts Receivable system.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>system.</p> <p>In one case, customer number 96102985, invoice dated 15<sup>th</sup> January 2016 for £180.43, there was no dispute date recorded on Oracle.</p>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
2	<p><u>Credit Notes</u></p> <p>Testing of a sample of 10 credit notes found that in three instances, inaccuracies on the invoices caused a credit note to be raised:</p> <ul style="list-style-type: none"> <li>• Customer number 95003212, credit note date 13th December 2016 for £570.96,</li> <li>• Customer number 96095814, credit note date 29<sup>th</sup> February 2016 for £205,500.00; and</li> <li>• Customer number 96075720, credit note dated 2<sup>nd</sup> December 2016 for £17,271.67</li> </ul> <p>Between April 2016 and February 2017, the Income Team raised a total of 11,987 sundry invoices. Of these, 2,149 invoices were subsequently credited. This is an increase of 1.9% from the previous year. (Up from 16% to 17.9%). The breakdown of the reasons for the credit notes are as follows:</p> <ul style="list-style-type: none"> <li>• Amended information received, 363;</li> <li>• AR Billing error – initiators error, 489;</li> <li>• AR Billing error – CIT, 155;</li> <li>• Cancellation, 805; (This refers to when the customer has cancelled the service)</li> <li>• Credit and Rebill – CIT, 33;</li> <li>• Credit and Rebill, 53;</li> <li>• Duplicate Billing, 64;</li> <li>• Incorrect debtor, 6;</li> <li>• Part cancellation, 6;</li> </ul>	<p>Invoices may be sent out with the wrong details on them, leading to debt not being recovered. Accounts could potentially be overstated.</p>	<p>Management should ensure that invoices raised are accurate to prevent the need to raise credit notes.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<ul style="list-style-type: none"> <li>• Service not required, 16;</li> <li>• Tax rate error, 2;</li> <li>• Upload error, 20; and</li> <li>• 149 had been raised with no reason given</li> </ul>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p><u>Debt Recovery</u></p> <p>Testing of a sample of 25 outstanding debts and 25 suppressed cases found that in six cases, there was insufficient correspondence on the V1 system showing what action had been taken to recover the debts. The cases are as follows:</p> <ul style="list-style-type: none"> <li>Customer number 95501939, invoice dated 15<sup>th</sup> July 2015 for £8,093.47 (outstanding debt): Dunning letters had been sent to Debtor 1 on 18<sup>th</sup> August 2015 and 2<sup>nd</sup> September 2015. Monthly school statements are sent out, but only one example of these was sighted on V1. This statement was dated 16<sup>th</sup> September 2016. Discussion with the Operations Team Leader established that due to volume, these statements are not all scanned onto V1. However, no summary notes were available confirming that statements had been sent out on a regular basis in an attempt to recover the debt.</li> <li>Customer number 96093234, invoice dated 22<sup>nd</sup> June 2016 for £22,990.00 (outstanding debt): Dunning letters had been sent to Debtor 2 on 14<sup>th</sup> July 2016 and 1<sup>st</sup> August 2016. All utility companies receive monthly statements of account but no evidence of these statements were sighted on V1.</li> <li>Customer number 96072157, invoice dated 20<sup>th</sup> January 2015 for £2,470.00 (outstanding debt): Dunning letters had been sent to Debtor 3 on 15<sup>th</sup> February 2015 and 26<sup>th</sup> February 2015. No further recovery action was recorded</li> </ul>	<p>Ineffective monitoring of non-payments. Debts owed to the Authority remain outstanding.</p>	<p>Evidence of all actions taken to recover outstanding debts should be recorded, with all correspondence available to view on V1</p> <p>The contractor should be reminded to ensure that sufficient, timely and appropriate action is taken to recover debts, including invoices under dispute</p> <p>The contractor should be reminded to process debts for recovery promptly.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>until an email on 13<sup>th</sup> December 2016 and 7<sup>th</sup> January 2017 confirming that the Exchequer Contractor were liaising with Debtor 3 and that they have been referred to the debt collector.</p> <ul style="list-style-type: none"> <li>• Customer number 96077719, invoice dated 7<sup>th</sup> March 2016 for £2,299.99 (suppression case): This debt had been marked as with the Exchequer Contractor for pre-debt collector/court checks. On V1, there was a gap between 13<sup>th</sup> April 2016 informing the debtor of the outstanding debt until 28<sup>th</sup> December 2016 detailing the phone call from nephew discussing discrepancies with liability dates for private and domiciliary care. No correspondence was received from the next of kin. The debtor died in October 2016. Probate searches had been carried out on 4<sup>th</sup> January 2017 and 1<sup>st</sup> February 2017. Probate was granted and the first executor letter was sent 7<sup>th</sup> February 2017.</li> <li>• Customer number 96015491, invoice dated 17<sup>th</sup> May 2016 for £17.68 (suppression case): The Exchequer Contractor were instructed to place this invoice on hold. The charges are for Debtor 4 telephone charges. Due to a lack of response from the department, this issue was escalated to the Head of Exchequer Services on 17<sup>th</sup> October 2016. The total balance outstanding for this debtor was £6,113.59. No further correspondence was sighted.</li> <li>• Customer number 95519460, invoice dated 7<sup>th</sup> June 2016 for £7,410.00 (suppression case): There was an issue with non-receipt of information from the department on this account. This was escalated to the Head of Exchequer</li> </ul>		



DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Services in May 2016. On 28<sup>th</sup> February 2017, a statement of accounts was sent to Debtor 5. No further correspondence was sighted.</p> <p>A report of current invoices in dispute identified that there were 25 invoices dated between 2010 and 2014 totalling £175,015.34. A random sample of five was selected and in all cases, there was insufficient correspondence confirming what had been done to resolve the disputes. The cases are as follows:</p> <ul style="list-style-type: none"> <li>• Customer number 95502542, invoice number 70054224 dated 13<sup>th</sup> February 2013 for £10,745.61. This case was escalated to the department on 17<sup>th</sup> September 2013, but no further correspondence from this date was sighted;</li> <li>• Customer number 96075737, invoice number 70060375 dated 20<sup>th</sup> August 2013 for £144.14. There was a gap in correspondence between an email dated 17<sup>th</sup> October 2013 and another email on 13<sup>th</sup> March 2014 from the Income and Debtors team to the department chasing the outstanding disputes. The invoice had been escalated to the department on 1<sup>st</sup> August 2014. No further correspondence from this date was sighted;</li> <li>• Customer number 96077667, invoice number 70047690 dated 26<sup>th</sup> June 2012 for £5,600.00. The latest correspondence sighted for this case was an email sent on 2<sup>nd</sup> July 2015 requesting for the invoice to be written-off. However, there was no evidence to confirm that this had been processed;</li> <li>• Customer number 96075735, invoice number 70069620</li> </ul>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>dated 26<sup>th</sup> June 2014 for £640.57. An email dated 9<sup>th</sup> March 2015 was sighted from the Income and Debtors team to the school’s finance team asking whether the invoice needed to be cancelled or written off. The latest correspondence sighted was an email on 9<sup>th</sup> November 2015 about a VAT query; and</p> <ul style="list-style-type: none"> <li>Customer number 96076926, invoice number 70041015 dated 19<sup>th</sup> October 2011 for £840.00. An email dated 27<sup>th</sup> January 2012 chasing payment for this invoice was sighted. The latest correspondence sighted was an email dated 23<sup>rd</sup> June 2015 from the Income and Debtors team querying whether there had been an update on the disputed invoice.</li> </ul> <p>In three cases, recovery action was undertaken in an untimely manner:</p> <ul style="list-style-type: none"> <li>Customer number 96103474, invoice dated 18<sup>th</sup> January 2016 for £112.84 (suppression case): This debt was with the Exchequer Contractor for pre-debt collector/court checks. A phone call was made on 1<sup>st</sup> April 2016 and a second phone call on 18<sup>th</sup> December 2016. Action was overdue here and the debt was cleared on 4<sup>th</sup> January 2017.</li> <li>Customer number 96103262, invoice dated 15<sup>th</sup> December 2015 for £3,687.60 (outstanding debt): The account was being investigated by the Cashiers department due to them allocating funds incorrectly. It was explained that this</li> </ul>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>was due to confusion as to where payments should be allocated as schools converted to academies. The allocations issue was resolved by Cashiers on 8th February 2017 and is now with the Exchequer Contractor to clear on Oracle.</p> <ul style="list-style-type: none"> <li>Customer number 96104842, invoice dated 18<sup>th</sup> March 2016 for £10,654.58 (suppression case): This debt had been marked as with the Exchequer Contractor for pre-debt collector/court checks. A one month hold on recovery was requested on 15<sup>th</sup> April 2016 and the hold was removed on 10th June 2016 by the department. Recovery could not continue until the team received confirmation that no response had been received to a letter issued to debtor's son dated 23<sup>rd</sup> August 2016. Confirmation was received on 13<sup>th</sup> November 2016 to state that they had not received a response and recovery action could continue. This account is overdue for phone calls (ECHS debts must have phone calls before referring to debt collector). A probate search carried out on 9<sup>th</sup> February 2017 yielded no results. A subsequent letter was sent on 23<sup>rd</sup> February 2017 regarding client contributions at Elmwood, asking if payment could be made from the Estate of Debtor 6, or contact details of the Executors. A phone call was also attempted on 23/02/2017.</li> </ul> <p>In two cases, insufficient recovery action had taken place to recover debts:</p>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<ul style="list-style-type: none"> <li>• Customer number 96107085, invoice dated 30<sup>th</sup> September 2016 for £1,750.00 (suppression case): This debt had been marked as an internal hold within the Exchequer Contractor team. The client had calculated that £1,265.22 was owed to cover current rent. This payment was received on 21<sup>st</sup> October 2016. A further payment of £1,750.00 was received on 18<sup>th</sup> January 2017, but no payments have been made since, and no further correspondence was sighted on V1. The balance due is currently £484.74.</li> <li>• Customer number 96088396, invoice dated 12<sup>th</sup> July 2016 for £456.00 (suppression case): School statements had been sent the Academy requesting payment and/or dispute details on 15<sup>th</sup> September 2016, 28<sup>th</sup> December 2016 and 1<sup>st</sup> February 2017. A further email was sent on 13<sup>th</sup> February 2017 for all outstanding invoices. No further action was sighted. Discussion with the Operations Manager – Income and Recovery established that it is a last resort to send schools to the debt collector.</li> </ul> <p>In one other outstanding debt case (Customer number 93006724, invoice dated 22<sup>nd</sup> November 2015 for £6574.60), the correspondence trail on V1 confirmed that this invoice had been in dispute. However, it was not clear when the dispute had been resolved and whether the first reminder letter, sent on 6<sup>th</sup> January 2017, had been sent in a timely manner.</p>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
4	<p><u>Write-Offs</u></p> <p>Testing of a sample of 25 outstanding debts found that in one case, an invoice relating to domiciliary care was marked for write off on 7<sup>th</sup> January 2016 and sent to the Assistant Director by Head of Exchequer Services on 10<sup>th</sup> November 2016. However, there was no evidence that this had been authorised and returned to the Exchequer Contractor.</p> <p>The case is as follows: Customer number 92600429, invoice number 92600429 dated 31st March 2006 for £7,128.94.</p>	<p>Delays in writing off debts can result in the Authority overstating its debt.</p>	<p>Debt write-offs should be actioned in a timely manner, with arrangements put in place to follow up any which have not been actioned within a given period.</p> <p>[Priority 2]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p><u>Debts – supporting documentation</u></p> <p>Testing of a sample of 25 debts that were written off found that in 19 cases, the authorisation forms, as well as the supporting information behind the write-offs had been scanned onto the V1 system. In six cases, supporting documentation could not be located. The write-off cases and totals are as follows:</p> <ul style="list-style-type: none"> <li>• Customer number 9606003, invoice number 70027620 for £6,000.00;</li> <li>• Customer number 96015870, invoice number 52107916 for £299.37;</li> <li>• Customer number 96081750, Invoice number 70054408 for £4,632.91;</li> <li>• Customer number 96055995, invoice number 63003235 for £441.54;</li> <li>• Customer number 93005345, invoice number 03-06-07/00640792 for £6.64; and</li> <li>• Customer number 93007385, invoice number 12-07-15/10916620 for £40.95.</li> </ul>	<p>Debts may be inappropriately written off without supporting documentation.</p>	<p>The contractor should ensure that all documentation relating to debts is scanned and held on the system.</p> <p>[Priority 2]</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Where there is a change in dispute code, it should be visible on the Accounts Receivable system.	2	<p>Oracle only holds the details of the most recent dispute code and the date the original dispute was added. There is also the facility to add a short note. Unfortunately the date the code is changed is not available in this version of Oracle.</p> <p>In all of the sample cases documents on V1 DbWebQuery shows that action was taken in a timely manner.</p> <p>In the case of 96102985 a dispute code had not been added and this resulted in a delay in recovery action. This has since been addressed by the contractor.</p> <p>The new debt management system has a full audit trail of movement between recovery stages which should resolve this issue.</p>	<p>The Exchequer Contractor Operations Manager</p> <p>Head of Exchequer Services/ Technical Project Manager &amp; Architect</p>	<p>Completed</p> <p>31<sup>st</sup> July 2017</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
2	Action should be taken to ensure invoices raised are accurate.	*2	<p>Around 40% of the credits are due to errors made by the Service Departments when requesting the invoice. A reminder will be issued on the importance of raising accurate invoices.</p> <p>Where services are billed in advance there will always be cancellations where the service is no longer required. This accounts for around 38% of the credits.</p> <p>The contractor conducts 5% checks on invoices raised and where errors are identified they look at what additional processes could be put in place to reduce future occurrences. This involves training and/or reminders of the processes issued to staff.</p>	<p>Head of Exchequer Services</p>          <p>The Exchequer Contractor Operational Manager</p>	<p>30/06/17</p>          <p>Ongoing</p>



MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			The majority of the credits where no reason was given related to automatic uploads and reverse receipts for cancelled cheques which need to be manually created as a credit memo.		
3	<p>Evidence of all actions taken to recover outstanding debts should be recorded.</p> <p>The contractor should be reminded to ensure that sufficient and appropriate recovery action is taken to recover debts.</p> <p>The contractor should be reminded to process debts for recovery promptly.</p>	*2	<p>Regular monitoring is carried out by the Contract Monitoring Officer and cases are brought to the attention of the contractor where there has been a delay or inappropriate recovery action.</p> <p>Issues are discussed and addressed at the monthly service reviews.</p> <p>The contractor's staff have been reminded of the importance of scanning all relevant documents onto the accounts.</p> <p>The new debt management system will provide enhanced reporting and improved visibility for monitoring the action taken by the contractor.</p>	Contract Monitoring Officer/The Exchequer Contractor Operations Manager	On going

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
4	Debt write-offs should be actioned in a timely manner with arrangements put in place to follow up any which have not been actioned within a given period.	2	<p>The write off spreadsheet is being reviewed and updated to show where write offs have been processed in Oracle.</p> <p>Any that have not been returned by the Director/Head of Finance or have been returned to the Exchequer Contractor and not processed will be followed up.</p> <p>Particular care will be taken to ensure that the spreadsheet is kept up to date in future.</p> <p>The contractor has been reminded to carry out monitoring to ensure write offs that are returned to them are processed in a timely manner and recorded on the spreadsheet.</p>	Contract Monitoring Officer/The Exchequer Contractor Operations Manager	31/07/17

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	The contractor should ensure that all documentation relating to debts is scanned and held on the system.	*2	<p>The contractor’s staff have been reminded of the importance of scanning all relevant documents onto V1 DbWebQuery.</p> <p>The contractor has changed their procedures to ensure the write off documents are not destroyed until the Team Leader has checked they have been scanned onto V1 DbWebQuery.</p>	The Exchequer Contractor Operations Manager/Team Leader	Completed

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

**Assurance Level**

**Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound 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.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE AND HEALTH SERVICES**

**REVIEW OF EARLY YEARS FOR 2017-18**

**Issued to:** Carol Arnfield, Head of Service, Early Years, School Standards and Adult Education  
David Bradshaw, Head of ECHS Finance

**Cc:** Aileen Stamate, Head of Service, Strategic Safeguarding, Complaints and Quality Assurance  
Rosemary Meissner, Early Years Funding Manager  
Ade Adetosoye, Executive Director of ECHS (Final Only)

**Prepared by:** Senior Auditor (Mazars LLP on behalf of LBB)  
Principal Auditor

**Date of Issue:** 08/10/2017

**Report No.:** ECHS/018/2017/AU

## REVIEW OF EARLY YEARS FOR 2017-18

### INTRODUCTION

1. This report sets out the results of our systems based audit of Early Years for 2017/18. The audit was carried out in quarter 1 as part of the programmed work specified in the 2017-18 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 10<sup>th</sup> July 2017. The period covered by this report is from 1<sup>st</sup> April 2016 to 1<sup>st</sup> July 2017.
4. As at 1<sup>st</sup> July 2017, a total of 601 two year olds and 6,223 three to four year olds had been registered for Early Years Funding.
5. Between April and July 2017, a total of £4,934,308 had been paid for three and four year olds for the autumn, summer and spring terms. In the same period, a total of £555,040 had been paid for two year olds.

### AUDIT SCOPE

6. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

7. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

8. A sample of 15 pre-schools and nurseries, 5 Childminders, 20 two year old children, 10 three olds and 10 four year olds was selected for audit testing. The data was provided by the Early Years Funding Manager from the Early Years Database.
9. Controls were in place and working well in that:
  - All 20 providers selected for testing had been registered with Ofsted. In the case of one pre-school, sufficient evidence was sighted on Edubase, confirming its eligibility for the programme;
  - All providers tested had signed the Free Early Education (FEE) agreement;
  - Sufficient eligibility checks 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 of these. 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.
10. However, we would like to bring to management attention the following issues:
  - There is currently no child data matching taking place between schools/academies, public, voluntary and independent settings and childminders to detect cases where children may be attending different settings and receiving separate funding;
  - The School Finance Team do not use the Online Early Years Eligibility checker to confirm the voucher code supplied by the school for the two year olds included on the census and claimed for free Early Education funding;
  - Discussion with the Early Years Funding Manager identified that it is not a requirement for providers to submit copies of their attendance registers for children they have claimed for. For apportionment claims, where payments need to be adjusted at the end of the term, checks on attendance registers are done for cases where the Early Years Team may have any queries or concerns. However, these checks are not recorded;
  - Information was requested from providers by the Early Years Funding Manager but was outstanding at the time of the draft audit report. Follow up with one provider indicated that documentation was not sourced promptly and prior to the submitted claim.
  - The Free Early Education (FEE) agreements do not contain fraud declaration clauses;

## REVIEW OF EARLY YEARS FOR 2017-18

- Discussions with the Early Years Funding manager established that a decision was made by the previous Head of Service that providers should not have to send in copies of ID and parent contracts. The Early Years team only carry out checks to confirm this documentation has been retained for all new providers and providers that have recently closed down;
- There is no audit trail on the claim checklist forms to confirm who has carried out the checks; and
- Not all procedures had been version dated.

### SIGNIFICANT FINDINGS (PRIORITY 1)

11. None

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

13. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.



REVIEW OF EARLY YEARS FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
1	<p><b><u>Data matching</u></b></p> <p>When schools provide details of the children eligible to receive Free Early Education funding as part of their termly headcount, the Performance and Information team carry out child data matching between schools by using duplicate pupil reports on the DfE Collect Site that are run for all pupils.</p> <p>For public, voluntary, independent (PVI) settings and childminders, child data matching takes place on an on-going basis through the use of Capita One. Capita One automatically highlights where more than 15 weeks have been claimed for, and where a child is attending more than one setting. These cases are then subsequently investigated.</p> <p>All 11 schools/academies now send their census information in the form of spreadsheets to Schools Finance and the Performance and Information Team. As schools/ academy information no longer comes to the Early Years Team via the Capita One system, there is no data matching between schools and the PVI settings.</p> <p>It should be noted that at the time of the audit, two out of the 11 schools registered for funding were still Bromley maintained schools, namely: Primary school B and Primary School D. It is unclear when the process for these two schools submitting census information changed to spreadsheets.</p>	<p>Children at different settings may be claimed for more than once, resulting in excess funding by the Council.</p>	<p>Data matching information between schools/ academies produced by the Performance and Information officers should be shared with the Early Years team to ensure more effective data matching between schools, PVI settings and childminders.</p> <p>(Priority 2)</p>

REVIEW OF EARLY YEARS FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
2	<p><b><u>Two Year Old Eligibility Checks for Schools</u></b></p> <p>A census is completed on the third Thursday of every term, including children eligible for Free Early Education funding; this headcount is submitted to the Council.</p> <p>The Head of Schools Finance Support will check the 2 year olds on the return from the declared date of birth and e-mail the schools to request the eligibility document and code. Once the code has been received the funding will be released. There are no further checks to verify the code. Early Years use an Online Early Years Eligibility (OEYE) checker to verify the disclosed code and continued validity of the case before funding for 2 year olds is released. As at 18<sup>th</sup> May 2017, the schools census date for the summer term, there were a total of 28 two year olds that had been claimed for by the 11 schools registered for Early Years funding: 8 at Primary School A, 7 at Primary School B and 13 at Primary School C.</p> <p>Schools Finance Team have funded all school settings since April 2017, the exception being Primary School C whereby the Early Years team process and fund the claim. It was established that this was because duplicate payments had occurred. A remittance document for the overpayment of £20,884 and email suggesting repayment was sighted; further checks by Internal Audit verified that the value has been received into the Authority's accounts.</p>	<p>Ineligible children may be receiving Free Early Education funding.</p>	<p>The roles and responsibilities of the Schools, the Schools Finance Team and Early Years Team regarding eligibility checks for 2 year olds attending school settings should be reviewed. The voucher code should be checked to the OEYE.</p> <p>(Priority 3)</p>

No.	Findings	Risk	Recommendation
3	<p><b><u>Attendance Registers</u></b></p> <p>Discussions with the Early Years Funding Manager identified that it is not a requirement for providers to submit copies of their attendance registers for children when they submit their termly claims.</p> <p>The Early Years Funding Manager stated that, for apportionment claims where payments need to be adjusted at the end of the term, checks on attendance registers are done for cases where the Early Years Team may have any queries or concerns. However, these checks are not formally recorded.</p>	<p>Where attendance registers are not requested from providers, there is an increased risk that inaccurate/fraudulent claims may be processed.</p> <p>Where records of sample checks on attendance registers are not maintained, there is a risk that the Council is unable to demonstrate due diligence.</p>	<p>Management should review whether copies of attendance registers should be provided along with the termly claims.</p> <p>Any checks of attendance registers should be formally recorded.</p> <p>(Priority 2)</p>

REVIEW OF EARLY YEARS FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
4	<p><b><u>Outstanding Information</u></b></p> <p>A sample of 20 two year old children, 10 three year olds and 10 four year olds was selected for testing to confirm that:</p> <ul style="list-style-type: none"> <li>• identification documentation providing assurance of children’s ages and signed parent contacts were held by providers; and</li> <li>• children had attended their placements settings for the 2017 summer term.</li> </ul> <p>At the time of the draft audit report, 6/9/17, information was outstanding for two children. Documentation was satisfactorily received from the providers at the beginning of the Autumn Term, however for Provider A, the Early Years Funding Manager established that the provider had not insisted on the supporting documentation before the claim or the child had accessed a free place.</p>	<p>Supporting identification documentation is not held by providers, meaning that ineligible children may be receiving free Early Education funding.</p>	<p>The Early Years Team should follow up with Provider A to ensure that the provider obtain the required documentation at the earliest opportunity and comply to the agreed procedures.</p> <p>(Priority 3)</p>

No.	Findings	Risk	Recommendation
5	<p><b><u>Fraud Declarations</u></b></p> <p>Providers are required to sign a Free Early Education (FEE) agreement, detailing the terms and conditions of the funding provided. Examination of the FEE agreement identified that this did not include any fraud declaration clauses, although it is acknowledged that the FEE agreement was being revised and is currently in draft format.</p> <p>It was noted; however, that all public, voluntary, independent (PVI) settings and childminders are required to submit a claim form termly. Examination of this claim form confirmed that an appropriate fraud declaration was included; however, it was established that schools do not use this claim form to submit their termly pupil numbers etc.</p>	<p>Where providers are not bound to an appropriate fraud declaration, there is a risk that the Council may have limited recourse should fraudulent activity be detected.</p>	<p>Management should liaise with the Legal department to critically review the Free Early Education (FEE) agreement to agree the wording on a declaration to ensure providers (in particular schools/academies) are aware of the need to provide accurate information and the Council will take action to prosecute under the Fraud Act 2007 where necessary.</p> <p>(Priority 3)</p>

REVIEW OF EARLY YEARS FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
6	<p><b><u>ID and Parent Contracts</u></b></p> <p>The Early Years Funding manager stated that a decision had been made by the previous Head of Service, approximately four years ago, that providers should not have to send in copies of ID and parent contracts.</p> <p>The Early Years Funding Manager also stated that the team carry out checks on all new providers and providers that have closed to confirm that ID and parent contracts have been retained.</p>	<p>The Council is unable to detect whether children being claimed for by existing providers are eligible for Early Years funding.</p>	<p>Management should review the decision taken by the previous Head of Service to not request copies of parent contracts and child ID to be sent in.</p> <p>(Priority 3)</p>
7	<p><b><u>Checklist for claim forms</u></b></p> <p>Each provider has to provide a list of children and the hours claimed for each term. Each return is checked by a member of the Early Years team using a checklist, which is retained in the provider's file.</p> <p>Observation of an example of completed checklist documents identified that there was no clear audit trail detailing who had carried out the checks. This was confirmed through further discussions with the Early Years Manager.</p>	<p>Inability to demonstrate openness and transparency</p>	<p>The checklist for claim forms should be signed by the individual who has done the check to demonstrate openness and transparency.</p> <p>(Priority 3)</p>

REVIEW OF EARLY YEARS FOR 2017-18

DETAILED FINDINGS

APPENDIX A

No.	Findings	Risk	Recommendation
8	<p><b><u>Policies and Procedures</u></b></p> <p>Copies of all policies and procedures for the Free Early Education programme were obtained. Four of these procedure notes were found not to be version dated, namely:</p> <ul style="list-style-type: none"> <li>• Create New Child Record;</li> <li>• Create New Provider Record;</li> <li>• Early Years Set Up Draft; and</li> <li>• Process of Capita.</li> </ul>	<p>Outdated policies and procedures may be adhered to.</p>	<p>Policies and procedures should be annually reviewed and the date of last review and next review should be clearly evidenced to demonstrate best practice.</p> <p>(Priority 3)</p>

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Data matching information between schools/academies produced by the Performance and Information officers should be shared with the Early Years team to ensure more effective data matching between schools, PVI settings and childminders.	2	Early Years welcome data sharing with information held by schools	Schools Finance and Performance and Information Teams	November 2017
2	The roles and responsibilities of the Schools, the Schools Finance Team and Early Years Team regarding eligibility checks for 2 year olds attending school settings should be reviewed. The voucher code should be checked to the OEYE.	3	The Schools and Schools Finance have received training and have available to them the Early Years online checker to validate eligibility for 2 year old funding.	Early Years Team, Schools and Schools Finance Team	November 2017



MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	<p>Management should review whether copies of attendance registers should be provided along with the termly claims.</p> <p>Any checks of attendance registers should be formally recorded.</p>	2	<p>Review indicated insufficient capacity in current team to manage process of monitoring register submission and accuracy. Early Years to continue to manage the risk through spot checks where concerns arise or risks identified. A record of the spot checks to be maintained</p>	Early Years Funding Manager	October 2017
4	<p>Follow up with Provider A to ensure that the provider obtains the required documentation at the earliest opportunity and comply to the agreed procedures.</p>	3	<p>E-mail sent to all providers reminding them of the importance of ensuring that they have the documentation in place before claiming funding and before a child accesses a free place.</p>	Early Years Funding Manager	September 2017

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	Management should liaise with the Legal department to critically review the Free Early Education (FEE) agreement to agree the wording on a declaration to ensure providers (in particular schools/academies) are aware of the need to provide accurate information and the Council will take action to prosecute under the Fraud Act 2007 where necessary.	3	A fraud declaration clause (approved by Internal Audit) was included in the new Grant Agreement issued in August 2017	Early Years Funding Manager	August 2017
6	Management should review the decision taken by the previous Head of Service to not request copies of parent contracts and child ID to be sent in.	3	Early Years have firm plans in place for the implementation of a new IT system to include online submission of parent contracts. Management review indicated insufficient capacity to include collection and monitoring of child ID. However, team will continue to manage risk through the use of spot checks where concerns arise.	Early Years Funding Manager	April 2018

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7	The checklist for claim forms should be signed by the individual who has done the check to demonstrate openness and transparency.	3	Procedures have been changed and the checklist is now signed by the checking officer	Early Years Funding Manager	September 2017
8	Policies and procedures should be annually reviewed and the date of last review and next review should be clearly evidenced to demonstrate best practice.	3	Procedures have been changed and the policies and procedures will be reviewed annually, dated and date of the next review included	Early Years Funding Manager	October 2017

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

**Assurance Level**

**Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound 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.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF INTERNET USAGE AUDIT 2016-17**

**Issued to:** Stuart Elsey, Head of ICT  
Dee Jackson, Contract Monitoring ISD Manager

**Cc** Mark Bowen, Director of Corporate Services

**Prepared by:** Principal Auditor

**Date of Issue:** 2nd August 2017

**Report No:** CX/071/01/2016-17

## REVIEW OF INTERNET USAGE AUDIT 2016-17

### INTRODUCTION

1. This report sets out the results of our audit of Internet Usage. The audit was carried out in quarter 3-4 as part of the programmed work specified in the 2016/17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
2. The original scope of the audit was outlined in the Terms of Reference issued on 13th August 2015, however due to the change of contractor it was postponed until the 16<sup>th</sup> March 2017, when the TOR was reissued. The period covered by this report is from March 2015 to April 2017.
3. In June 2016 the authority used 394.88GB of internet data, with 2074 users of the Internet.

### AUDIT SCOPE

4. The scope of the audit was outlined in the Terms of Reference issued on the 13<sup>th</sup> August 2015 and then reissued on the 16<sup>th</sup> March 2017.

### AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

6. Controls were in place and working well in the areas of: Policies covering internet usage are sufficiently detailed, extensive, up to date and available to staff. Information was eventually provided which shows a summary of staff's internet usage and the sites accessed.

## REVIEW OF INTERNET USAGE AUDIT 2016-17

7. Our testing identified the following issues which we would like to draw to management's attention:-
- Staff are not undertaking Mandatory Information Governance Training.
  - Monitoring is not undertaken of staff emails as per the Code of Conduct
  - There are no controls to prevent Blackberry users from accessing inappropriate sites.

### SIGNIFICANT FINDINGS (PRIORITY 1)

8. There were no significant findings identified during this review.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

10. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>From the sample selected for testing of the top ten blocked users it was found that there were 5 staff, 1 councillor who had not completed the Information Assurance Training and 2 other generic user accounts detailed that do not identify the individual users.</p> <p>For the sample of top ten users by activity tested it was found that there were 6 staff, 1 contractor, 1 councillor and 2 generic accounts. The councillor and 1 member of staff had not undertaken Information Assurance training.</p> <p>The Internet and Email code of conduct was introduced in 2004. It cannot be confirmed that staff who joined before this date would have read the policy. It is made available to new starters.</p>	<p>Bromley does not comply with Data Protection requirements by staff accessing the internet who have not undertaken Information Governance training.</p>	<p><b>All staff should undertake information assurance training.</b></p> <p><b>Staff should be reminded of the need to comply with the Internet and email Code of Conduct.</b></p> <p><b>[Priority 2]</b></p>
2	<p>It was discussed with the Head of ICT that potentially controls weren't in place to prevent Blackberry users from accessing inappropriate sites as is the case with people accessing the internet through the Authority's PCs or laptops. This was then tested on the Head of ICT's Blackberry and found to be the case that inappropriate sites can be accessed. The authority has approximately 581 Blackberries.</p>	<p>Staff with Blackberries may access inappropriate internet sites.</p>	<p><b>Software should be installed or the contract amended to prevent users from accessing inappropriate sites if technically possible.</b></p> <p><b>[Priority 2]</b></p>

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**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**



DETAILED FINDINGS

No.	Findings	Risk	Recommendation
3	<p>The Head of ICT confirmed to the Auditor that there is no monitoring or email monitoring unless this is requested by HR or a line manager.</p> <p>The Code of Conduct states that from time to time a sample of emails will be taken and monitored to make sure compliance with the code of Conduct.</p> <p>A protocol is in place should Managers need to request access to their staff's emails or should an investigation need be undertaken. This is not mentioned in the code of conduct.</p>	<p>Staff may send inappropriate emails which breach Bromley's policies and Information Governance Legislation.</p>	<p><b>The Code of Conduct should be updated to mention the protocol in place should Managers or others wish to review a member of staff's emails and approval needed.</b></p> <p><b>[Priority 2]</b></p>

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	All staff should undertake information assurance training.	2	This is being worked on by our Information assurance officer and HR / Training.	Head of ICT/ Human Resources	January 2018
2	Software should be installed or the contract amended to prevent Blackberry users from accessing inappropriate sites if technically possible.	2	There is limited software that will work with blackberry. We will explore options where we route internet traffic back through the LBB proxy servers so that it is filtered, however this may not be possible.	Head of ICT	October 2017
3	The Code of Conduct should be updated to mention the protocol in place should Managers or others wish to review a member of staff's emails and the approval needed.	2	Several policies are being reviewed and worked on with HR, we will make this one a priority	Head of ICT/ Human Resources	January 2018

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

<b>Assurance Level</b>	<b>Definition</b>
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.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT**

**FOLLOW UP REVIEW OF MARJORIE MCCLURE SCHOOL**  
**2016/17**

**Issued to:** Mrs D James-Mason, Head Teacher  
Mrs D Packer, School Business Manager  
Mr P Knowles, Chair of Governors (final only)

**CC:** Ade Adetosoye, Deputy Chief Executive, Executive Director of ECHS (final only)  
Jane Bailey, Director of Education (final only)  
SFT (final only)

**Prepared by:** Principal Auditor

**Date of Issue:** 31st July 2017  
**Report No.:** ECH/SP4/01/2016

## INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Marjorie McClure School. The audit was carried out on the 9<sup>th</sup> May 2017 as part of the programmed work specified in the 2016/17 Internal Audit Plan, agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## AUDIT SCOPE

3. This follow up review considered the Internal Audit report finalised on the 19<sup>th</sup> January 2016 and was limited to identifying progress made to implement the 6 recommendations.

## MANAGEMENT SUMMARY

4. At the site visit on the 9<sup>th</sup> May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 6 recommendations relating to the IT asset register, governor approval of the scheme of delegation, declaration of interests for Governors, processing invoices, purchase card reconciliation and extending the contract register. The sample of 5 payments selected to test the expenditure process identified 1/5 that was not supported by a purchase order prior to the invoice date. A new recommendation has been made specific to orders being raised as the expenditure is committed.

## SIGNIFICANT FINDINGS (PRIORITY 1)

5. There are no priority one findings to report.

## DETAILED FINDINGS/MANAGEMENT ACTION PLAN

6. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

**ACKNOWLEDGEMENT**

7. We would like to thank all staff contacted during this review for their help and co-operation

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
1	<p>The asset register for IT equipment should be secured on the shared area by applying password protection to the document. [Priority 3]</p> <p>Raised with Assistant Headteacher, they will ensure only assessment room staff have access, and password protect it.</p>	<p>Assistant Head</p> <p>April 2016</p>	<p>The School Business Manager confirmed that access to the IT asset register has been restricted and that the document is password protected.</p>	Implemented
2	<p>The Scheme of Delegation should be presented to Governors annually to minute their approval of the document. [Priority 3]</p> <p>Discussed at governors focus meeting 18.1.16, and at previous SLT meeting</p>	<p>Admin Team</p> <p>September 2016</p>	<p>The Scheme of Delegation was revised in October 2016 and reported to the Finance meeting of the 17/10/16</p>	Implemented
3	<p>The Finance Committee must include a non-staff Governor to ensure an adequate level of scrutiny from an external Governor, independent to the school.</p> <p>All governors, who have not already completed a pecuniary interest form, should be asked to complete the declaration annually. A copy of the form should be held on site. [Priority 2]</p> <p>At governors focus meeting 18.1.16 the Chair of Governors agreed to be on this committee</p>	<p>Governors and Admin Team</p> <p>January 2016</p>	<p>The Chair of Governors now attends and chairs the Management Focus Group.</p> <p>Committee minutes now record that governors are given the opportunity to declare pecuniary interests at each meeting.</p> <p>At the site visit on the 9.5.17, 10 pecuniary interest forms for governors were evidenced. All had been signed, dated (October 2016), there were no declarations and the relevant sections had been completed as "none". School Business Manager confirmed that the forms will be completed annually.</p>	Implemented



No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
4	<p>The school should evidence adequate separation of duties, specifically for non-order payments.</p> <p>Any variation to the original order should be detailed on the purchase order to evidence an adequate audit trail.</p> <p>The correct procedures should be followed to process pro forma invoices.</p> <p>The supplier invoice should comply with standard accounting conventions and record a unique reference number. [Priority 2]</p> <p>Discussed at governors focus meeting 18.1.16. This will be reviewed as we have limited signatories.</p> <p>Point ii) and iii) of the recommendation noted.</p> <p>Providers will be told again, we will not accept invoices without an invoice no.</p>	<p>Governors September 2016</p> <p>School Business Manager January 2016</p>	<p>A sample of 5 payments was selected for audit examination from the bank history (September 2016 to April 2017)</p> <p>The orders, invoices and supporting documentation were checked to ensure compliance to Financial Regulations and authorisation procedures; payment within 30 days of the invoice date and where relevant evidence of an adequate audit trail to support the payment.</p> <p>There were no issues arising with the sample with regard to the previous recommendation and is therefore considered implemented. However for 1/5 payments (Contractor A £2,400), a purchase order had not been raised as the expenditure was committed. The Headteacher and Assistant Headteacher had authorised the request for payment form on the 19/9/16 to support the invoice received on the 15/9/16. A new recommendation is detailed at Appendix B</p>	Implemented

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
5	<p>The security and financial management of the purchase cards is well controlled, however the reconciliation of the statement to the authorised requisition and supporting documentation should have identified the error.</p> <p>It is suggested that all staff be reminded that when using an on line supplier, they should consider postage costs and the location of the supplier for recovering VAT, both of which would have value for money implications. [Priority 3]</p> <p>On-off error on manual record. Computer record was correct.</p> <p>All staff reminded. No payments reimbursed without vat invoice</p>	<p>School Business Manager January 2016</p>	<p>The purchase card statement for February 2017 was selected for audit examination. There were 11 transactions detailed, totaling £309.77.</p> <p>The Headteacher had authorised all procurement card requests and the summary sheet of transactions and budget coding. The School Business Manager signs off the summary sheet as the card holder.</p> <p>All transactions were supported by documentation, had been authorised and VAT had been separated where appropriate.</p>	<p>Implemented</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
6	<p>The contract register should detail all contracts and agreements held by the school. The start and end date will enable Governors to identify contracts due to expire and ensure action is taken to terminate, extend or retender in a timely manner.</p> <p>Identifying a lead officer for each contract will promote ownership and facilitate effective contract monitoring. [Priority 2]</p> <p>Contracts are only rolled over after governor approval, either at the beginning of financial year or academic year. Most contracts are annual. This is minuted.</p> <p>School business manager is the lead officer for all contracts but discussion/liaison takes place with those who are involved in the contracts, i.e. I.T. P.E.</p>	<p>School Business Manager</p> <p>July 2016</p>	<p>The School Business Manager evidenced the current contract register. The document has been extended to include start and end dates and information available to Governors to identify timely decisions for contracts and agreements held by the school.</p>	<p>Implemented</p>

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
1	<p>The school should remind all staff procuring goods and services that the School Business Manager be advised of planned expenditure to allow a purchase order to be raised and authorised.</p> <p>Emergency orders made outside of office hours should be referred to the School Business Manager the next working day to facilitate the agreed expenditure process.</p>	2	An email was sent to all staff to remind them of this on 6.6.17.	School Business Manager	June 2017

**Definition of priority categories.**

**Priority 1**

**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**

**Required to address issues which do not represent good practice**

**Priority 3**

**Identification of suggested areas for improvement**

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**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF PAYROLL EXPENSES AUDIT FOR 2016-17**

**Issued to:** Barbara Plaw, Head of Pay and Reward  
John Nightingale, Head of Revenues and Benefits

**Cc:** Peter Turner, Director of Finance  
Claudine Douglas Brown, Head of Exchequer Services  
Charles Obazuaye, Director of Human Resources  
Angela Huggett, Head of HR Strategy and Education  
Stuart Elsey, Head of ICT

**Prepared by:** Principal Auditor  
**Date of Issue:** 22nd June 2017

**Report No.:** CX/066/01/2016

## REVIEW OF PAYROLL EXPENSES AUDIT FOR 2016-17

### INTRODUCTION

1. This report sets out the results of our systems based audit of Payroll Expenses Audit for 2016-17. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 31/01/17. The period covered by this report is from 1<sup>st</sup> February 2016 to 1<sup>st</sup> February 2017.
4. At April 2016 there are 1767 Employees who work for Bromley, with total budgeted employee costs as £76,431,000.

### AUDIT SCOPE

5. The scope of the audit is detailed in the Terms of Reference.

### AUDIT OPINION

6. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

7. Controls were in place and working well in the areas of:
  - New starters procedures are robust.
  - Annual and Sick leave is being accurately recorded



## REVIEW OF PAYROLL EXPENSES AUDIT FOR 2016-17

- Tax, NI and pension contributions are correctly calculated
  - Reconciliations of payroll payments are accurately and regularly taking place.
  - Contract monitoring of the payroll contract is being undertaken.
  - Amendments to pay are correctly authorised and calculated.
8. However we would like to draw to Manager's attention the following issues:
- Recovery action on overpayments is not being recorded and debts not written off where unrecoverable.
  - Staff are not recording the hours worked when claiming for additional hours or overtime.
  - Equalities information has not been published on the Authority's website for over six months.
  - Documentation relating to deductions to pay is not being retained by the authority.
  - Leavers of the authority are not being removed from IT systems or returning equipment.

### **SIGNIFICANT FINDINGS (PRIORITY 1)**

9. No significant findings were identified during the review.

### **DETAILED FINDINGS / MANAGEMENT ACTION PLAN**

10. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### **ACKNOWLEDGEMENT**

11. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>A sample of 25 amendments to pay were tested including 10 claims through the new online system of additional hours and overtime. It was found that all claims are authorised by the member of staff's Manager, except in one instance (sample 19). All fees are paid at the correct calculated rate, except one (sample 12).</p> <p>However testing of the sample of 10 claims through the new online system found that for 7 of the claims, times that staff work additional hours or overtime are not being recorded.</p>	<p>Deductions, payments and variations to pay are not accurately calculated.</p>	<p><b>Officers and Managers should be reminded to record the times, as well as dates, of periods of additional hours and overtime being claimed for.</b>  <b>[Priority 2]</b></p>
2	<p>The authority collects data about staff when they fill out their application form (as tested in the starters testing).</p> <p>Equalities Information is published every six months on the website, however it has not been published in October 2016 as expected.</p>	<p>Non-compliance with Public Sector Equality Duty.</p>	<p><b>HR should continue to publish Equalities information of staff.</b>  <b>[Priority 3]</b></p>
3	<p>25 deductions from pay were tested. It was found that for 3 of the samples, insufficient evidence was retained to substantiate how the deduction was calculated or who approved the deduction to take place.</p>	<p>Deductions, payments and variations to pay are not accurately calculated or correctly due</p>	<p><b>It should be resolved between HR and Payroll as to who will retain which documentation relating to deductions.</b></p>

**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>The 3 samples consisted of the following types of deductions:                      Other rent                      Rent Service tenancy                      NI wife contracted in</p>		<p><b>[Priority 3]</b></p>
4	<p>Testing of a sample of 25 overpayments (7 of which had been created since 1/01/16) found that insufficient recovery action is being taken to recover 8 debts, the last three of which have been created since 01/01/16 (sample 1 £3,869.88, sample 2 £3,700, sample 3 £3,604.14, sample 4 £3,519.90, sample 5 £956.56, sample 6 £432.54, sample 7 £380.57 and sample 8 £602.60).</p> <p>Three debts have been submitted to Bromley for write off, but have not been in over a year (sample 9 £2,226.16, sample 10 £3,219.69 and sample 11 £9,685). Additionally two debts have not been submitted for write off, though the debts are older than 7 years old now. (sample 12 £2,910 and sample 13 £3,699.59).</p> <p>The total amount of payroll debt at 13/02/17 was £100,638.10. At 12/05/16 this figure was £101,916.67. Debt from 2011 and before is £50,555.71 and is mostly been passed for write off.</p>	<p>Debts due to the authority may not be collected.</p>	<p><b>Debts that are not able to be recovered should be promptly written off.</b></p> <p><b>Action to recover debts should be prompt and supported by evidence.</b>  <b>[Priority 2*]</b></p>

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**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p>The list of leavers was previously sent to the print team to enable them to cancel the access badges of staff who have recently left and where a workforce request has not been completed. This is no longer going to the Print team, who have recently been outsourced to Facilities Management Contractor.</p> <p>As part of the testing of leavers it was found that staff are leaving the authority without returning their access card or having them deactivated. (2 left with active access cards and 2 left where the card was cancelled but not returned).</p> <p>Of ten staff tested, 5 still have a live IT account. 3 staff may according to records still have a mobile phone or Ipad.</p>	<p>Staff could leave without handing back valuable items of equipment.</p>	<p><b>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens, Purchase Cards and Assets are returned as per procedures.</b></p> <p><b>Given the findings, assets should be placed on Resource Link. Notification of leavers will be distributed to key staff to confirm system access is denied and assets are recovered.</b></p> <p><b>Action should be taken to ensure items outstanding are returned to Bromley and accounts closed off. [Priority 2*]</b></p>

Project Code: CX/066/01/2016

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**Priority 1**  
**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**  
**Required to address issues which do not represent good practice**

**Priority 3**  
**Identification of suggested areas for improvement**

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
6	Having viewed the Workforce removal form, a tick box for mobile phones, Ipads or laptops not been added.	Staff could leave without handing back valuable items of equipment.	<b>Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated and Ipads and laptops are to be held securely by managers when staff leave the authority. [Priority 2*]</b>

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	Officers and Managers should be reminded to record the times, as well as dates, of periods of additional hours and overtime being claimed for.	2	Guidance was given when the system was introduced for some staff in November 2016 and the rest January 2017. A reminder has since been sent and managers reminded of the process at a recent Managers' Briefing.  HR will use the next Managers' Briefing to issue another reminder to managers. This will be confirmed in the briefing note issued by the Chief Executive following the Managers' Briefing.	Head of Pay and Reward / all managers	June 2017
2	HR should continue to publish Equalities information of staff.	3	This information is updated and published twice a year, unfortunately the October 2016 data did not get uploaded onto Bromley.Gov website. Additional check has now been put in place.	Head of Pay and Reward	April 2017 & ongoing

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
			Enhanced workforce profile including the recruitment selection equality profile is being developed for publication on the Council's internet, consistent with the Council's public sector equality duty.		
3	It should be resolved between HR and Payroll as to who will retain which documentation relating to deductions.	3	Two of these relate to appointments made in 1977 and the other in May 2000, the deduction would have been set up at that time. For several years now HR ensure that they retain a copy of any instruction to payroll on the personnel file.	Head of pay and Reward	Ongoing
4	Debts that are not able to be recovered should be promptly written off.	2*	The progress of recoveries will be continuously monitored and entered as a standard item on the service review agendas.	Head of Revenues and Benefits and Head of Exchequer	Ongoing

Project Code: CX/066/01/2016

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**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Action to recover debts should be prompt and supported by evidence.		A review of the write-off process will be undertaken by members of the Authority and Exchequer Contractor	Services	September 2017
5	<p>Ensure managers are reminded to complete Workforce Member Removal forms when staff leave the authority and ID cards, Safetokens, Purchase Cards and Assets are returned as per procedures.</p> <p>Given the findings assets should be placed on ResourceLink. Notification of leavers will be distributed to key staff to confirm system access is denied and assets are recovered.</p>	2*	ICT were discussing this with HR, unfortunately due to workload this was not able to be completed. We will revisit this with HR.	Head of ICT/ Human Resources	December 2017

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement



MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	Action should be taken to ensure items outstanding are returned to Bromley and accounts closed off.				
6	Ensure the Workforce Removal form is updated to include the mobile phone services to be terminated and Ipads and laptops are to be held securely by managers when staff leave the authority.	2*	This will be actioned.	Head of ICT	October 2017

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

## OPINION DEFINITIONS

## APPENDIX C

As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

### **Assurance Level**

### **Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound 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.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

**FINAL INTERNAL AUDIT REPORT**  
**CHIEF EXECUTIVE'S DEPARTMENT**

**REVIEW OF PENSIONS AUDIT 2016-17**

**Issued to:** John Nightingale, Head of Revenues and Benefits  
David Kellond, Pensions Manager

**Cc** Tracey Pearson, Chief Accountant  
Peter Turner, Director of Finance

**Prepared by:** Principal Auditor

**Date of Issue:** 12 September 2017

**Report No:** CX/065/02/2016

### INTRODUCTION

1. This report sets out the results of our audit of Pensions. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016/17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
2. The original scope of the audit was outlined in the Terms of Reference issued on 18/04/16. The period covered by this report is from 1st January 2016 to 30th April 2017.
3. The estimated number of users/beneficiaries (current and projected) as at 31 January 2017 is 6,288 current employees, 4,499 pensioners and 5,449 deferred pensioners and 732 widows/dependents.

### AUDIT SCOPE

4. The scope of the audit was outlined in the Terms of Reference issued on 18<sup>th</sup> April 2016.

### AUDIT OPINION

5. Overall, the conclusion of this audit was that substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

### MANAGEMENT SUMMARY

6. Controls were in place and working well in the areas of:
  - Sufficient funds are available for the scheme.
  - Correct actuarial valuations and assumptions may be made.
  - Scheme assets are adequately monitored and reconciled.

## REVIEW OF PENSIONS AUDIT 2016/17

- Pensions payments and capital are correctly calculated
  - Deductions are correctly calculated
  - Payments are not made to deceased pensioners abroad
  - Outsourced ICT activities are adequately managed and controlled
- 7 Our testing identified the following issues which we would like to draw to management's attention:-
- The Authority has not received pension fund transfer payments, which it has requested from other Authorities, in a timely manner
  - Refunds may not be made in the most efficient manner.
  - There is no evidence of documented checks carried out by the Authority's pension contractor on the amounts paid over by the commissioned out employer.

### SIGNIFICANT FINDINGS (PRIORITY 1)

- 8 There are no significant findings identified in this review.

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

9. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

- 10 Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	It was brought to the Auditor's attention that there have been delays with the Authority receiving interfund transfers from other Authorities. A sample of 10 staff who had transferred in since 2016 were selected and of the 10 there were significant delays of over 6 months in receiving the fund, from the initial Bromley request for 4 of these.	Bromley's Pension fund could lose out on lost income, due to delays in funds being transferred.	<b>The contractor should be more proactive in chasing Authorities who do not provide pension funds for staff who are transferring their pension fund. Priority 2</b>
2	A sample of ten refunds was tested and it was found that 2 refunds were not paid until over 2 months after receiving the initial request.  All refund payments that we tested were made by cheque.	Refunds might not be made efficiently.	<b>Consideration should be put into making pension refunds via BACs. Priority 3</b>
3	The contractor receives schedules from commissioned out employers. We did not however see any evidence of documented checks carried out by the contractor on the amounts paid over by the commissioned out employer.	Amounts paid over by the commissioned out employer may not be accurate, leading to possible under funding of employees' pensions.	<b>Evidence is retained of documented checks carried out by the contractor on amounts paid over by the commissioned out employer. Priority 2</b>

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	The contractor should be more proactive in chasing Authorities who do not provide pension funds for staff who are transferring their pension fund.	2	Of the four cases identified, one has no outstanding transfer of benefits. For the remaining three cases we are awaiting transfer details from the previous Administering Authority administrators.  The Authority's pension contractor has confirmed that such cases are chased by a number of methods, however the importance of documenting this will be emphasised to the contractor at the next service review meeting.	Pensions Manager	30 September 2017
2	Consideration should be put into making pension refunds via BACs.	3	Agreed.	LB of Bromley / The Authority's pension contractor	30 November 2017

**Priority 1**  
Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
Required to address issues which do not represent good practice

**Priority 3**  
Identification of suggested areas for improvement

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	Evidence is retained of documented checks carried out by the contractor on amounts paid over by the commissioned out employer.	2	Checks are made against those employers using an external payroll provider. The Authority's pension contractor will immediately introduce a process where they will initial and date the monthly amount to indicate that the employers' rate has been checked.	The Authority's pension contractor	30 September 2017

**Priority 1**  
 Required to address major weaknesses and should be implemented as soon as possible

**Priority 2**  
 Required to address issues which do not represent good practice

**Priority 3**  
 Identification of suggested areas for improvement



As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

<b>Assurance Level</b>	<b>Definition</b>
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.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.

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**FINAL INTERNAL AUDIT REPORT**  
**EDUCATION, CARE AND HEALTH SERVICES DEPARTMENT**

**FOLLOW UP REVIEW OF POVEREST PRIMARY SCHOOL**  
**2016/17**

**Issued to:** Mrs S Weeks, Headteacher  
Mrs. M. Booker, Chair of Governors  
Trina Sweeney, Finance Officer

**CC:** Ade Adetosoye, Deputy Chief Executive, Executive Director of ECHS (final only)  
Jane Bailey, Director of Education (final only)  
SFT (final only)

**Prepared by:** Principal Auditor

**Date of Issue:** 31<sup>st</sup> July 2017  
**Report No.:** CYP/P50/01/2016

## INTRODUCTION

1. This report sets out the results of our systems based follow up audit of Poverest Primary School. The audit was carried out in quarter four as part of the programmed work specified in the 2016/17 Internal Audit Plan, agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

## AUDIT SCOPE

3. This follow up review considered the Internal Audit report finalised on the 12th February 2016 and was limited to identifying progress made to implement the 3 recommendations.

## MANAGEMENT SUMMARY

4. At the site visit on the 8<sup>th</sup> May 2017 audit testing and supporting documentation satisfactorily evidenced implementation of the 3 recommendations, as detailed in Appendix A. There are two new recommendations detailed at Appendix B:-
  - the need for an adequate audit trail to support financial decisions
  - completion of the HMRC questionnaire for all providers claiming self-employed status

## SIGNIFICANT FINDINGS (PRIORITY 1)

5. There are no priority one findings to report.

## DETAILED FINDINGS/MANAGEMENT ACTION PLAN

6. Any new findings and re recommendations are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

## ACKNOWLEDGEMENT

7. We would like to thank all staff contacted during this review for their help and co-operation

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
1	<p>Head teacher should ensure that the asset register contains all items worth over £1,000 or desirable and portable. [Priority 2]</p> <p>The missing 30 ipads were on the asset register - they hadn't been allocated to a room at that point.</p>	<p>Headteacher February 2016</p>	<p>A hard copy of the asset register printed on the 24.3.17 was evidenced. This document had been initialed by the Headteacher but it is suggested that the Headteacher signs in full and dates the front sheet of the report.</p> <p>The asset register is on FMS; it was evidenced that the location of each item was available on the asset register but was set up under category and therefore required to be in the item record to see the location. The I-pads identified in the original audit were evidenced on the asset register and the location specified.</p>	<p>Implemented</p>
2	<p>The school should ensure that quotations and tenders where applicable are sought for work which is expected to be over £5000. [Priority 2]</p> <p>Noted – we will now get quotes for works under £5000 incase repeated orders should amount to this.</p>	<p>Headteacher February 2016</p>	<p>A sample of 4 payments was selected from the bank history for the period 1/9/16 to 24/4/17. The main issues arising were:-</p> <ul style="list-style-type: none"> <li>• A payment of £7,200 to Contractor A related to the teaching fee for a member of staff. The school had agreed to process the payment and for the net cost of £6,000 to be paid by the staff member. This was included in the February 2017 budget monitoring report but has not been minuted as agreed by Governors. There should be an adequate audit trail and the minutes of governor meetings should reflect discussions and decisions to support financial actions. The debtors invoice raised on the 23/1/17, the income posted on the 10/2/17. The Finance Officer confirmed that Governors had agreed to process.</li> <li>• A payment of £15,665 to Contractor B related to work/equipment for the sensory and calming rooms. The school had not sourced competitive quotes for this specialist provision and the Chair of Governors and the Chair of Finance had signed the invoice and the application to purchase respectively. To be an effective waiver the reason for non compliance to competitive tendering should be stated on the supporting documentation for governors to authorise.</li> </ul> <p>All four payments complied with the procedures and agreed good practice in terms of timeliness, separation of duties and supporting documentation.</p> <p>The original finding had related to cumulative spend and the need for the school</p>	<p>New Recommendation</p> <p>Implemented</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
			<p>to consider compliance to Financial Regulations if expenditure exceeds thresholds. Spend with two suppliers, for the 6 month period examined, was checked with the Finance Office;-</p> <ul style="list-style-type: none"> <li>• Contractor C £31.7K related to the refurbishment of two rooms for the provision of a nursery; the school confirmed that the work was part of a capital scheme managed by Strategic Education Capital &amp; Client Services (SEC&amp;CS). E-mail exchanges between the school and SEC&amp;CS evidences that the school was responsible for the procurement of this element of the project and had sourced 4 quotes; the lowest was awarded the contract.</li> <li>• Contractor D £21K is the IT provider and the payments are supported by a contract.</li> </ul> <p>Since the audit visit in 2015/16 schools have been advised to check and verify payments to named individuals to comply with HMRC regulations. A sample of three payments was selected from the bank history and checked to the supporting documentation held at the school. For 2/3 providers the HMRC online assessment had been completed in June 2016 and supported a self employed status. It is suggested that the Headteacher sign and date the hard copy assessment and that the assessment be completed annually as the questionnaire is updated and changed.</p> <p>For 1/3, Contractor E (3 payments of £585) no assessment was evidenced; the Finance Officer will complete the questionnaire.</p>	<p>New recommendation</p>

No	Recommendation/Management Comment	Target Date and Responsibility	Follow-up comments	Status
3	<p>A copy of contract for catering should be obtained and retained for information. [Priority 3]</p> <p>Copy was in school but present headteacher wasn't here when obtained. Copy passed to finance</p>	<p>Headteacher February 2016</p>	<p>The three year catering contract was signed in 2013 with an option to extend for the next two years. The consortium coordinator has confirmed by e-mail, 4/5/17, that the original contract has been extended and will expire March 2018. A signed copy of the contract was evidenced at the school.</p> <p>The November 2016 invoice for school meals was selected for audit examination; the charges agreed to the contract and the uplift notification agreed in February 2016.</p>	<p>Implemented</p>

No	New recommendation	Priority	Management Comment	Responsibility	Target Date
1	The school should evidence an adequate audit trail to support financial decisions. Specifically, the authorisation by Chair of Governors to waive Financial Regulations should state the qualification for that waiver and any discussions at committee resulting in financial activity should be minuted.	2	Agreed will implement.	Chair of Governors and Resources. Finance Officer. Clerk to Governors.	Summer Term 2017
2	The school should complete the HMRC assessment for the individual identified by Internal Audit. The assessments should be signed by the Headteacher and undertaken annually.	2	Agreed.	Finance Officer	Summer term 2017



Definition of priority categories.

**Priority 1**

**Required to address major weaknesses and should be implemented as soon as possible**

**Priority 2**

**Required to address issues which do not represent good practice**

**Priority 3**

**Identification of suggested areas for improvement**

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**UPDATED FINAL INTERNAL AUDIT REPORT**  
**ENVIRONMENT AND COMMUNITY SERVICES DEPARTMENT**

**REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17**

**Issued to:** Doug Patterson, Chief Executive  
Nigel Davies, Executive Director ECS  
Pete Turner, Director of Finance  
Garry Warner, Head of Highways  
Amy Herve, Network Manager  
Claire Martin, Head of Finance ECS and Corporate  
Lesley Moore, Director of Commissioning

**Prepared by:** Principal Auditor

**Date of Issue:** 21/06/2017

**Report No.:** ECS/011/01/2016

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

### INTRODUCTION

1. This report sets out the results of our systems based audit of street works permits and defaults audit for 2016. The audit was carried out in quarter 4 as part of the programmed work specified in the 2016-17 Internal Audit Plan agreed by the Section 151 Officer and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.
3. The original scope of the audit was outlined in the Terms of Reference issued on 16/08/2016. The period covered by this report is from 01/04/2015 to 30/04/2017.
4. The total budgeted cost of the service for 2016-17 was £565,950 made up of contract payments, direct staffing cost and recharged staffing cost. The actual cost of service as at 30/04/2017 for 2016-17 was £686,642. The income budget for 2016/17 was set as £566,000 for income from inspections and defects and £628,140 from issue of Permits. The collected income as at 30/04/2017 for 2016-17 from utility companies was £347,122 in respect of inspections and defects and £619,803 in respect of London permit scheme.

### AUDIT SCOPE

5. The scope of the audit was to review the management of street works permits and defaults as detailed in the Terms of Reference.

### AUDIT OPINION

6. Overall, the conclusion of this audit was that limited assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix E.

### MANAGEMENT SUMMARY

7. LBB has a responsibility under New Roads & Street Works Act (1991) to monitor the works of statutory undertaker (utilities and telecoms companies or nationalised companies) which affect the highway infrastructure. When defects are identified in road or footway reinstatements, a defect notice is issued and a charge made to the statutory undertaker concerned to cover additional inspections. Charges are also raised when works over-run their approved programme (S74) and when other issues are found on site (Fixed Penalty Notices). The contract for the inspection of street works was let to the contractor in April 2013 to deliver inspection and enforcement duties prescribed in the New Road and Street Works Act 1991 (NRSWA), the London Permit Scheme for Road Works and Street Works (LoPS) and the Traffic Management Act 2004 (TMA).
8. LBB also administers the London permit scheme for all road and street works, with permit fees received being ring-fenced to cover administration of the scheme.
9. The Council charges utility companies for the following activities:
  - Permits- A permit is required for all street works on the public highway, although charges are only levied against utility companies. Permit applications are processed by the T&H network management team and the income budget for 2016/17 was £628K. All major utility companies pay monthly for permits.
  - Inspections- Utility companies also pay the Council to inspect ten percent of their street works (sample inspection) at each of the three stages; during the works, following completion and at the end of the two year guarantee period. Charges are based on the volume of work completed in previous years and a nationally agreed fee structure. The income budget for sample inspections for 2016/17 was £170k. This is collected in the form of an annual charge from the utility companies and is invoiced quarterly. In addition to the 10% sample inspection, the Head of Highways advised that the contractor is expected to carry out inspections on all street works for utility companies (supplementary inspection) and serve improvement notices where the remedial work is below agreed specification.

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

- Defects- where defective reinstatements are identified during sample inspections, supplementary inspection or following reports from the public, a defect notice is raised and the utility company is advised to undertake repairs. For each agreed defect, the Council charges utility companies for additional inspections which are required to manage the remedial works. Defect inspections take place at following stages; a joint site inspection to agree the defect (D1), works in progress inspection whilst reinstatement work is ongoing (D2) and inspection upon works completion (D3). These inspections are currently undertaken by the contractor, with reports and correspondence with utility companies being managed by Transport and Highways (T&H) network management team. The income budget for 2016/17 was £336K.
  - Other fees- Fixed Penalty Notices are issued for contravention of permit conditions, and Section 74 charges are levied where works exceed the agreed programme and materials or traffic sign/barriers etc. are left on site. The income budget for 2016/17 was £60k.
10. The contract for the inspection of street works was let to the contractor in April 2013 for an initial three year period, with an option to extend for a further two or four years at the Council's discretion. This contract monitors the work of the various Utility Companies that operate in the Borough by undertaking inspections (sample, supplementary & investigatory), defect identification and subsequent defect inspections.
  11. Internal Audit review highlighted following areas of weakness and lack of control which require management attention:
  12. **Contract Monitoring meetings:**

No records of contract monitoring meetings and formal meetings held between the client & contractor for service changes made have been kept for audit purposes. Therefore it is difficult to establish details of any discussions on contract changes, contractor performance e.g. Key Performance Indicators and any decision making. It is understood that guidance has been cascaded down to managers setting out what they should be doing around contract management and the need to minute meetings.

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

### 13. Variation to the terms of contract without authority

In July 2015 a report was presented to Environment PDS committee to extend the contract with the contractor for a further year to expire on 31st March 2017. The contract is performance based and the committee was informed that if the number of defect notices which was a Key Performance Target were to reduce substantially from current levels, the contract would be revised to reduce the performance targets, with a pro-rata reduction in the annual contract value.

Management started negotiations on the terms of the extension of the contract with the contractor in August 2015 and following changes were proposed by Management in the letter dated 19/08/2015:

- The yearly Key Performance Targets will be reduced from the current 6,000 to 4,000 Valid Reinstatement defects, for the annual sum of £250K for 2016-17, which will be paid in 12 monthly instalments to the contractor
- Carry out a structured Coring programme defined from a predetermined random sample of reinstatements consisting of footway and carriageway cores with an annual target of 2250 cores- £100K per annum, which will be paid monthly

Management advised Internal Audit that the proposed change in KPI was based on assurances received from the utility companies on forecasted improvement in the performance of utility companies' supply chain. Internal Audit could not evidence Management assertions. It should be noted that the total reinstatement defects identified by the contractor for the period April 2014 to March 2015 were 10,241.

The reduction in the annual contract value of £36,200 and its correlation to the reduced defect target from 6,000 to 4,000 could not be established.

The proposed expenditure on the Coring programme of £100k was not subjected to tendering and value for money cannot be evidenced. It should be noted that £119,350 was spent on the coring programme with Contractor A in 2016-17.

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

These fundamental changes to conditions of the existing contract would have required written authorisation from the Chief Officer and Portfolio Holder as per Contract Procedure Rules. No variation/extension form was completed for the extension detailing the changes to the contract.

### 14. **Failure to comply with Contract Procedure Rules in respect of additional non-contractual work**

The contract for the inspection of street works was let to the contractor in April 2013 for three year period for the annual sum of £286,200. Additional payments totalling £181,094 has been made to Contractor A for non-contractual work (coring and material testing) for the period April 2013 to March 2016. This expenditure was not subjected to competitive tendering and value for money could not be evidenced.

Internal audit queried the reasons for not obtaining tenders for non-contractual work and including it in the specification for the original tender for the inspection of street works. The Head of Highways advised that that he believed at the time that the Contractor A would be cheapest as they have been undertaking coring work for Bromley for a number of years. An email quotation from Contractor B dated 18/11/2011 was provided to Audit for prices comparison. No meaningful conclusions could be drawn to evidence value for money as the quote from Contractor B was out of date. It could not be evidenced how the unit prices charged for coring were calculated and agreed for the period April 2013 to March 2017.

Since the Council had an ongoing contract with the contractor for the inspection of street works, Internal Audit queried how management monitored that the contractor allocated additional resources to undertake the coring work. The Network Manager advised that the contractor provided verbal assurance to that effect. As explained to Internal Audit, the defects identified as part of coring are monitored separately and are added to the Contractor contractual KPI targets for reinstatement defects.

### 15. **Inadequate contract monitoring:**

As per the contract, the contractor should provide a full range of inspection, reporting and support services required in relation to the provisions of NRSWA and associated legislation. The scope as specified in Appendix 3 of the contract provides details on the level of service expected from the contractor. The review highlighted the contract was not



## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

monitored as per the agreed KPIs. Information required to monitor some KPIs was not recorded hence they could not be monitored.

Management advised Internal Audit that the defects identified as part of coring (non-contractual activity) are monitored separately and are added to the contractor contractual KPI targets for reinstatement defects.

Given Management's interpretation of the KPIs it is not possible to ascertain if damages arose and should have been claimed for not meeting targets in respect of sample inspections, supplementary inspections and defects. No damages were levied on the contractor for the life of the contract. The contract has now ended and service has been brought in house, however lessons learnt are relevant to contract monitoring in general. Please refer to Appendix C for details of audit findings.

16. The contract required the contractor to produce written monthly reports which summarise the results of all inspections undertaken and reports upon their own performance against the Key Performance Indicators stated in the incentive schedule. No monthly monitoring reports were submitted by the contractor to management. Management advised that monthly reports were provided by the consultant when requested, but more accurate data was obtained from the 'ETON' system.
17. A Performance Bond was not in place for the duration of the contract. The Performance Bond undertaking provided as part of tender documents only had a validity of three months and it expired in October 2012 six months before the start of contract in April 2013. This issue will be further reviewed as part of a forthcoming audit on contract monitoring in 2017-18.
18. **Failure to comply with Financial Regulations (FR)- raising invoices for income due**

Management advised Internal Audit that they currently operate a process where a draft statement is issued to the utility companies at the end of the calendar month. The utility company is then expected to review and agree the draft statement within 4-6 weeks to allow the official invoice to be raised. Management stated that this process was developed to avoid delays in payment of invoices due to disputes being raised by utility companies. Management advised Internal Audit that departmental finance officers had agreed the permit process of allowing the utility companies a period of 4-6 weeks to review the statement of defects in order to improve the levels of outstanding debt. During August 2014, there were

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

invoices outstanding totalling £584k for previous years and £275k outstanding for 2014/15. It was thought that the revised processes would improve recovery rates for future invoices.

Audit tests to ensure timely collection of income highlighted following issues:

- A sample of 10 inspections undertaken in 2015-16 and 2016-17 was tested to ensure that inspections were promptly invoiced and income due was collected in a timely manner. For 7 of 10 inspections, the elapsed times in agreeing draft statement and issuing an official invoice was more than 6 weeks. The average delays noted for the sample was 18 weeks ranging from 7.5 weeks to 33 weeks.
- Additional sample of 10 invoices for permits and defects raised in 2016-17 was reviewed to compare the period when the income became due and when it was invoiced. For 6 of 10 invoices the delays ranged from 8 weeks to 26 weeks.

As per Financial Regulations, Chief Officers should take prompt action to collect income. Any service specific requirements should be agreed with the Director of Finance in advance. It should be noted that there is no accountability of expected income on the Council's financial system until an official invoice is raised.

### 19. Outstanding debt

**Permit invoices:** Of the total invoiced income of £698,757 for permits, total debt outstanding for 2016-17 as at 30/04/2017 was £78,954 which does not include income due for permits granted in March 2017 as this income has not been invoiced as at 30/04/2017.

**Defect invoices:** Of the total invoiced income of £234,284 in 2016/17 for defects, the total debt outstanding as at 30/04/2017 was £87,189 which does not include income due for defects raised in March 2017 as this income has not been invoiced as at 30/04/2017. Total debt outstanding from previous years is £199,450 which predominately relates to outstanding invoices for Contractor C £186,152. As part of the audit, evidence of ongoing negotiations with Contractor C was provided by Management. It was noted that a number of outstanding queries related to quality of data provided to support the invoices.

## REVIEW OF STREET WORKS PERMITS AND DEFAULTS AUDIT FOR 2016-17

**Coring invoices:** Of the total invoiced income of £263,594 for cores, total debt outstanding for 2016-17 as at 30/04/2017 was £44,712. This figure does not include income due for cores that has not been invoiced as at 30/04/2017.

20. Review of an inspections and defects data report for 2015-16 highlighted that inspections/defects were not logged on the Confirm System promptly and there were delays of 16 to 177 days for 4214 inspections/defects. Management advised that 4110 inspections/defects (22%) were delayed as a result of various problems with IT system and 104 delays happened due to human error where incorrect dates were recorded on the system.

### SIGNIFICANT FINDINGS (PRIORITY 1)

21. There are 5 Priority 1 findings identified and expanded on in this report relating to:

- Contract Monitoring meetings
- Variation to the terms of contract without authority
- Failure to comply with Contract Procedure Rules
- Inadequate contract monitoring
- Failure to comply with Financial Regulations (FR)- raising invoices for income due

### DETAILED FINDINGS / MANAGEMENT ACTION PLAN

22. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

### ACKNOWLEDGEMENT

23. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1.	<p><b><u>Contract Monitoring meetings</u></b></p> <p>No records of contract monitoring meetings and formal meetings held between the client &amp; contractor for service changes made have been kept for audit purposes. Therefore it is difficult to establish details of any discussions on contract changes, contractor performance e.g. Key Performance Indicators and any decision making. It is understood that guidance has being cascaded down to managers setting out what they should be doing around contract management and the need to minute meetings.</p>	<p>Contractual obligation was not enforceable</p>	<p><b>All formal meetings with contractors need to be documented and retained.</b></p> <p><b>[Priority 1]</b></p>
2.	<p><b><u>Variation to the terms of contract without authority</u></b></p> <p>In July 2015 a report was presented to Environment PDS committee to extend the contract with the contractor for a further year to expire on 31st March 2017. The contract is performance based and the committee was informed that if the number of defect notices which was a Key Performance Target were to reduce substantially from current levels, the contact would be revised to reduce the performance targets, with a pro-rata reduction in the annual contract value.</p> <p>Management started negotiations on the terms of the extension of the contract with the contractor in August 2015 and following changes were proposed by Management in the letter dated</p>	<p>Contractual obligation was not enforceable</p>	<p><b>Change control notices should be drawn up and agreed in writing and authorised at appropriate level.</b></p> <p><b>For future negotiations with the contractors, contract officers need to engage with finance and commissioning to ensure that the Council is getting value for money.</b></p> <p><b>Officers when negotiating</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>19/08/2015:</p> <ul style="list-style-type: none"> <li>The yearly Key Performance Targets will be reduced from the current 6,000 to 4,000 Valid Reinstatement defects, for the annual sum of £250K for 2016-17, which will be paid in 12 monthly instalments to the contractor</li> <li>Carry out a structured Coring programme defined from a predetermined random sample of reinstatements consisting of footway and carriageway cores with an annual target of 2250 cores- £100K per annum, which will be paid monthly</li> </ul> <p>Management advised Internal Audit that the proposed change in KPI was based on assurances received from the utility companies on forecasted improvement in the performance of utility companies' supply chain. Internal Audit could not evidence Management assertions. It should be noted that the total reinstatement defects identified by the contractor for the period April 2014 to March 2015 were 10,241.</p> <p>The reduction in the annual contract value of £36,200 and its correlation to the reduced defect target from 6,000 to 4,000 could not be established.</p> <p>The proposed expenditure on Coring programme of £100k was</p>		<p><b>with contractors need to ensure that the Council's interest is protected at all times. Any agreed changes should be based on factual information.</b></p> <p><b>[Priority 1]</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>not subjected to tendering and value for money cannot be evidenced. It should be noted that £119,350 was spent on the coring programme with Contractor A in 2016-17.</p> <p>These fundamental changes to conditions of the existing contract would have required written authorisation from the Chief Officer and Portfolio Holder as per Contract Procedure Rules. No variation/extension form was completed for the extension detailing the changes to the contract.</p>		
3.	<p><b><u>Failure to comply with Contract Procedure Rules</u></b></p> <p>The contract for the inspection of street works was let to the contractor in April 2013 for three year period for the annual sum of £286,200. Additional payments totalling £181,094 has been made to Contractor A for non-contractual work (coring and material testing) for the period April 2013 to March 2016. This expenditure was not subjected to competitive tendering and value for money could not be evidenced.</p> <p>Internal audit queried the reasons for not obtaining tenders for non-contractual work and including it in the specification for the original tender for the inspection of street works. The Head of Highways advised that that he believed at the time that the Contractor A would be cheapest as they have been undertaking coring work for Bromley for a number of years. An</p>	Value for money may not have been achieved	<p><b>Officers should ensure that Contract Procedure Rules (CPR 13 and CPR 23.7 shown at Appendix D) are complied with to ensure value for money is achieved.</b></p> <p><b>Non-contractual work should be formally agreed and monitored to ensure that there is a business case for it and that the contractual work is not adversely impacted.</b>  <b>[Priority 1]</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>email quotation from Contractor B dated 18/11/2011 was provided to Audit for prices comparison. No meaningful conclusions could be drawn to evidence value for money as the quote from Contractor B was out of date. It could not be evidenced how the unit prices charged for coring were calculated and agreed for the period April 2013 to March 2017.</p> <p>Since the Council had an ongoing contract with the contractor for the inspection of street works, Internal Audit queried how management monitored that the contractor allocated additional resources to undertake the coring work. The Network Manager advised that contractor provided verbal assurance to that effect. As explained to Internal Audit, the defects identified as part of coring are monitored separately and are added to the contractor’s contractual KPI targets for reinstatement defects.</p>		
4.	<p><b><u>Inadequate contract monitoring</u></b></p> <p>As per the contract, the Consultant should provide a full range of inspection, reporting and support services required in relation to the provisions of NRSWA and associated legislation. The scope as specified in Appendix 3 of the contract provides details on the level of service expected from the. The review highlighted the contract was not monitored as per the agreed KPIs. Information required to monitor some KPIs was not recorded hence they could not be monitored.</p>	<p>Poor performance by contractor was not challenged which may have resulted in potential losses to the authority</p>	<p><b>Contract Procedure Rules require all contracts with a value higher than £200,000 to be subject to monthly formal review by the Head of Service.</b></p> <p><b>Justification to make fundamental changes to KPI where changes may result in</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>Management advised Internal Audit, the defects identified as part of coring (non-contractual activity) are monitored separately and are added to the contractor’s contractual KPI targets for reinstatement defects.</p> <p>Given Management’s interpretation of the KPIs it is not possible to ascertain if damages arose and should have been claimed for not meeting targets in respect of sample inspections, supplementary inspections and defects. No damages were levied on the contractor for the life of the contract. The contract has now ended and service has been brought in house, however lessons learnt are relevant to contract monitoring in general. Please refer to Appendix C for details of audit findings.</p> <p>The contract required the contractor to produce written monthly reports which summarise the results of all inspections undertaken and reports upon their own performance against the Key Performance Indicators stated in the incentive schedule. No monthly monitoring reports were submitted by the contractor to management.</p>		<p><b>potential unclaimed damages should be agreed and documented.</b></p> <p><b>Management should record all inspection undertaken irrespective of the outcome to ensure effective monitoring on contractor performance can take place.</b></p> <p><b>Management should ensure that the contractor submits the monitoring information as agreed in the contract.</b></p> <p><b>Going forward, Management should ensure that contractor performance is monitored effectively and damages arising for poor performance as per the contract are collected from the contractor in a timely manner.</b></p>



DETAILED FINDINGS

No.	Findings	Risk	Recommendation
5	<p><b><u>Failure to comply with Financial Regulations (FR)- raising invoices for income due</u></b></p> <p>Management advised Internal Audit that they currently operate a process where a draft statement is issued to the utility companies at the end of the calendar month. The utility company is then expected to review and agree the draft statement within 4-6 weeks to allow the official invoice to be raised. Management stated that this process was developed to avoid delays in payment of invoices due to disputes being raised by utility companies. Management advised Internal Audit that departmental finance officer had agreed the permit process of allowing the utility companies a period of 4-6 weeks to review the statement of defects in order to improve the levels of outstanding debt. During August 2014, there were invoices outstanding totalling £584k for previous years and £275k outstanding for 2014/15. It was thought that the revised processes would improve recovery rates for future invoices.</p> <p>Audit tests to ensure timely collection of income highlighted following issues:</p> <ul style="list-style-type: none"> <li>• A sample of 10 inspections undertaken in 2015-16 and 2016-17 was tested to ensure that inspections were promptly</li> </ul>	<p>Losses due to income due not being invoiced in a timely manner.</p>	<p>[Priority 1]</p> <p><b>Management should review the invoicing process and address the issues for delay in raising invoices to collect income due for permits, inspections and defects.</b></p> <p><b>Management should ensure that the procedure to raise draft statements before raising official invoices is agreed with Director of Finance.</b></p> <p>[Priority 1]</p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>invoiced and income due was collected in a timely manner. For 7 of 10 inspections, the elapsed times in agreeing draft statement and issuing an official invoice was more than 6 weeks. The average delays noted for the sample was 18 weeks ranging from 7.5 weeks to 33 weeks.</p> <ul style="list-style-type: none"> <li>Additional sample of 10 invoices for permits and defects raised in 2016-17 was reviewed to compare the period when the income became due and when it was invoiced. For 6 of 10 invoices the delays ranged from 8 weeks to 26 weeks.</li> </ul> <p>As per Financial Regulations, Chief Officers should take prompt action to collect income. Any service specific requirements should be agreed with the Director of Finance in advance. It should be noted that there is no accountability of expected income on the Council's financial system until an official invoice is raised.</p> <p>As per financial regulations Chief Officers should take prompt action to either:</p> <ul style="list-style-type: none"> <li>Collect the income due within arrangements approved by the Director of Finance and Section 5 of Financial Regulations;</li> </ul> <p>Or</p>		

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>•Raise an account for inclusion in the Council’s debtors system, to enable the Director of Finance to ensure that appropriate recovery procedures are undertaken where necessary.</p> <p>Any changes to above procedures made by Chief Officers to meet their own specific service needs should be agreed with the Director of Finance in advance. No agreement approved by Director of Finance was evidenced.</p> <p>It should be noted that there is no accountability of expected income on the Council’s financial system until an official invoice is raised.</p>		
6	<p><b>Outstanding debt</b></p> <p>Permit invoices: Of the total invoiced income of £698,757 for permits, total debt outstanding for 2016-17 as at 30/04/2017 was £78,954 which does not include income due for permits granted in March 2017 as this income has not been invoiced as at 30/04/2017.</p> <p>Defect invoices: Of the total invoiced income of £234,284 in 2016/17 for defects, the total debt outstanding as at 30/04/2017 was £87,189 which does not include income due for defects raised in March 2017 as this income has not been invoiced as at 30/04/2017. Total debt outstanding from</p>	Loss to authority due to non- collection of income	<p><b>Outstanding debt should be recovered in a timely manner.</b></p> <p><b>Management should ensure that supporting information provided as part of invoices is accurate.</b></p> <p><b>[Priority 2]</b></p>

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>previous years is £199,450 which predominately relates to outstanding invoices for Contractor C £186,152. As part of the audit, evidence of ongoing negotiations with Contractor C was provided by Management. It was noted that a number of outstanding queries related to quality of data provided to support the invoices.</p> <p>Coring invoices: Of the total invoiced income of £263,594 for cores, total debt outstanding for 2016-17 as at 30/04/2017 was £44,712. This figure does not include income due for cores that has not been invoiced as at 30/04/2017.</p>		
7	<p>Review of inspections and defects data report for 2015-16 highlighted inspections/defects were not logged on the confirm system promptly and there were delays of 16 to 177 days for 4214 inspections/defects. Management advised that 4110 inspections/ defects (22%) were delayed as a result of various problems with IT system and 104 delays happened due to human error were incorrect dates were recorded on the system.</p>	<p>Poor performance by contractor is not challenged which results in potential losses to the authority</p>	<p><b>Inspections and defects should be promptly recorded on the Confirm system. Management should ensure that IT issues affecting the system are identified and rectified in a timely manner. [Priority 2]</b></p>

**MANAGEMENT ACTION PLAN**

**APPENDIX B**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1.	<b>All formal meetings with contractors need to be documented and retained.</b>	1	Monthly performance meetings with contractors to be minuted and retained on SharePoint	Head of Service & Contracts Managers	<b>Immediate</b>
2.	<p><b>Change control notices should be drawn up and agreed in writing and authorised at appropriate level.</b></p> <p><b>For future negotiations with the contractors, contract officers need to engage with finance and commissioning to ensure that the Council is getting value for money.</b></p> <p><b>Officers when negotiating with contractors need to ensure that the Council's interest is protected at all times. Any agreed changes should be based on factual information.</b></p>	1	<p>Formal Contract Waivers and Exemptions template to be used for all changes in scope and contract extensions following ES PDS or Executive approval</p> <p>Continue to engage with Officers from Finance and Commissioning when considering contract variations</p> <p>Agreed</p>	<p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p> <p><b>Immediate</b></p>

**MANAGEMENT ACTION PLAN**

**APPENDIX B**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3.	<p><b>Officers should ensure that Contract Procedure Rules (CPR 13 and CPR 23.7 shown at Appendix D) are complied with to ensure value for money is achieved.</b></p> <p><b>Non-contractual work should be formally agreed and monitored to ensure that there is a business case for it and that the contractual work is not adversely impacted.</b></p>	1	<p>Agreed</p> <p>Agreed</p>	<p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p>
4.	<p><b>Contract Procedure Rules require all contracts with a value higher than £200,000 to be subject to monthly formal review by the Head of Service.</b></p> <p><b>Justification to make fundamental changes to KPI where changes may result in potential unclaimed damages should be agreed and</b></p>	1	<p>Monthly performance meetings with contractors to be minuted and retained on SharePoint</p> <p>Formal Contract Waivers and Exemptions template to be used for all changes in scope and contract extensions</p>	<p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p>

**MANAGEMENT ACTION PLAN**

**APPENDIX B**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p><b>documented.</b>  <b>Management should record all inspection undertaken irrespective of the outcome to ensure effective monitoring on contractor performance can take place.</b></p> <p><b>Management should ensure that the contractor submits the monitoring information as agreed in the contract.</b></p> <p><b>Going forward, Management should ensure that contractor performance is monitored effectively and damages arising for poor performance as per the contract are collected from the contractor in a timely manner.</b></p>		<p>The results of all streetworks inspections to be recorded on ETON database, including 'passes'</p> <p>Contract monitoring data to be provided by Contractors</p> <p>Contracts will continue to be monitored effectively and Low Service Damages issued in a timely manner</p>	<p>Contract Manager</p> <p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p> <p><b>Immediate</b></p>
5.	<p><b>Management should review the invoicing process and address the issues for delay in raising invoices to collect income due</b></p>				

**MANAGEMENT ACTION PLAN**

**APPENDIX B**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
	<p>for permits, inspections and defects.</p> <p>Management should ensure that the procedure to raise draft statements before raising official invoices is agreed with Director of Finance.</p>	1	<p>Agreed</p> <p>Agreed</p>	<p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p>September 2017</p> <p>September 2017</p>
6.	<p>Outstanding debt should be recovered in a timely manner.</p> <p>Management should ensure that supporting information provided as part of invoices is accurate.</p>	2	<p>This is an ongoing process, and will be continued</p> <p>This is an ongoing process, and will be continued</p>	<p>Head of Service &amp; Contracts Managers</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p>



**MANAGEMENT ACTION PLAN**

**APPENDIX B**

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
7.	<p><b>Inspections and defects should be promptly recorded on the Confirm system.</b></p> <p><b>Management should ensure that IT issues affecting the system are identified and rectified in a timely manner.</b></p>	2	<p>The results of all streetworks inspections to be recorded on ETON database, including 'passes'.</p> <p>IT issues will continue to be identified and rectified.</p> <p>Business continuity process to be put in place to ensure service can continue to be delivered.</p>	<p>Contract Manager</p> <p>IT Manager</p> <p>Head of Service &amp; Contracts Managers</p>	<p><b>Immediate</b></p> <p><b>Immediate</b></p> <p>September 2017</p>

SERVICE LEVEL TABLE

As per the contract, the Consultant should provide a full range of inspection, reporting and support services required in relation to the provisions of NRSWA and associated legislation. The scope as specified in Appendix 3 of the contract provides details on the level of service expected from the contractor. The review highlighted following issues:

<b>Service Level Table</b>		
<b>Aspect of Service</b>	<b>Low Service Damage</b>	<b>Audit finding</b>
Failure to complete 100% of Sample Inspections as instructed each calendar month i.e. 10% of the street works at each of the three stages;	£50 for each missed inspection	<p>Completion of sample inspections is not monitored monthly and is undertaken on a quarterly basis.</p> <p>The sample inspections are not evenly spread through the year. In 2015-16 majority of sample inspections were undertaken in the first quarter.</p> <p>Management advised that monthly targets for sample inspections are not spread evenly during the year. Justification to make fundamental changes to KPI where changes may result in potential unclaimed damages should be agreed and documented.</p>
Failure to complete 90% of Supplementary Inspections as instructed each calendar month	£1000 per calendar month	<p>Completion of supplementary inspections is not monitored monthly.</p> <p>Management advised that they have instructed</p>

SERVICE LEVEL TABLE

		<p>the contractor to not record supplementary inspections if a defect is not identified.</p> <p>As management do not have a record of actual number of inspections undertaken by the contractor they do not monitor this target.</p>
<p>Failure to complete 90% of Sample and Supplementary Inspections as instructed each calendar month for three or more calendar months in a rolling 12 month period.</p>	<p>£5000 (This level of failure shall also be considered as a substantial failure to Provide the Services which may lead to termination under Clause 90.3 of the conditions of contract.)</p>	<p>As stated before, completion of sample and supplementary inspections is not monitored each calendar month. Potentially there could be unclaimed damages if 90% of Sample and Supplementary Inspections as instructed each calendar month for three or more calendar months in a rolling 12 month period were not completed on time.</p>
<p>Failure to meet a calendar month Key Performance Indicator target, as set out in the Incentive Schedule of 500 valid Reinstatement Defects</p>	<p>£50 for each Reinstatement Defect not identified</p>	<p>Completion of target reinstatement defect is monitored annually rather than each calendar month. Total reinstatement defects raised in 2015-16 were 4588 as reported to committee in June 2016.</p> <p>On enquiry why damages were not claimed for not meeting reinstatement defect target, Management provided revised information and stated reinstatement defects raised in 2015-16 to be 5998. The revised figures included defects raised from coring work.</p>

SERVICE LEVEL TABLE

Failure to meet a calendar month Key Performance Indicator target, as set out in the Incentive Schedule of 500 valid Reinstatement Defects for three or more calendar months in a rolling 12 month period	£5000 (This level of failure shall also be considered as a substantial failure to Provide the Services which may lead to termination under Clause 90.3 of the conditions of contract.)	Completion of target reinstatement defect is monitored annually rather than monthly. Potential damages could have been collected if the Incentive Schedule of 500 valid Reinstatement Defects was not met for three or more calendar months in a rolling 12 month period.
Failure to complete 100% of Joint Site Inspections and/or Reinstatement Defects Inspections as required each calendar month	£50 for each missed inspection	No evidence of monthly monitoring seen.
Failure to provide witness statements by the date instructed	£100 per failure	No evidence of monitoring seen.
Failure to attend court at the time and/or dates instructed	£500 per failure	No evidence of monitoring seen.

**CPR 13. EXEMPTIONS TO THE NEED FOR COMPETITIVE TENDER**

13.1 A decision to negotiate with one or more *Candidates* on any arrangements required within the *Procurement* process shall not be made except in compliance with the following and any *Public Contracts Regulations 2015* (see also Rule 3). Note - For the purpose of this Rule the establishment of a *Service Level Agreement* is treated as being a negotiated arrangement;

<b><i>Estimated Cost (or Value)</i></b>	<b><i>Authorisation Requirement</i></b>
<b>£5,000 - £50,000</b>	Chief Officer Agreement
<b>£50,000 - up to £100,000</b>	Chief Officer in agreement with <i>Director of Corporate Services, Director of Commissioning and Director of Finance</i> with a report of the use made of this exemption being made to Audit Sub- committee on a bi-annual basis.
<b>£100,000 – up to £1,000,000</b>	Chief Officer in agreement with <i>Director of Corporate Services, Director of Commissioning and Director of Finance</i> and following Approval of the relevant <i>Portfolio Holder</i> , with a report of the use made of this exemption being made to Audit Sub-committee on a bi-annual basis.
<b>£1,000,000 and above</b>	Chief Officer in agreement with <i>Director of Corporate Services, Director of Commissioning and Director of Finance</i> and the approval of the <i>Executive or the Council</i> as appropriate.

13.2 The Officer concerned will need to ensure that the records necessary to justify the intended action are maintained and issued where necessary, for above and below EU Threshold activity as set out in the *Public Contracts Regulations 2015*.

13.3 In determining the *Value* (and any *Aggregate Values*) for a particular requirement, together with those used to calculate the values of any modifications and/or extensions proposed to existing arrangements, care must be taken to value such activity using the approaches identified in the various parts of the *Public Contracts Regulations*. In general terms, it is the *Value* of an activity across the Council, and not of a *Contract* in isolation which determines its treatment within the *Public Contracts Regulations 2015*.

13.4 Subject to the satisfactory completion of any required Contract Monitoring Report (see CPR 23), and where the Report produced as required by CPR 5 provides for a discretionary Extension of the Contract for an additional period of time, providing the Authorising Committee have indicated their agreement at the point of the CPR 5 Report, without the need for further referral, then the relevant Chief Officer may, in agreement with the *Director of Corporate Services*, *Director of Commissioning* and *Director of Finance*, and any other person specified in the authorisation and in Consultation with the Portfolio Holder, make use of this permissible extension providing,

- (a) there is at least six months left on the existing contract term, and
- (b) it is notified to the Audit Sub-committee, as part of the Bi-Annual Report produced and identified in this CPR.

13.5 Chief Officers with Social Care responsibilities have specific exemptions provided to them under the Council's *Scheme of Delegation* for certain contracting arrangements

### **CPR 23.7 Variations and Extensions**

23.7.1 No *Variation* should be issued or *Extension* agreed unless there is sufficient budgetary provision for each *Contractor* where it is permitted under the Council's *Capital Programme Procedures* and related responsibilities for financial control of capital projects.

23.7.2 All *Variation* Orders must be issued promptly and authorised before the work is undertaken. All variations will be contained within agreed limits for each contract and made within the authorised limits determined by the *Chief Officer* as provided for in *Financial Regulations* and the *Capital Programme Procedures*.

23.7.3 Subject to any requirements of *Financial Regulations*, statutory restrictions and compliance with any provisions of the *Public Contracts Regulations* (particularly those relating to negotiation; modifications and extensions and any limitations imposed by Regulation 72 of the Regulations above), a *Chief Officer* may authorise the following extension to an existing contact:

- An extension for a particular period provided for within the terms of the contract (but subject to satisfactory outcomes of contract monitoring, such information having been provided to where required in these Rules to the relevant *Portfolio Holder* and/or *Executive*);  
or

- A single extension of the contract by up to one year; or
- An increase in the scope of activities being undertaken.

23.7.4 Providing that where the value of any single and/or all extensions granted is greater than **£50,000** the processes and authorisation procedures required shall be the same as those identified in Rule 13 above.

23.7.5 The *Chief Officer* shall consult with the *Head of Procurement, Director of Commissioning and Director of Corporate Services* on any need to issue a *Modification Notice* or take other action required by *Reg.72 of the Public Contracts Regulations 2015*.

**Assurance Level**

**Definition**

Full Assurance

There is a sound system of control designed to achieve all the objectives tested.

Substantial Assurance

While there is a basically sound 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.

No Assurance

Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.



## IMPORTANT NOTE

**The note below is to be read in conjunction with the Royal Borough of Greenwich's Parking Enforcement Investigation dated 16<sup>th</sup> February 2015 and Legal Advice dated 3<sup>rd</sup> June 2015.**

"Recommendations 4.1-4.3 Inclusive recommended that legal advice be sought to establish whether certain PCNs issued were compliant with the provisions of the Traffic Management Act 2004 and if not whether LBB should refund any money paid. The advice of David Lock QC is attached which confirms that the PCNs were lawfully issued and that there is no obligation to refund. The report and the advice must be read together to get a full understanding of the situation."

- 1) Advice from Counsel - 3<sup>rd</sup> June 2015
- 2) Royal Borough of Greenwich Report – 16<sup>th</sup> February 2015



**In the matter of the London Borough of Bromley**  
**And in the matter of the Traffic Management Act 2004**

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**ADVICE**

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1. I have been asked to advise the London Borough of Bromley (“the Council”) concerning a number of issues which have arisen as a result of malpractice by employees of Vinci Parking Services UK Ltd (“VPS”) who were working under a contract to provide parking enforcement services to the Council.
  
2. There are 2 primary areas where employees at VPS appear to have been at fault. First, some of the employees do not appear to have had an immigration status under which they were permitted to work in the United Kingdom at the time that they were employed by VPS as Civil Enforcement Officers (“CEOs”). Thus the Council, acting through VPS, was discharging its parking enforcement functions through individuals who were acting as CEOs but who were not entitled lawfully to work in the UK.
  
3. Secondly, it appears that some VPS employees arranged for other VPS employees to issue parking tickets on their behalf. Thus the identity number which should have shown the CEO who issued the ticket (and which was generated by the handheld computer on the parking ticket) was incorrect.
  
4. There is, as far as I am aware, no suggestion that parking tickets were issued to vehicles which were not contravening the parking regulations operative at the time and place when the violation was recorded. Equally there is no suggestion that parking tickets were issued to individuals who were not (assumed to be) responsible for the parking violation. Thus I assume for the purposes of this advice that:

- a. There is no evidence that parking tickets were issued to vehicles that were not parked in locations or in circumstances (such as where a parking ticket had expired) which constituted an offence; and
  - b. There is no evidence that parking tickets were issued to individuals who were not responsible for vehicles that were parked in locations or in circumstances which constituted an offence.
5. Parking tickets are issued by a local authority by exercising its powers under Part 6 of the Traffic Management Act 2004 ("TMA"). Section 76(1) to (3) of the TMA provides:

"(1) A local authority may provide for the enforcement of road traffic contraventions for which it is the enforcement authority by individuals to be known as civil enforcement officers.

(2) A civil enforcement officer must be—

  - (a) an individual employed by the authority, or
  - (b) where the authority have made arrangements with any person for the purposes of this section, an individual employed by that person to act as a civil enforcement officer.

(3) Civil enforcement officers—

  - (a) when exercising specified functions must wear such uniform as may be determined by the enforcement authority in accordance with guidelines issued by the appropriate national authority, and
  - (b) must not exercise any of those functions when not in uniform"
  6. VPS were accordingly entitled to employ CEOs who could discharge functions under the TMA. I have been asked to advise what effect it made on the validity of parking tickets if the CEOs employed by VPS were not lawfully entitled to work in the UK. I note that it remains unclear from the internal audit report from Greenwich Council on this topic whether the management at VPS was aware of the fact that some of its employees were not permitted to work either (a) at the outset of their employment or

(b) at a later date. I will therefore assume for the purposes of this advice that there was some level of knowledge with VTS that persons were working for the company without proper immigration status but that it cannot be assumed that this was known to senior managers or to anyone who constitutes the “mind” of the company.

7. The internal audit report indicates at paragraph 2.16 that there is some robustness about the present systems employed by VPS to check the status of their employees but the report does not appear to have reached a clear view as to precisely who within the company knew that some employees were working illegally in the past.
8. A contract of employment between an employer and an employee where both sides know the employee is working illegally (i.e. in breach of immigration law) is an unenforceable contract at law: see *Vakante v Governing Body of Addey and Stanhope School (No 2)* [2003] ICR 290, *Hall v Woolston Hall Leisure Ltd* [2001] ICR 99 and recently approved in *Zarkasi v Anindita and another* [2012] ICR 788. These cases were brought by employees who attempted enforce the terms of the contract against the employer, and the employee failed in each case. The clear implication from the cases is that the employee’s knowledge of the illegality of the contract prevents the contract being enforceable. However if the employee did not know that he or she was not lawfully entitled to work, the implications in the cases is that his or her contract of employment would be enforceable even if the illegality was known to the employer.
9. It follows therefore that a person who (to their knowledge) is employed at a time when they are acting illegally by working can still be classified as an employee as far as the rest of the world is concerned. The employer would, for example, be vicariously liable to third parties for the actions of the employee even if the employment cannot be enforced by either party. In the case of VTS, this line of authority suggests that, even if the contract of employment was unenforceable between the employer and employee, (and even if this was known to the employer) the CEO is still classifiable in law as an employee of VTS. Hence, even if the CEO was working illegally, there would not appear to be a breach of section 76(2)(b) of the TMA.

10. If a motorist who knew that the employee who issued the ticket sought to make representations to the Council against the issue of the ticket, he would have to rely on one of the limited grounds set out in Regulation 4 of the Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007 to support his case. The only possible ground would be under Regulation 4(4)(f) namely that there was a:

“procedural impropriety on the part of the enforcement authority”

11. A “procedural impropriety” is defined in Regulation 4(5) as follows:

“In these Regulations “procedural impropriety” means a failure by the enforcement authority to observe any requirement imposed on it by the 2004 Act, by the General Regulations or by these Regulations in relation to the imposition or recovery of a penalty charge or other sum and includes in particular—

(a) the taking of any step, whether or not involving the service of any document, otherwise than—

(i) in accordance with the conditions subject to which; or

(ii) at the time or during the period when,

it is authorised or required by the General Regulations or these Regulations to be taken; and

(b) in a case where an enforcement authority is seeking to recover an unpaid charge, the purported service of a charge certificate under regulation 21 of the General Regulations before the enforcement authority is authorised to serve it by those Regulations”

12. There is no general ground which permits representations (or a subsequent appeal) to the Parking Adjudicator<sup>1</sup> on the grounds that there was a mis-description on the ticket or some other aspect of unlawfulness about the circumstances in which the ticket was issued. It follows that the only legal rules that are relevant for the purposes of creating a “procedural impropriety” for a Penalty charge Notice (“PCN”) are those set

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<sup>1</sup> Which can also only be based on a “procedural impropriety”: see Regulation 8.

out in the TMA and the relevant regulations. Alleging that the Council or its contractor was in breach of some other legal requirement which is outwith the TMA and the relevant regulations does not amount to a procedural impropriety for the purposes of making representations. Hence, for example, if a motorist was to have discovered that VTS was acting illegally because it was not paying the national minimum wage, that would not entitle a motorist to have his penalty charge rescinded.

13. There is no specific provision in the TMA or the relevant Regulations which provides that the enforcement authority must ensure that all CEOs are lawfully able to work in the UK. It follows that employing a CEO who does not have the legal right to work in the UK may have left VTS to being fined by the Border Agency under immigration law but this did not, in my view, amount to a “procedural impropriety” under the TMA and the relevant parking regulations.
14. It is thus, in my view, difficult if not impossible to see that a successful argument could be run by a motorist that there was no liability for his (or her) parking violation because the CEO who observed the violation and issued the ticker was not lawfully allowed to work in the UK. I therefore do not consider that the underlying legality of the parking tickets is likely to be affected by the immigration status of the CEO. I therefore consider that there is no legal requirement for the Council to refund motorists who have been issued by CEOs who were working illegally.
15. The second area of malpractice was that some VPS employees arranged for other VPS employees to issue parking tickets on their behalf. Thus the identity number of the Civil Enforcement Officer which was generated by the handheld computer on the parking ticket which was used by VPS employees was often incorrect. It follows that the parking violation was observed and recorded by a CEO, but this was not necessarily the CEO whose identity number appears on the parking ticket.
16. The relevant Regulations concerning PCNs made under Part 6 of the TMA are the Civil Enforcement of Parking Contraventions (England) General Regulations 2007 (as amended). Regulation 4(1) of these Regulations provides:

“Subject to the provisions of these Regulations a penalty charge is payable with respect to a vehicle where there has been committed in relation to that vehicle—

- (a) a parking contravention within paragraph 2 of Schedule 7 to the 2004 Act (contraventions relating to parking places in Greater London)...”

17. It follows that the, under the facts assumed above, the penalty charge becomes payable if the offence is committed by the motorist. It seems to me that, in analysing the legal structure applying to PCNs, it is important to start from the position that the liability on the motorist to pay the penalty charge arises from the actions of the motorist in committing the parking violation. The parking ticket is thus the method by which that legal liability to pay the charge is communicated to the motorist but the primary liability to pay arises from the parking violation as opposed to the issuing of a valid PCN.

18. There are however provisions which govern how PCNs can be issued, breach of which can result in the Council having the duty to set aside the PCN. Regulation 6 provides:

“A penalty charge shall not be imposed except on the basis of—

- (a) a record produced by an approved device; or
- (b) information given by a civil enforcement officer as to conduct observed by that officer”

19. In these cases the Council is rightly concerned that there may have been a breach of Regulation 6(b) in that the CEO who observed the parking violation was the CEO whose identity number appeared on the PCN. However, as I understand the assumed facts, the PCN was always issued by the CEO who in fact observed the parking violation. These were not PCNs issued by a CEO who had not seen the relevant parking violation and so, prima facie, having the wrong CEO reference on the PCN would not appear to amount to a breach of Respondent 6.



20. In order to be legally enforceable (or perhaps more accurately not to contain procedural improprieties) PCNs must also comply with the conditions set out in Regulation 9, 9A and the Schedule to the Regulations. Regulations 9 (which refers to off road offences) and Regulation 9A (which refers to on road offences) do not require the name or identity number of the CEO to appear on the penalty charges notice. Paragraph 1 of the Schedule provides:

"A penalty charge notice served under regulation 9 or 9A must, in addition to the matters required to be included in it by regulation 3(2) of the Representations and Appeals Regulations<sup>2</sup>, state—

- (a) the date on which the notice is served;
- (b) the name of the enforcement authority;
- (c) the registration mark of the vehicle involved in the alleged contravention;
- (d) the date and the time at which the alleged contravention occurred;
- (e) the grounds on which the civil enforcement officer serving the notice believes that a penalty charge is payable;
- (f) the amount of the penalty charge;
- (g) that the penalty charge must be paid not later than the last day of the period of 28 days beginning with the date on which the penalty charge notice was served;
- (h) that if the penalty charge is paid not later than the last day of the period of 14 days beginning with the date on which the notice is served, the penalty charge will be reduced by the amount of any applicable discount;
- (i) the manner in which the penalty charge must be paid; and
- (j) that if the penalty charge is not paid before the end of the period of 28 days referred to in subparagraph (g), a notice to owner may be served by the enforcement authority on the owner of the vehicle"

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<sup>2</sup> Which are not relevant for present purposes.

21. There is accordingly no requirement under the relevant Regulations for the name or an identity number of the CEO to be set out on the penalty notice. There are, of course, sensible practical reasons why either the name or identity number of the CEO should be set out on the notice because, if the penalty notice is later challenged, this information will allow the relevant CEO to be identified. But including the name or an identity number referring to the relevant CEO on the face of the PCN is not an explicit requirement of a valid PCN within the Regulations. It follows that a penalty notice which contains an incorrect name of the CEO is not a penalty notice which breaches any mandatory requirement in the the TMA or any provision of the relevant Regulations. Further there is no ground in the Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007 which allows a Council to quash a penalty notice on the grounds that there was any other non-material false or incorrect information set out on the notice.
22. It must therefore follow that if representations were made to the Council under Regulation 4 of the Civil Enforcement of Parking Contraventions (England) Representations and Appeals Regulations 2007 on the basis that that there had been a “procedural impropriety” in the form of the PCN because the wrong name or identity reference for the CEO had been included on the penalty notice, the Council would not be obliged to quash the PCN. The Council would have been entitled to conclude that there was no procedural impropriety within the meaning of Regulation 4(5) and thus no grounds for cancelling the PCN. I can entirely understand why the Council might have decided to cancel the PCN on an ex gratia basis but strictly my view is that there would have been under no legal obligation to do so.
23. I therefore do not consider that the Council needs to undertake any general repayment of sums which have been paid by motorists under PCNs issued in either the above circumstances. Equally there are no grounds to cease enforcement steps with respect to PCNs which have been issued and where payment has not been made. However if either representations are made on the basis that there was no underlying parking offence committed or an appeal is lodged (in time) on such grounds, the Council may wish to take a pragmatic view as to whether the Council is likely to be

able to lead credible evidence to support the factual case that a parking violation was committed. In such a case the Council may well wish to concede the appeal rather than seeking to lead evidence from a person who was not recorded as being the relevant CEO on the relevant ticket. Outside that however there seems to me to be no grounds to require the Council to undertake a general policy of reimbursement.

[REDACTED]

25. I hope that this advice covers all matters upon which I have been asked to advise. Please come back to me if I can assist further.

DAVID LOCK QC

3<sup>rd</sup> June 2015.

Landmark Chambers,  
180 Fleet Street,  
London. EC4A 2HG





Private and Confidential

**LB Bromley – Parking Enforcement:**

**Investigation of whistleblowing allegations**

Financial Year: 2014/15

Date of Issue: 16<sup>th</sup> February 2015

Auditors:



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**Appendices:**

- A: RBG Internal Audit – Terms of Reference
- B: List of Vinci Park personnel

## 1 Introduction

### Independent Review:

- 1.1 The London Borough of Bromley currently has a contract with Vinci Park Services UK Ltd for the provision of Parking Enforcement. During 2014, both Vinci Park and the LB Bromley (Parking Services/Transport and Highways) received allegations of malpractice involving the Penalty Charge Notices (PCN) issued by Civil Enforcement Officers (CEO). The allegations were in relation to the CEO's employed by Vinci Park on the LB Bromley contract. Both LBB Parking Services and Vinci Park undertook preliminary investigations which indicated some substance to the allegations. As a consequence of the Vinci Park internal investigation, a number of CEOs were suspended and dismissed for misconduct.
- 1.2 Whistleblowing allegations of malpractice continued to be directed to both parties together with additional allegations that Vinci Park had employed CEOs with no legal status to remain or work in the UK. In September 2014 these allegations were directed to LBB Members and LBB Senior Management. Although the LBB Internal Audit Section commenced an immediate investigation, LBB Members and Senior Management decided the seriousness of the allegations warranted independent review.
- 1.3 As a consequence, in October 2014, the Royal Borough of Greenwich Internal Audit were requested to review the action taken by LBB and Vinci Park in response to the various allegations received. RBG Internal Audit were also requested to obtain further information wherever possible, to determine whether allegations could be substantiated (Terms of Reference attached as Appendix A).
- 1.4 The whistleblowing allegations received are many and varied but all originate from ex-employees of Vinci Park. In summary, the

allegations focus on two key areas, both of which could potentially impact on the legality of the Penalty Charge Notices previously issued by Vinci Parks and the income subsequently collected by LB Bromley:

- a) Malpractice in the issuing of Penalty Charge Notices;
- b) The employment of CEO's who had no legal status to work in the UK.

1.5 ***Malpractice:*** Whistle blowers have alleged that in a number of cases, the Penalty Charge Notices issued were not accurate. In particular, it has been alleged that the Civil Enforcement Officers officially recorded as issuing the PCNs were not the same officers as those observing the contravention, producing the PCN and physically issuing the document to the driver/vehicle, i.e. CEOs were issuing PCNs on behalf of other CEOs. It was also alleged that Vinci Park management were aware of this situation and the practice was encouraged in order to inflate performance figures.

1.6 ***Illegal Status:*** During 2014 Vinci Park had dismissed two CEOs for submitting false documentation/failing to produce documentation indicating a legal right to remain or work in the UK. One of those dismissed was also the principal whistle blower. This whistle blower and another CEO have alleged there were more CEOs employed on the LB Bromley contract without legal status. Again, it was alleged Vinci Park management were aware of the illegal status of staff and were complicit in maintaining their employment.

1.7 To permit a full investigation, both LB Bromley and Vinci Park agreed to allow full access to all employees, make available all previous investigative work and any further material deemed appropriate by RBG Internal Audit. As part of the process RBG Internal Audit have interviewed employees and obtained relevant material from the following sources:

- LBB Internal Audit;
- LBB Parking Services;



- Vinci Park – Bromley Operation (Letchworth Drive);
- Vinci Park HR (Watford Head Office).

1.8 In addition, RBG Internal Audit in co-operation with LBB Internal Audit have contacted and interviewed several of the key whistle blowers and with the agreement of Vinci Park, have contacted the Home Office for confirmation of employee status. This report presents the results of the investigative work undertaken by RBG Internal Audit.

## 2 Management Summary/Conclusions

### Internal Audit Opinion:

- 2.1 Although the RBG Internal Audit investigation has involved the detailed examination of allegations and parking enforcement procedures, the two key areas of concern relating to Vinci Park's management of the LB Bromley Parking Enforcement contract, which existed at the outset of the investigation, have remained unchanged and undisputed:
- Penalty Charge Notices had been issued which did not accurately reflect the Civil Enforcement Officer responsible for officiating the process, i.e. the incorrect CEO had been stated on the PCN;
  - Several Civil Enforcement Officers previously employed by Vinci Park on the Bromley contract, had no legal right to work in UK.
- 2.2 In both instances, the validity of the Penalty Charge Notices served on members of the public on behalf of the LB Bromley, has been undermined, i.e. the PCNs did not contain the true identity of the individual responsible for recording contraventions and serving the notices.
- 2.3 Although not specifically stated, the Traffic Management Act 2004 does imply that a Civil Enforcement Officer's identity should be accurately recorded, on the Penalty Charge Notice. As a consequence, many of the PCNs issued by Vinci Park staff may not be compliant with the Act and LB Bromley is now facing a significant challenge in determining a) the corporate approach for erroneous PCNs where payment has already been received and b) how the contractual relationship with Vinci Park should continue.
- 2.4 As a guide to the potential level of refund which may be necessary, RBG/LBB Internal Audit identified the Penalty Charge Notices credited

to the two principal Civil Enforcement Officers involved in the PCN malpractice and identified PCN's issued by three Civil Enforcement Officers known to have no legal right to work in the UK. The figures below indicate the payment received to date from the public and the charges which remain outstanding:

<b>Problem with PCN</b>	<b>Paid PCN's £</b>	<b>Charges Outstanding £</b>	<b>Total £</b>
Issuing malpractice	140,223	10,544	150,767
CEO Illegal status	995,611	114,713	1,110,324
<b>Total</b>	<b>1,135,834</b>	<b>125,257</b>	<b>1,261,091*</b>

\*Figures taken from April 2011 only. There are potentially more PCN's prior to this date.

**Summary of Main Findings:**

2.5 RBG Internal Audit have summarised the investigation findings below (with due regard to the requirements of the Terms of Reference provided by LB Bromley):

i) **PCN Malpractice:**

2.6 Both LBB Parking Services and Vinci Park undertook investigations in respect of the initial allegations and both obtained evidence confirming the PCN malpractice. As a consequence of their investigation, Vinci Park provided written assurances to LB Bromley all the Civil Enforcement Officers responsible had been identified and dismissed from their employ. Vinci Park also assured LB Bromley the malpractice was confined to the individuals dismissed and new control procedures had been introduced to prevent a reoccurrence. RBG Internal Audit attempted to ascertain the reasons behind the malpractice, how far it extended and the impact, and whether there is satisfactorily assurance the situation has been corrected.

- 2.7 *Reasons for the malpractice:* Although alleged, RBG Internal Audit found no evidence Vinci Park local management had instructed staff to issue PCNs under another CEO's identity in order to improve deployment figures and secure the performance pay from LB Bromley. Based on the minutes provided by Vinci Park, it appears none of the staff dismissed over the malpractice presented this as a mitigating reason for engaging in the malpractice, i.e. that they were simply acting on a management instruction.
- 2.8 Although there is no evidence of a direct management instruction, the malpractice occurred over a significant period, unnoticed and unchecked by Vinci Park local management. This raises the possibility local management may have been aware certain staff were engaging in the practice but chose to disregard this, given the positive impact on deployment figures. The matter was only fully investigated by Vinci Park management, once allegations were directed outside the organisation.
- 2.9 Given there was no management instruction, RBG Internal Audit attempted to ascertain the motive for one CEO to credit another officer with the PCN but there is no definitive explanation in this respect. Vinci Park confirmed the number of PCNs issued does not attract any form of bonus payment for the CEOs but rather, is used as an individual performance indicator. Vinci Park management have therefore suggested the two senior CEO's [REDACTED] and [REDACTED] were lazy and used their superiority to instruct staff to issue on their behalf. Generally, the two senior CEOs dismissed indicated mistakes occurred when two CEOs shared the same Hand Held Computer, i.e. officers did not adequately check the previous officer had logged out.

- 2.10 ***Extent of the malpractice:*** LB Bromley can take reasonable assurance the malpractice was confined to the Penalty Charge Notices issued by a limited number of Vinci Park staff. At interview, whistle blowers indicated CEO's had only issued erroneous Penalty Charge Notices when paired with two other members of staff on Vinci Park's mobile units [REDACTED] and [REDACTED]. It is unlikely the CEOs on individual foot patrols have assigned PCNs to another CEO (by entering another CEO identity on the Hand Held Computers).
- 2.11 LB Bromley have been largely reliant on Vinci Park for identifying the staff responsible for issuing erroneous Penalty Charge Notices. Vinci Park used video evidence and an analysis of attendance sheets to identify the CEOs paired with [REDACTED] and [REDACTED]. There is reasonable assurance Vinci Park identified all the staff issuing erroneous PCN's given that; a) the number of individuals is larger than those identified by the LB Parking Services investigation and b) in allegations and at interview, none of the whistle blowers offered up other CEO staff who should have been included in the disciplinary process. However, if LB Bromley decides erroneous Penalty Charges need to be refunded, a wider, independent exercise may be necessary to confirm whether all complicit CEOs have been identified.
- 2.12 ***Control of PCN Issuing Procedures:*** There are concerns regarding the level of control exercised by Vinci Park in respect of the Penalty Charge Notices issued. Vinci Park had a responsibility to impose tighter controls in this respect.
- a) ***Shared Hand Held Computers:*** Many of the problems relate to the shared use of Hand Held Computers, i.e. a generic password allowed staff to log in to an HHC under a different CEO identity number. It has been suggested HHC sharing was commonplace given previous problems with device availability and reliability. In addition, both the senior CEOs dismissed, indicated they rarely obtained a HHC from store but generally used the device allocated to the CEO they were paired with. In the

circumstances, it would have been reasonable to expect Vinci Park management to closely monitor HHC sharing (via the equipment log) and be alert to the possibility of erroneous PCNs’;

- b) Recording the contravention: Identifying the malpractice has been possible because the contravention and issue of the PCN has been captured on Body Worn Videos. However, during an exercise undertaken by Vinci Park management, there were several cases (17/301) where the video evidence had either not been captured or was difficult to locate. In these instances, the absence of video evidence would weaken LBB’s position when attempting to secure PCN payment;
- c) Endorsing the PCN: Although the CEO number is printed on the PCN, the process also requires the CEO to sign the document before serving. A hard copy of the PCN is not retained so there is no means of verifying this action. However, given that PCNs were erroneously issued, there is a strong likelihood the signatures did not match the CEO identity or if they did, they were falsified. At interview, a CEO indicated the signature provided would have been deliberately indecipherable.

2.13 ***Prevention of a reoccurrence***: Vinci Park have produced an assurance statement for LB Bromley indicating the control process has been tightened. This has involved the introduction of unique CEO passwords to be used when logging onto Hand Held Computers and a series of proposed controls: a) daily checks of anomalies between PCN record and body camera evidence and random checks of both records; b) CEOs to use audio on Body Worn Videos; c) stressing to staff at morning meetings the importance of entering the correct identity number.

In the time allowed, RBG Internal Audit were unable to confirm the introduction of these controls but it is recommended this is confirmed by LB Parking Services on an on-going basis. It should be

noted that even with the introduction of unique passwords, erroneous PCNs could still be produced if CEOs fail to log off a shared Hand Held Computer.

2.14 **Level of erroneous PCN's issued:** The full financial impact of the malpractice has not yet been clearly defined. LBB Parking Services and Vinci Park appeared to disagree on the relevant Key Performance Indicator affected by the malpractice. Originally, LBB Parking Services informed Vinci Park that as the company failed to reach the average deployment figure, none of the performance pay for 2013/14 would be payable (approximately £109k). Vinci Park disputed this indicating the malpractice had impacted on a limited number of PCNs credited to [REDACTED] and [REDACTED] and the actual parking contraventions were genuine. However, Vinci Park suggested LB Bromley retain 50% of the 2013/14 performance pay. LBB Parking Services responded indicating Vinci Park could retain the £29k already paid in September 2013 as full and final settlement of the 2013/14 performance pay. As a consequence, £80k is currently being withheld in respect of 2013/14, although it is not known whether this has been formally accepted by Vinci Park.

2.15 The situation above concentrates on performance pay and does not address the potential financial impact of identifying and repaying vehicle owners who may have paid an erroneous PCN. LB Bromley will need to ensure a Legal opinion is provided on both the level of performance payment to be withheld and the level of any “compensation” payable by Vinci Park.

ii) **Employment of staff with illegal status:**

2.16 Numerous allegations have been received that Vinci Park had employed staff with no right to work in the UK. In response, the company provided assurances appropriate employment procedures had been followed, including regular communication with the UK Border Agency (UK Visas and Immigration) to confirm staff's right to

work in the UK. During the investigation, Vinci Park Human Resources provided further information relating to the checks undertaken with UKBA. RBG Internal Audit attempted to ascertain whether the employment checks were robust and LB Bromley can take assurance the Civil Enforcement Officers employed by Vinci Park, have a right to work in the UK.

- 2.17 ***Recruitment checks (UK Border Agency):*** RBG Internal Audit were unable to take full assurance Vinci Park were applying a satisfactory level of pre-employment check, in particular to be assured employees' right to work in the UK. Vinci Park HR indicated the company had fostered a close working relationship with the UK Border Agency and in several instances, RBG Internal Audit were able to confirm Vinci Park HR had contacted the UKBA. However, the enquiries appeared very "informal" in nature and the process had failed to identify at least three staff members who had presented false identities at recruitment. In one of these cases, the identity documents presented were not complete and should have been questioned by Vinci Park HR (and UKBA). As a consequence there is again, a concern over the legitimacy of the PCNs issued by the staff concerned.
- 2.18 RBG Internal Audit undertook a sample of independent checks direct with the Home Office. The information returned included photographs of individuals which allowed RBG Internal Audit to confirm passports/visas had been falsified in three instances. The Home Office offers an Employers Checking Service and although Vinci Park HR indicated they were aware of this, RBG Internal Audit were unable to take assurance the service had been fully utilised. Vinci Park HR recognised there appeared to a conflict with the information being returned by the Home Office/UKBA and indicated this would be investigated.
- 2.19 ***On-going checks during employment:*** RBG Internal Audit were unable to take full assurance an appropriate level of identity check is applied during employment. Vinci Park indicated passport/visa



renewal dates are followed up and regular site audits are undertaken to verify employee documents. Vinci Park also indicated they had identified two employees with a questionable right to work in the UK and as a consequence, the individuals were dismissed.

2.20 It appears only one employee was dismissed because of a standard check [REDACTED]. The other employee [REDACTED] had been dismissed following a whistle blow from another CEO (ironically, [REDACTED]). With regard to the other employee with false identity [REDACTED] the individual had left employment for other reasons, i.e. Vinci Park did not identify the employee had false documents.

2.21 Several of the responses received from the Home Office indicated areas of concern with regard to current Vinci Park employees. Although RBG Internal Audit has forwarded details to Vinci Park HR for further review, there has been no response in this respect. LB Bromley require further assurances from Vinci Park that all employees engaged on the Bromley contract, retain the right to work in the UK.

iii) Receipt of allegations and response:

2.22 Numerous and varied allegations have been received from different sources, which have predominantly been channelled through LB Bromley and Vinci Park. The principal whistle blower has indicated allegations were referred to the media and there has been recent contact. RBG Internal Audit attempted to analyse the various allegations received by LB Bromley and Vinci Parks and ascertain whether these had been processed appropriately, i.e. the information provided was acted upon quickly and fully investigated.

2.23 Initial allegations originated from a single whistle blower and mainly concentrated on PCN malpractice. The same whistle blower gradually included additional allegations regarding employees with illegal status. It was when LB Bromley decided to proceed with an

independent investigation, other whistle blowers made contact with LB Bromley and the nature of the allegations intensified. It is possible the whistle blowers may have collaborated on certain information.

- 2.24 ***Allegations received by LB Bromley:*** Generally, LB Bromley responded appropriately to the allegations received. Upon receipt of the initial information, (focusing on PCN malpractice), LB Bromley made immediate contact with Vinci Park and conducted an independent investigation, finding substance to the allegations. The following Vinci Park investigation resulted in the dismissal of staff responsible and the information allowed LB Bromley to retain a large element of performance related pay.
- 2.25 LB Bromley provided appropriate e-mailed responses to the principal whistle blower and LBB Parking Services officers met with him to obtain further information and any available evidence. However, to ensure a structured and joined up approach to the investigation, RBG Internal Audit feel LBB Internal Audit should have been notified of the allegations and involved in the investigation at a much earlier stage.
- 2.26 ***Allegations received by Vinci Park:*** It is not so clear whether Vinci Park acted appropriately with regard to allegations directed to themselves. Although there is some evidence Vinci Park knew of the PCN malpractice several weeks before the allegations were directed to LB Bromley, information was not immediately shared with the Council. It is accepted however, that the information received may not have been sufficiently detailed to confirm the extent of the malpractice.
- 2.27 It also appears Vinci Park did not share information regarding staff with illegal status. Vinci Park were aware a member of staff dismissed (██████████) did not have a clear right to work in the UK (██████████). Vinci Park were aware the CEO had been arrested in connection with his legal status and should have been aware, this could have impacted on the validity of Penalty Charge Notices issued.

This information should therefore have been shared immediately with LB Bromley. Similarly, if there were concerns over the employment status of [REDACTED], dismissed in May 2014, these too should have been immediately shared with LB Bromley.

2.28 Vinci Parks appear to have responded appropriately to the LB Bromley in respect of the allegations jointly received. Vinci Park provided various statements providing assurance over their control of the contract and detailed the investigations undertaken. Vinci Parks have taken action to identify and dismiss the staff deemed responsible for the PCN malpractice and have made LB Bromley a financial offer involving the suspension of performance payment.

2.29 Although Vinci Park did investigate the allegations of PCN malpractice, RBG Internal Audit feel that the nature of the allegations warranted an independent internal review. [REDACTED] and yet he presided over receipt of allegations, review of PCNs/BWVs and the subsequent interview of CEO staff. Given the circumstances, it would have safeguarded staff integrity and provided more assurance for all parties if Vinci Park had appointed an independent officer to conduct an internal investigation.

iv) **Contract Monitoring:**

2.30 RBG Internal Audit aimed to ascertain whether LBB Bromley had adequately monitored the Vinci Park contract in respect of Parking Enforcement. In particular, whether it would have been possible for LBB to detect a problem with regard to the issuing of PCNs and the employment of staff with no legal right to work in the UK. Although the supporting information has provided a level of assurance (see below), it is recommended LBB Internal Audit undertake a more in depth systems review in the area, to obtain full assurance.

- 2.31 **Monitoring of PCN Issues:** Based on the information presented to RBG Internal Audit, LBB Parking Services appeared to be applying an adequate level of control over the monitoring process. The daily deployment figure and issue of PCNs was being actively monitored, performance defaults were being identified and applied as appropriate. There is also evidence of regular contract meetings to discuss and action any concerns with contractor performance.
- 2.32 Until the malpractice was disclosed, it would not have been necessary for LBB Parking Services to check the validity of the CEO identity numbers assigned to PCNs. However, as consequence of their recent investigation, Vinci Park have provided assurances there will be a daily check between PCNs issued and video evidence, to confirm the process has been accurately applied. It is recommended that LBB Parking Services undertake regular verification of this process in future.
- 2.33 **CEO Employment:** RBG Internal Audit were informed LBB Parking Services are regularly provided with a listing of staff employed by Vinci Park on the Bromley contract and are kept informed of starters and leavers. Evidence of this was not provided during the course of the investigation and it is unlikely LBB Parking Services would undertake any independent check on an employee's legal status. In order full assurance can be taken that CEO staff employed have a legal right to work in the UK, it is recommended LBB Parking Services agree on a firm protocol with Vinci Park, for the supply of staffing information.
- 2.34 **Payment Release:** Other contractual payments also being made to Vinci Park by LB Bromley complicate the payment process. RBG Internal Audit were made aware of payments released to Vinci Park in respect of the Parking Enforcement element but were unable to confirm these through LBB Accountancy. RBG Internal Audit noted that due to the PCN malpractice, the LBB Contracts Operation Manager is withholding performance payment to Vinci Parks of approximately £80k in respect of 2013/14 but has released 50% of

the 6 month performance pay in respect of 2014/15 (approximately £13k). To date, it is not known whether Vinci Park have indicated their acceptance of the retention. It is recommended LBB Internal Audit undertake a review of the contract payment process, including confirmation the action in respect of the retention has been approved/authorised at the correct level.

### 3 Internal Audit Findings

3.1 The LB Bromley Terms of Reference included a number of separate areas for review, albeit the main objective of the investigation was to ascertain whether there was any substance to the allegations received. To address the requirements of the Terms of Reference, RBG Internal Audit has grouped the investigation findings under the following generic headings:

*i) Receipt of allegations and the responses provided:*

- a) Allegations received by LB Bromley
- b) Allegations received by Vinci Park

*ii) Allegations in respect of PCN Issuing Procedures:*

- a) Outline of PCN issuing procedure
- b) Main allegations received in respect of PCN malpractice
- c) Action taken to investigate and substantiate allegations

*iii) Allegations in respect of Vinci Park CEO staff with illegal status:*

- a) Allegations submitted
- b) Assurance provided by Vinci Park
- c) Review undertaken by RBG Internal Audit

*iv) LB Bromley – Contract Monitoring:*

- a) Contract specification – overview
- b) LBB – Performance monitoring

i) Receipt of allegations and the responses provided:

a) Allegations received by LB Bromley:

3.2 The first allegation received by LB Bromley appears to have been e-mailed anonymously on 17<sup>th</sup> June 2014 and directed to [REDACTED] [REDACTED] – LBB Car Park, Facilities and Assets Manager. The allegation centred on PCN malpractice by Vinci Park. It now seems apparent this initial allegation may have been sent by previous Civil Enforcement Officer [REDACTED]

[REDACTED] Several further anonymous e-mails were received, before [REDACTED] began to submit under his “own” name.

3.3 LB Bromley continued to receive a significant number of e-mailed allegations, many of which were also copied to Vinci Park. Initially, allegations were directed to LBB Officers but later these were directed and/or copied to LBB Councillors. Although the majority of allegations originated from [REDACTED] allegations have been received from other ex-employees of Vinci Park:

- [REDACTED] was dismissed by Vinci Park [REDACTED] for having no legal status to remain in the UK. He subsequently submitted an e-mail on 5 November 2014 to Ben Stephens, Head of LBB Parking Services and Cllr Smith, alleging CEO’s were unjustly dismissed for issuing PCN’s and the disciplinary process had not been conducted fairly.

- [REDACTED] was dismissed by Vinci Park [REDACTED] for PCN malpractice. He submitted an e-mail to LB Bromley on 7<sup>th</sup> November 2014 alleging Vinci Park management were complicit in the PCN malpractice and had knowingly employed staff with no legal status to work in the UK.

- [REDACTED] was dismissed by Vinci Park [REDACTED] for PCN malpractice. He submitted an e-mail on 9<sup>th</sup> November 2014 to Mark Bowen LBB Director of Corporate Services and Cllr Dunn alleging Vinci management were complicit in the PCN malpractice.
- [REDACTED] formally resigned from Vinci on 6<sup>th</sup> July 2014. She submitted an e-mail in her name on 20<sup>th</sup> December 2014 to Cllr Dunn alleging Vinci managers knew of the malpractice + LB Bromley should have acted earlier on the allegations made by [REDACTED] See below.

- 3.4 It is noted the above individuals only contacted LB Bromley after the independent investigation had been initiated. It is also noted their allegations corresponded with those previously submitted by [REDACTED] [REDACTED] From the correspondence received and statements subsequently made at interview, it appears several of the whistle blowers may have discussed and mutually agreed the allegations.
- 3.5 In many cases, the allegations centre on PCN malpractice but there are references to other areas of malpractice, most notably Vinci Park's employment of individuals with no legal right to work or remain in the UK. During interview, several of the ex-employees, including [REDACTED] expanded on the allegations previously made.
- 3.6 Initially, officers in LBB Parking Services acknowledged receipt of allegations received in respect of PCN malpractice, provided assurances matters would be further investigated and requested the whistle blower provide further detail where necessary. A summary of the allegations received and responses provided by LBB is provided below:
- The initial allegation was received anonymously by LB Bromley on 17<sup>th</sup> June 2014. There is no address to the e-mail although it was



copied to Ben Stephens, the Head of LBB Parking Services and [REDACTED] – LBB Car Park, Facilities and Assets Manager, provided the response. [REDACTED] replied to the e-mail advising the whistle blower the complaint would be logged and investigated. The whistle blower was asked to provide further information.

- In the meantime, Ben Stephens, Head of LBB Parking Services, instructed the Parking Team on 19<sup>th</sup> June 2014 to contact the Vinci Contract Manager at Bromley [REDACTED] and request a formal statement in response to the allegations. On 23<sup>rd</sup> June 2014, the whistle blower provided LBB with details of 3 x CEO's incorrectly credited with issuing PCNs. Details were forwarded to Parking Services for investigation. The information was shared with the Contract Manager at Vinci Park.
- LBB Parking Services convened a meeting with the Contract Manager [REDACTED] on 24<sup>th</sup> June 2014 to discuss the findings. [REDACTED] had already reviewed video footage and found some substance to the allegation (and on return to the Vinci Park office [REDACTED] was suspended). LBB Parking Services gave [REDACTED] until 30<sup>th</sup> June 2014 to fully investigate the allegations. A Vinci Park statement was subsequently provided to LBB Parking Services on 30<sup>th</sup> June 2014;
- In the interim, LBB Parking Services investigated a sample of the PCNs credited to [REDACTED] and [REDACTED] produced a report dated 30<sup>th</sup> June 2014, identifying instances which appeared to substantiate the allegations. The report was shared with Vinci Park who subsequently undertook their own investigation, which resulted in the suspension and dismissal of several CEO's;
- In June/July/August 2014 the whistle blower [REDACTED] continued to submit e-mails to LB Bromley repeating many of the previous allegations of PCN malpractice but including allegations that Vinci Park had employed staff with illegal status. [REDACTED] also sent an e-

mail to Vinci Park on 29<sup>th</sup> July 2014 identifying individuals with illegal status, which was subsequently copied to LB Bromley. Vinci Park provided a further statement to LB Bromley indicating they had taken appropriate action with regard to employment checks.

- The Head of LBB Parking Services provided assurances to [REDACTED] that matters were being investigated and any further information should be provided to [REDACTED] LBB Contracts and Operations Manager. [REDACTED] advised [REDACTED] that Vinci Park had taken appropriate disciplinary action against staff responsible for PCN malpractice. [REDACTED] met with [REDACTED] on 5<sup>th</sup> September 2014 and indicated that apart from the PCN malpractice, LBB were satisfied with the assurances provided by Vinci Park.
- In Sept/Oct/Nov 2014, [REDACTED] continued to repeat allegations of PCN malpractice and the employment of staff with no legal status. [REDACTED] also included allegations that the Managers and Vinci Park Bromley were aware of both malpractices and began to include LBB Senior Officers and Councillors in correspondence. Councillors responded to [REDACTED] in Sept/Oct 2014 indicating matters were being investigated he would be written to in due course. It appears no further responses were provided to [REDACTED] until he was contacted by RBG/Bromley Internal Audit and interviewed on 9<sup>th</sup> December 2014.
- On 26<sup>th</sup> November 2014, three former Vinci park employees met with Cllr Dunn [REDACTED] [REDACTED] They indicated they had made allegations but had received no response and wished to be interviewed as part of the investigation (the three had submitted written allegations in early November 2014 but there was no evidence of a response from LBB). All three were subsequently interviewed by RBG/Bromley Internal Audit in December 2014.

- 3.7 It was noted that although the first allegation was received by LBB Parking Services in June 2014, the situation was not drawn to the attention of Bromley Internal Audit until September 2014, when the whistle blower(s) began to make direct contact with LBB Councillors. In the interim, the allegations (some of which implicated Vinci Park management) were shared with Vinci Park Management.
- 3.8 Never-the-less, there is sufficient evidence that LB Parking Services were actively investigating the allegations made, in particular with regard to PCN malpractice. The initial investigation findings by LBB Parking Services provided sufficient evidence for the Council to withhold any performance related payment to Vinci Park and resulted in the company investigating the malpractice, resulting in the dismissal of the staff Vinci Park deemed responsible.
- 3.9 Despite the action taken and the subsequent assurances provided by Vinci Park, the investigation has continued. This is primarily due to the persistence of the prime whistle blower, the evolving nature of the allegations and the potential financial consequences for the Council. Indeed, to provide full assurance, it was decided to engage RB Greenwich Internal Audit to provide an overview of the investigation process. In this respect, LBB has responded appropriately to the allegations received.
- 3.10 To date, there has been limited formal feedback of investigation progress to the whistle blowers. However, the correspondence collated by Bromley Internal Audit suggests e-mails were acknowledged and appropriate replies provided to the prime whistle blower [REDACTED] particularly when allegations were initially submitted. It was also clear that [REDACTED] was advised of the action taken by Vinci Park in respect of the PCN malpractice.
- 3.11 It is noted that formal acknowledgement of e-mailed correspondence from [REDACTED] has decreased recently. This is understandable given the high level of correspondence being generated and the likelihood [REDACTED] would be interviewed as part of the on-going RBG investigation.

Similarly, although LBB has not formally replied to the other CEOs making allegations, this appears to be because there was the likelihood they would be subsequently interviewed.

***b) Allegations received by Vinci Park***

3.12 As part of the review process, RBG Internal Audit sought to establish whether Vinci Park had separately received allegations relating to the management of the Bromley contract and if so, how these had been dealt with. The information in this respect has been provided by Vinci Park:

***i) Allegations received from [REDACTED] (PCN malpractice):***

3.13 The initial Vinci Park statement provided to LB Bromley effective 30<sup>th</sup> June 2014 (produced by [REDACTED] – Vinci Park Regional Commercial Manager) indicates the company became aware of the PCN malpractice as a consequence of an employee's grievance procedure initiated on 19<sup>th</sup> May 2014. In further discussions, with [REDACTED] (Contracts Manager) and Vinci Park, Human Resources, RBG Internal Audit were informed Vinci Park had not previously received any similar allegations of this nature for Bromley or at any other parking enforcement contract.

3.14 In the event, it was [REDACTED] who had initiated proceedings. Following an incident in the Bromley depot on 16<sup>th</sup> or 17<sup>th</sup> May 2014, [REDACTED] had raised a formal grievance against other CEO's in respect of bullying and harassment. A copy of the grievance letter, dated 19<sup>th</sup> May 2014, was provided by Vinci Park HR. The letter clearly makes reference to PCN malpractice:

*[REDACTED] and a certain member of staff committed gross misconduct by getting other CEO's to issue PCN's on their behalf. [REDACTED] covered this up as he had ample proof that this had taken*

*place. This issue was what started [REDACTED] being bullied at work in the first place as he had felt that [REDACTED] and the other member of staff were jeopardising other CEO's work by forcing them to issue PCN's and passing them off as theirs".*

3.15 Following the incident, [REDACTED] went on stress related sick leave and did not return to full time employment with Vinci Park. [REDACTED] is the partner of [REDACTED]. At interview with RBG/LBB Internal Audit, [REDACTED] indicated he had hand delivered [REDACTED] grievance to [REDACTED] (Contract Manager) on 19<sup>th</sup> May 2014 and was dismissed from the company on the same day.

3.16 The Vinci Park statement makes reference to a second grievance submitted on 7<sup>th</sup> June 2014 alleging [REDACTED] and [REDACTED] had knowledge of the alleged malpractice. RBG Internal Audit have not been provided with details of this second grievance but it is possible the statement is referring to the Grievance Hearing which occurred on 17<sup>th</sup> June 2014(see below–paragraph 3.18).

3.17 The Vinci Park statement also indicates [REDACTED] met with [REDACTED] away from site (Subway in Beckenham) to discuss matters. [REDACTED] subsequently confirmed at interview the meeting had taken place. At the meeting [REDACTED] again alleged PCN malpractice and indicated the [REDACTED] had been aware of the situation as [REDACTED] had obtained video footage of the malpractice which had been sent to him via "WhatsApp". In his statement, [REDACTED] has indicated the [REDACTED] denied having any prior knowledge of the malpractice.

3.18 During her sickness period, [REDACTED] was called to Grievance Hearing Meeting on 17<sup>th</sup> June 2014 (the same date the first allegation was referred to LB Bromley). [REDACTED] attended the meeting with her Union Representative. Vinci Park management were represented

by [REDACTED] and an officer from Vinci Park Human Resources [REDACTED]  
[REDACTED]

3.19 Although Vinci Park provided copies of the minutes, much of the discussion was referenced to a statement prepared by [REDACTED] which was read out and discussed at the meeting. Although RBG Internal Audit have made several requests for a copy of this statement, to date Vinci Park have been unable to locate and provide a copy. In the recorded minutes, [REDACTED] made several allegations, including the practice of issuing of PCNs on behalf of other CEOs.

3.20 [REDACTED] appears to have formally tendered her resignation effective from 6<sup>th</sup> July 2014, although Vinci agreed to continue with the Grievance Appeal Hearing on 27<sup>th</sup> August 2014. In her resignation letter, [REDACTED] made further reference to the PCN malpractice but also indicated [REDACTED] was involved the malpractice.

3.21 At the Grievance Appeal Hearing on 27<sup>th</sup> August 2014, [REDACTED] attended on her own and Vinci Park management were represented by [REDACTED] – Interim HR Manager and [REDACTED] – Regional Support Manager. The minutes supplied by Vinci Park indicate [REDACTED] alleged she and other CEO's had issued PCNs on behalf of [REDACTED] and [REDACTED] [REDACTED] indicated this malpractice had occurred for a number of years and previous and the current site managers were aware of the situation.

3.22 The date of [REDACTED] Grievance Hearing (17<sup>th</sup> June 2014) corresponds with the date of the first allegation was anonymously referred to LB Bromley. It is possible the allegation originated from [REDACTED] but was likely submitted by her partner [REDACTED] [REDACTED] who had been dismissed by Vinci Park effective from 19<sup>th</sup> May 2014 and arrested by the Police at a meeting with Vinci Park on 27<sup>th</sup> May 2014. In any event, from June onwards it is [REDACTED] who takes responsibility for submitting allegations in respect of Vinci Park.

ii) Allegations received from [REDACTED]  
[REDACTED]

3.23 Vinci Park has indicated that following his dismissal, [REDACTED] contacted the company on many occasions with various allegations. [REDACTED] indicated he had received numerous e-mails and at interview [REDACTED] himself indicated he had contacted Vinci Park management on more than 90 occasions.

3.24 However, in a further statement provided to LB Bromley, Vinci Park copied an e-mailed allegation received by them from [REDACTED] on 29<sup>th</sup> July 2014, which focused on other CEO staff with alleged illegal status. In addition, Vinci Park have provided copies of e-mails, supposedly issued by [REDACTED] to [REDACTED] and [REDACTED] after his dismissal for illegal status. It is noted the e-mails from [REDACTED] focus on other CEO staff with illegal status, make no mention PCN malpractice and do not implicate [REDACTED]

3.25 Vinci Park also provided copies of a meeting held with [REDACTED] following his suspension for failing to provide an up to date passport. The meeting was held on 24<sup>th</sup> May 2014 and attended by [REDACTED] and [REDACTED] taking the minutes. The meeting appears to have been very short and ended when Police arrived to arrest [REDACTED]. During the meeting [REDACTED] restated allegations there were other CEOs with illegal status. [REDACTED] indicated he had received several previous e-mails from [REDACTED] in this respect and other CEOs had been checked and cleared.

iii) Allegations received from other CEO's:

3.26 RBG Internal Audit were not made aware of any allegations directed to Vinci Park by other employees. However, following the Vinci Park investigation into allegations of PCN malpractice, a series of interviews/meetings were held with the staff implicated (7 officers implicated, 2 of whom had already left). The following were subsequently dismissed from employment on 18 July 2014 (although [REDACTED] was later reinstated):

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

3.27 Each member of staff was interviewed by [REDACTED] on 2<sup>nd</sup>/3<sup>rd</sup> July as part of the investigation process and then suspended. There then followed Disciplinary Hearings (10<sup>th</sup> July) and Appeal Hearings (11<sup>th</sup> + 18<sup>th</sup> August), which were chaired by an independent Vinci Manager. RBG Internal Audit were provided with copies of the minutes. It is noted that although employees had the opportunity to raise further allegations, in particular against management [REDACTED] and [REDACTED] [REDACTED] this does not appear to have been the case, i.e. the minutes do not record any employee allegations against management in respect of the PCN malpractice and there is no reference to employees with illegal status.

iv) Vinci Park's response to the PCN allegations:

3.28 Vinci Park Human Resources confirmed that aside from the individual interviews and eventual dismissal of the staff implicated, there had been no wider internal investigation or any internal company reports produced regarding the situation at Bromley. In summary, Vinci Park's response to the allegations has been to:



- Meet LB Bromley Parking Officers and provide subsequent statements to LB Bromley outlining their position on the PCN malpractice and the action being taken;
- Investigate officers implicated in the PCN malpractice and take appropriate disciplinary action (see above);
- Provide statements in response to the allegations received in respect of staff being employed with illegal status.
- Undertake a staff “recruitment audit” at Bromley depot;
- Introduce changes to PCN issuing procedures (introduction unique/personal CEO passwords on hand held devices)

3.29 Although allegations of PCN malpractice appear to have been first raised with Vinci Park on 19<sup>th</sup> May 2014, the situation was not immediately notified to LB Bromley. The Vinci Park response appears to have been precipitated by the receipt of the anonymous allegations at LB Bromley, approximately one month later on 17<sup>th</sup> June 2014, i.e. LBB Parking Services contacted [REDACTED] at Vinci Park on 19<sup>th</sup> June 2014 for comment on the allegations received.

3.30 Vinci Park have indicated the initial allegations were not specific and it was only at the subsequent meeting of 23<sup>rd</sup> June 2014 with [REDACTED] [REDACTED] that an address was provided which allowed the investigation to be more focused.

v) Impact of malpractice on PCN's issued

3.31 LB Bromley are yet to obtain Legal opinion on the validity/legality of Penalty Charge Notices issued by Civil Enforcement Officers who had incorrectly entered another CEO number on the PCN. Given the malpractice appeared to relate to PCNs issued by two principal officers, RBG and LBB Internal Audit interrogated the 3sixty system to ascertain the number of PCNs issued during their employ where payment has been made or currently remains outstanding. Figures are presented below:

CEO	PCN's Issued	Charge Paid	Charge Outstanding
████████	2,770	£114,645.00	£9,677.00
████████	552	£25,577.88	£867.00
<b>Total</b>	<b>3,322</b>	<b>£140,222.88</b>	<b>£10,544.00</b>

3.32 It should be noted that the figures have been taken from April 2011. It is currently not known when the two CEOs commenced employment with Vinci Park on the Bromley contract. As a consequence, the figures could be considerably higher.

ii) Allegations in respect of PCN Issuing Procedures:

a) Outline of procedures for issuing Penalty Charge Notices (PCNs):

3.33 RBG Internal Audit have held interviews with LBB Parking Officers, Vinci Park management and individual CEO's. The normal procedure for issuing Penalty Charge Notices (PCN's) in respect of LB Bromley is summarised as follows:

- Vinci Park are contracted to provide the Parking Enforcement Service to LB Bromley (covering on-street parking, 35 car parks and 3 multi-storey car parks). Vinci Park operate from offices at Letchworth Drive, Bromley – leased from LBB. Vinci Park provide Civil Enforcement staff and vehicles. LBB provide all the necessary equipment (including IT for down loading data);
- The current Vinci Park contract includes several performance targets relating to the issue of Penalty Charge Notices. The two key targets are that Vinci Park provide a minimum of 23 CEOs on daily patrol and a total of 66,000 PCNs are issued annually. RBG Internal Audit has been advised performance figures are based on monthly averages and performance related payment can be withheld if targets are not met;
- Civil Enforcement Officers report to Letchworth Drive and complete a daily attendance log. CEOs operate in two daily shifts. CEOs operating as foot patrols are allocated defined beats determined by Vinci Park. Vinci Park also operate several mobile units, each one generally comprising a driver and a CEO. These units are required to drive in allocated areas. There is an expectation (from LB Bromley) both the driver and the CEO will issue Penalty Charge Notices;

- CEOs are provided with standard equipment from Vinci Park's Bromley Depot:
  - Hand Held Computer to record the contravention;
  - Portable printer for producing PCN;
  - Body Worn Video to record the contravention and issuing of PCN;
  - Separate digital camera to record the contravention;
  - A radio and mobile phone.
  
- Equipment is issued daily and CEOs sign a log sheet to indicate receipt. A CEO is required to log into the HHC to register their identity (CEO number). At the time of the PCN malpractice CEOs were logging in under a generic password ("password"). Since the malpractice has come to light, CEOs have been allocated unique, personal passwords;
  
- The CEO observing the parking contravention will take a photograph and activate the body worn video. The CEO records the details of the offence on the Hand Held Computer and prints the Penalty Charge Notice. There is an expectation the CEO observing and recording the contravention also serves the PCN. The printed PCN contains the CEO number + the CEO is also expected to sign the PCN before issuing. The PCN is then normally placed under the vehicles' wiper blade (or hand delivered to the driver if in attendance);
  
- At the end of the day, the equipment is logged back into store and the data on the Hand Held Computer and the Body Worn Video is downloaded. Details from the HHC is downloaded to the 3sixty system (system introduced in October 2013, replacing the Legacy system). The 3sixty system is administered by LB Bromley. Video data is downloaded onto Edisix – a web based system (video recordings can be viewed by vehicle owners wishing to query PCN's). Vinci Park have a 24 hour window to cancel any PCN's they feel may have been issued in error. Thereafter, the PCN is included

as issued and if found incorrect, will impact on the performance target;

- RBG Internal Audit were informed CEOs do not receive any form of bonus for the number of PCNs issued. However, the number issued by each CEO is a performance issue for management, i.e. depending on the circumstances those CEOs only issuing a small number of PCN's would be challenged by management.

***b) Main allegations received in respect of PCN malpractice:***

***i) Allegations received Pre Audit Investigation:***

3.34 As previously detailed, many of the original allegations in respect of PCN malpractice appear to have been submitted by ex-employees

[REDACTED]

The initial allegations indicated:

- CEO's were issuing PCNs on behalf of others, i.e. the CEO number recorded on the PCN was not that of the officer observing and recording the contravention.
- Local management at Vinci Park Bromley were aware of the PCN malpractice which had been on-going for a number of years.

3.35 As part of her grievance with Vinci Park, [REDACTED] alleged CEOs were issuing PCNs specifically on behalf of [REDACTED] and [REDACTED]

[REDACTED] The initial anonymous allegation submitted to LB Bromley on 17<sup>th</sup> June 2014, also indicated CEOs were issuing on behalf of [REDACTED] and [REDACTED] and identified [REDACTED] as the officer issuing PCNs on their behalf.

3.36 In the second anonymous allegation to LB Bromley received on 23<sup>rd</sup> June 2014, [REDACTED] were mentioned again and CEO's 195 [REDACTED] and [REDACTED] were identified as officers issuing on their behalf. This allegation contained a specific location where this malpractice was alleged to have occurred, i.e. Sayers Court Rd. In the same e-mail, the whistle blower alleged [REDACTED] was aware of the situation and [REDACTED] had been sent video footage of the malpractice but did not act on this.

ii) Allegations received after an independent investigation announced:

3.37 Although [REDACTED] then proceeded to submit numerous e-mails, the allegations did not change significantly and centred on CEOs issuing PCNs on behalf of [REDACTED] and [REDACTED] submitted several allegations identifying the relevant CEOs). [REDACTED] also emphasised several times he had passed video footage in respect of the malpractice to [REDACTED] via "Whatsapp", but this information was not utilised. [REDACTED] could no longer access this information (and [REDACTED] had denied receiving this) and was therefore asking LB Bromley to contact "Whatsapp" to pay for this information to be released.

3.38 Although [REDACTED] persists with allegations in this vein, action was being taken and progressed by LB Bromley and Vinci Parks, i.e. a review of the PCNs supposedly issued by [REDACTED] and [REDACTED] the identification of CEO's actually issuing the PCN's, their subsequent interview and eventual dismissal. Although [REDACTED] was putting great store by the video footage supposedly sent by Whatsapp, LB Bromley and Vinci Parks had already accumulated their own video evidence in this respect.

3.39 It appears when CEO's became aware an independent investigation was taking place, [REDACTED] and several of the other CEOs dismissed by Vinci Parks, began to place more emphasis on the involvement of local management in the PCN malpractice. [REDACTED] also placed more focus on the alleged employment of CEO's with illegal status.

***c) Action taken to investigate and substantiate the allegations:***

***i) LBB Parking Services – Investigation findings:***

3.40 RBC Internal Audit met with [REDACTED] (LBB Contracts and Operation Manager) and [REDACTED] to discuss PCN procedures and the malpractice which had occurred. Officers have explained how the situation developed and provided details of the subsequent investigation undertaken.

3.41 Upon receipt of the initial allegations LBB Parking Services met with the Vinci Park Contracts Manager – [REDACTED]. Given that [REDACTED] had been identified as the main protagonists, LBB Parking Services proceeded to review 3sixty in respect of the PCNs issued by [REDACTED] and [REDACTED]. The review was focused on an 18 month period January 2013 to June 2014.

3.42 Initially, LBB Parking Services identified that 54 PCNs were credited to [REDACTED] and 1,289 to [REDACTED]. LBB Parking Services selected a sample of PCNs (46 for [REDACTED] and 60 for [REDACTED]) and accessed Edisix to ascertain whether there was video evidence of PCNs being issued by [REDACTED] and [REDACTED]. The results were detailed in a report dated 30<sup>th</sup> June 2014, subsequently passed to Vinci Park. Results are summarised in the following table:

<i>Check undertaken by Parking Services</i>	[REDACTED]	[REDACTED]
Total PCNs issued in period (Jan 2013 to June 2014)	54	1,289
Sample PCNs reviewed by Parking Services	46	60
PCNs found with no corresponding video footage	6	10
PCNs found where the BWV used by the credited CEO	9	27

<i>PCNs with evidence of another CEO issuing</i>	<i>31</i>	<i>33</i>
PCNs subsequently cancelled during the 24 hour period	4	Nil
<i>Total no. PCNs incorrectly “charged”</i>	<i>27</i>	<i>33</i>

3.43 The exercise identified the CEO’s below had issued PCN’s on behalf of both [REDACTED] and [REDACTED]

[REDACTED]

3.44 LBB Parking Services also noted occasions where 3sixty indicated PCNs had been issued by [REDACTED] but the corresponding video footage on Edisix came from the Body Worn Video issued to [REDACTED]

ii) Vinci Park – Investigation findings/outcome:

3.45 To ascertain procedures and discuss the Vinci Park approach to the investigation, RBG Internal Audit met with [REDACTED] (Vinci Park Contracts Manager) and [REDACTED] (Vinci Park Regional Commercial Manager) at Letchworth Drive. Other CEO staff were spoken to during the initial visit and RBG Internal Audit made a return visit to confirm the various investigations undertaken by [REDACTED]

3.46 RBG Internal Audit also visited Vinci Park Head Office in Watford and following a brief meeting with the Operations Director [REDACTED], discussed procedures and the investigation approach with staff in Vinci Park HR [REDACTED]. Subsequent to the meeting, RBG Internal Audit has regularly communicated with Vinci Park HR via telephone and e-mail.



3.47 In response to the allegations received (23<sup>rd</sup> June 2014), Vinci Park immediately suspended [REDACTED]. Following the meeting with LBB Parking Services (24<sup>th</sup> June 2014) Vinci Park also suspended [REDACTED]. Vinci Park then undertook a separate investigation and produced a statement for LBB Parking Services dated 30<sup>th</sup> June 2014 indicating the progress in this respect.

3.48 Initially, Vinci Park concentrated on the last 90 days of enforcement but no anomalies were found between PCN and video records. Vinci Park reviewed earlier records concentrating on the PCN's issued by [REDACTED]. Evidence was found that substantiated the allegations and the following CEO's were suspended:

[REDACTED]

3.49 There then followed a series of Investigation Meetings, Disciplinary and Appeal Hearings with the 5 suspended CEOs. All were eventually dismissed from Vinci Park employment with the exception of [REDACTED] [REDACTED] who was reinstated. At the request of RBG Internal Audit, Vinci Park provided copies of the minutes from each one of the 15 separate meetings.

3.50 All the meetings were held in [REDACTED] office at Letchworth Drive. The initial Investigation Meetings were all held on 2<sup>nd</sup>– 3<sup>rd</sup> July 2014 with [REDACTED] as the investigating officer and [REDACTED] from Vinci Park HR as the minute taker. These were followed by Disciplinary Hearings on 10<sup>th</sup> July 2014 chaired by [REDACTED] (Vinci Park Head of Learning and Development) with [REDACTED] (Vinci Park HR) taking minutes. The Appeal Hearings were held on 11<sup>th</sup> + 18<sup>th</sup> August 2014, chaired by [REDACTED] (Vinci Park Regional Commercial Manager) and [REDACTED] (Vinci Park HR) again taking minutes.

3.51 RBG Internal Audit has reviewed all the minutes provided by Vinci Park and concluded the following:

- It appears all the staff were made aware of the reasons for their suspension and the implications for incorrectly issuing PCNs (undermines the validity of the PCN);
- All CEOs appear to have been shown video evidence to support management’s case, albeit that these appeared to be mostly single examples of the malpractice;
- It was clear it was common practice for several CEOs to share the Hand Held Computers, either because there was a shortage or operating problems. [REDACTED] indicated he did not book out an HHC to himself, but used the machine allocated to the other CEO he was training/ accompanying. All the CEOs (in particular [REDACTED] and [REDACTED] were made aware of the importance of logging out of shared HHCs after use and/or repair;
- None of the CEOs indicated they had instructed other CEOs to issue on their behalf. Similarly, it was noted none of the staff indicated they had been instructed by management to issue PCN’s on behalf of others. [REDACTED] indicated [REDACTED] would have asked him to issue PCN’s if they were short on CEO numbers (but not on behalf of someone else);
- The officers responsible for “claiming” the credit for issuing PCN’s [REDACTED], both indicated there had been mistakes, i.e. other CEO’s had failed to log them out of the HHC and log back in again under their own CEO number. [REDACTED] also suggested other CEO’s may have logged into the HHC using his number;
- The officers responsible for issuing PCN’s on behalf of [REDACTED] and [REDACTED] were also challenged. Despite being shown video evidence,

██████████ appeared to deny this had happened. ██████████ indicated mistakes had been made and the previous user of the HHC ██████████ had not logged out prior to him using the machine. ██████████ ██████████ indicated he had unknowingly issued a PCN in respect of ██████████ had entered his number into ██████████'s machine without his knowledge. ██████████ spotted this at the end of the day and had asked ██████████ to void the PCN.

3.52 Although not explicit in the minutes, Vinci Park dismissed ██████████ and ██████████ for failing to ensure they had properly logged out of the HHCs, whereas ██████████ and ██████████ were dismissed for failing to check the status of HHCs and log back in under their own CEO identity. Vinci Park HR indicated all the formal dismissal letters stated the same reasons and copies of the letters issued to ██████████ and ██████████ were provided as examples. Both were dismissed for Gross Misconduct and dismissal letters indicate this was for failing to log in and out of equipment correctly.

3.53 It appears, Vinci Park accepted the explanation provided by ██████████ and elected to reinstate his employment. ██████████ referred to a single instance of issuing a PCN for ██████████ for which ██████████ was at fault. The PCN exercise undertaken by LBB Parking Services did not highlight any instances of malpractice involving ██████████. It is not known, how many instances of malpractice were identified by Vinci Park in respect of the individual CEOs implicated but it appears Vinci Park confirmed only a single instance for ██████████.

3.54 In addition, to the staff suspensions and disciplinary meetings held, Vinci Park undertook a separate exercise to ascertain whether the malpractice could be more widespread. The Contract Manager ██████████ ██████████ agreed with LBB Parking Services to review 4 separate weeks from January 2013 to February 2014 (24 separate days). ██████████ identified CEO staff remaining on the Vinci Park payroll as at 27<sup>th</sup> July 2014, selected a random sample, identified the PCN's issued and proceeded to check the video footage. Instances, where the video footage which did not match the number of PCNs issued, were further

investigated. The results were forwarded to [REDACTED] LBB Head of Parking Services on 7<sup>th</sup> August 2014.

3.55 In the report provided, [REDACTED] reviewed 301 separate occasions of CEOs issuing a total of 2,700 PCNs. On 17 occasions, [REDACTED] identified the volume of video footage from the Body Worn Videos did not match the number of PCN's issued by the CEO on the day. In most of these cases, [REDACTED] provided an explanation for the disparity. Three examples shown below:

- On 17<sup>th</sup> January 2013 – [REDACTED] was shown as issuing 9 PCN's but there was no supporting video footage. The explanation provided was that the BWV battery was flat + the comment was there was *“no suggestion of any past history”*.
- On 14<sup>th</sup> June 2013 – [REDACTED] was shown as issuing 13 PCNs has no supporting video footage. The explanation provided: *“Taken 195 BWV in afternoon by mistake”. “Cases for [REDACTED] on [REDACTED] BWV. Genuine mistake incorrection allocation of cam”*.
- On 8<sup>th</sup> February 2014 – [REDACTED] shown as issuing 20 PCNs but with no supporting video footage. Explanation provided: *“Moped Rider – No BWV taken out”. Warning on file”*.

3.56 In many other cases, the explanation provided was that the BWV battery was flat or had stopped working. It was noted in several cases, there was no explanation for the missing video footage but [REDACTED] appears to have taken assurance through other means that a reasonable explanation existed. As a result of the exercise only one member of staff was reprimanded ([REDACTED] above).

3.57 As a consequence of the above exercise, Vinci Park concluded: *“VINCI Park Services UK is confident following the investigation into the above samples that no malpractices were witnessed by our current employees for the stated period. As a result of the vigorous checks*

*and an implementation of new protocols Vinci Park Services Ltd is confident that the malpractices witnessed have ceased.”*

3.58 RBG Internal met with [REDACTED] to review the investigation process. Whilst it is accepted the exercise was long and laborious and a more detailed check was probably not practical, the investigation does not necessarily provide independent assurance – given that it was undertaken by [REDACTED] and not Vinci Park Head Office. If there were any truth to the allegation Vinci Park management instructed CEOs to issue PCNs on behalf of others, in particular in times of low deployment, the exercise would not identify these occasions.

3.59 The investigation process contained several flaws, e.g. it appears to have been based on a selective sample of CEOs; in several cases there is no clear evidence why there is no supporting video footage; it is not clear whether the CEO's were working as part of a mobile unit or as a solitary CEO, etc.

3.60 In the statement provided on the 27 July 2014, Vinci Park indicated controls had been tightened. In addition to the introduction of unique CEO passwords for Hand Held Computers, Vinci Park indicated the following would be undertaken:

- Any daily anomalies between PCN record and the body camera evidence will be investigated and those involved asked to explain their actions as to the issue;
- Random checks will be made to check both types of records;
- CEOs will use audio to make it clearer in the future who is holding the body cam;
- Regular and full reminders in daily briefs of this specific malpractice and the outcome for anyone found to be participating.

iii) RBG/LBB Internal Audit – Interview of Vinci Park ex-employees (PCN malpractice):

3.61 RBG and LBB Internal Audit, have interviewed a number of staff dismissed by Vinci Park. i.e.

[REDACTED]

Although [REDACTED] was also invited for interview, he declined to attend but did provide detail to the Head of LBB Internal Audit on the telephone.

3.62 The information provided at interview (in respect of the PCN malpractice) has been summarised below:

- It was confirmed CEOs had issued PCNs on behalf of [REDACTED] and [REDACTED]. Generally, it was indicated the malpractice was restricted to mobile units and only applied to the PCN's credited to [REDACTED] and [REDACTED] i.e. the malpractice was not more widespread amongst other CEOs. However, [REDACTED] indicated he had been instructed to issue on behalf of [REDACTED].
- Both [REDACTED] and [REDACTED] did not take out Hand Held Computers but used a generic password to log onto the equipment assigned to the other CEO's. [REDACTED] was mainly office based and rarely went out to issue PCNs. This was only done if CEO deployment numbers were low;
- Several interviewees indicated the CEOs accompanying [REDACTED] and [REDACTED] would have been instructed to issue PCNs on their behalf, i.e. to log into the HHC under their number and issue the PCNs. However, [REDACTED] implied he had issued PCN's and CEOs forgot to

log back in as themselves, implying the mistake was due to “human error”. [REDACTED] indicated CEO’s would use his number to log into the HHC and issue PCNs but then forget to log out and back in again as themselves.

- Several interviewees suggested [REDACTED] instructed CEO’s to log in as another CEO and issue PCNs in order to increase deployment numbers [REDACTED]. They indicate this would have been a verbal instruction. [REDACTED] suggested he was informed to deny this practice was occurring, especially if asked by the Council. If acting under management instruction, [REDACTED] was asked why he did not offer this as a defence against his dismissal, especially at the appeal hearings. [REDACTED] stated he was under the impression he needed to deny the allegations and he would be reinstated;
- [REDACTED] indicated the CEO’s issuing the PCNs needed to sign the document before placing on the vehicle. When issuing PCNs on behalf of [REDACTED] the CEO would have entered “a squiggle”, i.e. the signature would not be decipherable. [REDACTED] indicated he had not issued any of the PCNs assigned to his CEO number (it is assumed to be from the time he was a driver in the mobile unit).

3.63 The information provided is largely compliant with the original Vinci Park findings, ascertained through investigation and the disciplinary interviews. The most significant “additional” allegation is that management had instructed CEO staff to issue PCNs on behalf of [REDACTED] and [REDACTED] in order to increase deployment numbers and meet performance targets. On the balance of probability, it seems unlikely a specific instruction would have been issued in this respect given that none of the staff dismissed over the malpractice (and [REDACTED]) appear to have presented this in their defence at appeal, i.e. that they were simply acting under a management instruction.

iii) Allegations in respect of Vinci Park CEO staff with illegal status:

a) Allegations submitted

3.64 As with the PCN malpractice, allegations regarding the employment of staff with no legal status to remain or work in the UK are numerous and have increased as the investigation progressed. The initial allegations appear to have been directed to Vinci Park by [REDACTED], who was himself dismissed from Vinci Park on 19<sup>th</sup> May 2014 for failing to provide a renewed passport.

3.65 Vinci Park produced a statement for LB Bromley on 30<sup>th</sup> July 2014, in which they refer to an e-mail received a day earlier from [REDACTED] copied to LB Bromley. There has been no evidence of this e-mail. The e-mail allegedly refers to the following members of Vinci Park staff as “illegal immigrants”:

[REDACTED]

3.66 The e-mail indicates 3 other staff would be “exposed”. On 22<sup>nd</sup> August 2014 [REDACTED] e-mailed [REDACTED] at LB Bromley, indicating [REDACTED] should not be working due to their immigration status. On 12 September 2014, [REDACTED] submitted a further allegation to LB Bromley [REDACTED] indicating that [REDACTED] were both illegal workers in the UK.

3.67 [REDACTED] continues to submit further e-mails to LB Bromley alleging the employment of staff with illegal status. There are further references to [REDACTED] and a reference to [REDACTED]. In later correspondence, [REDACTED] alleged that [REDACTED]



██████████ had been aware of staff with no legal status to remain or work in the UK and had been complicit in their continued employment.

**b) Assurances provided by Vinci Park**

3.68 In the Statement provided on 30<sup>th</sup> July 2014, Vinci Park responded to the initial allegations received from ██████████ by providing a short outline of the normal recruitment procedure:

*“Prior to taking on any new employee VINCI Park request a number of forms of documentation including passport, right to work in the UK, NI/NINO and proof of address. These are then checked by site alongside our HR department in line with UKBA guidelines. Once these are met, these documents are then forwarded to VINCI Park’s in house specialist who then processes any further CRB and/or credit worthiness checks if applicable.”*

3.69 In the same statement, Vinci Park provided assurances in respect of ██████████ and the individuals named in his initial allegations and ██████████ (it is understood ██████████ had made earlier allegations to Vinci Park regarding ██████████). The assurances provide by Vinci Park are summarised below:

- ██████████: Normal pre-employment procedure followed. The passport presented was valid, contained ██████████ photograph and indicated he had leave to remain in the UK issued by the UKBA. The passport due to expire in early 2014 and he was requested to provide a new one as per UKBA guidelines. He requested time to go to the Police to get a note allowing him to go to the ██████████ High Commission in London to get a new passport. This caused concern and the Contract Manager contacted HR and Peninsula (HR Consultancy service providers) who advised he be suspended till he produced a valid passport.

The UKBA carried out checks on [REDACTED] and discovered he was not who he claimed to be. Acting on advice, Vinci Park called Police and he was arrested on site. Immigration Officer failed to attend Bromley Police Station and he was released. [REDACTED] was dismissed as unable to fulfil his contractual obligations.

- [REDACTED] Same pre-employment procedure above was followed. Vinci Park were not aware of any irregularities. [REDACTED] always re-submitted documents when requested. Documents checked in line with UKBA. He was also checked by UKBA in August 2012 during a surprise visit at Bromley. [REDACTED] No reason to doubt NT or the paperwork submitted.
- [REDACTED]  
[REDACTED]  
[REDACTED] In July 2012 he brought in a passport and letter from UKBA and Solicitor confirming his new name [REDACTED] He left in 2012 and took another job. No reason to doubt [REDACTED] or the paperwork submitted. [REDACTED] was actually employed by Vinci Park as [REDACTED]
- [REDACTED] [REDACTED] went through the same pre-employment procedure as above and submitted passport with right to work and leave to remain in the UK. Paperwork submitted to HR before he was allowed to start work. HR forwarded paperwork to UKBA for checks. Vinci Park not aware of his deception until this year (2014), when information became available that cast doubt on the validity of his documentation. Vinci Park were informed the passport he presented did not belong to him and in due course he was arrested and charged for various offences. Dismissed for not being able to complete his contractual obligations.

- [REDACTED] Paperwork previously sent to HR. In subsequent years he would always resubmit documentation when asked to do so. At no stage did Vinci Park have any inclination of the allegation made by [REDACTED] and no reason to doubt [REDACTED] or paperwork submitted. [REDACTED]
- [REDACTED] underwent the same pre-employment procedure as other staff and all his paper work was forwarded to HR. [REDACTED] had been checked via UKBA several times and as recent as June 2014. UKBA confirmed he has the right to work and live in the UK. Vinci Park has no reason to doubt [REDACTED] or the paperwork submitted.

3.70 In the statement of 30<sup>th</sup> July 2014, Vinci Park “vehemently denied” a) knowingly employing any persons without the leave to remain or work in the UK and b) when information did come to light, they had been negligent in exercising their obligations. Vinci Park indicated that as a result of checks during employment, the company identified two individuals with invalid documentation who were subsequently referred to the UK Border Agency. When aware the individuals were ineligible to work and remain in the UK, they were dismissed.

3.71 Vinci Park indicated that in July 2014 they undertook a “full and thorough” audit at Bromley to confirm and verify the identity of all employees and be assured of their eligibility to work in the UK. All employees were required to submit documents confirming their right to live and work in the UK which were checked and copied. Vinci Park HR then corresponded with UKBA to verify residence permits and outstanding applications. Vinci Park were satisfied all employees at the Bromley Contract had been vetted and “are who they say they are”.

3.72 In response to the later allegations submitted in respect of [REDACTED] Vinci Park produced two statements for LB Bromley dated 30<sup>th</sup> September 2014

and 14<sup>th</sup> October 2014. In the October statement, Vinci Park indicated the two individuals had been checked in line with normal procedures and checked again during the course of the July 2014 audit. Documentation provided by the individuals was checked with UK Border Agency and Vinci Park had no reason to doubt their authenticity.

3.73 In response to further enquiries from ██████████ (LBB Contracts and Operations Manager) in respect of ██████████ Vinci Park produced one further statement on 30<sup>th</sup> October 2014. The statement indicated Vinci Park HR had submitted a copy of the passport held for ██████████ to the UKBA (including the photograph) and obtained confirmation the records matched. As a consequence, Vinci Park had no concerns regarding his right to work in the UK.

c) Review undertaken by RBG Internal Audit

3.74 RBG Internal Audit has discussed recruitment arrangements with Vinci Park management ██████████ and Vinci Park HR, obtained and reviewed HR documentation provided and interviewed several ex-employees in respect of the allegations made in respect of illegal status. With the consent of Vinci Park, RBG Internal Audit also contacted the Home Office to confirm the status of several current and ex-employees. The results are presented below:

i) Vinci Park – Employee recruitment/review process:

3.75 During interview, Vinci Park management and HR confirmed arrangements for recruiting new staff and undertaking on-going checks during employment:

- Initial recruitment is undertaken at Bromley (advertisement/ interview). Prospective employees are required to provide the necessary identity documentation indicating a right to work in the

UK (Birth certificates; Passports, Residency Permits, etc.). The documents are copied and forwarded to Vinci Park HR for further verification checks;

- Vinci Park HR confirmed verification checks are undertaken and details of expiry dates for passports, visas, etc. are entered into the Vinci HR system which automatically flags up document renewal dates as appropriate;
- Vinci Park HR indicated the company had not found any incidents of staff being employed with no legal right to work in the UK, at any other company site (only the two instances at Bromley). To date the company had not received any Home Office fine for failing to apply the necessary verification checks and employing staff with no legal right work in the UK;
- In response to the two incidents in 2014, Vinci Park HR “tightened controls” and fostered closer ties with the UK Border Agency. A contact officer [REDACTED] attended the Vinci Park Managers Conference in 2014 to discuss the verification checks to be undertaken by HR and Managers. In consultation with UKBA, Vinci Park HR produced management guidance in this respect. Copies were forwarded to RBG Internal Audit. With UKBA support, Vinci Park HR agreed to undertake a 2 year audit of employee status at each site;
- Vinci Park HR indicated the UKBA would be contacted in relation to any concerns over an employee’s legal status. In response to an enquiry from RBG Internal Audit, [REDACTED] Interim HR Manager indicated:

*“Not every employee who is on a visa/work permit details are sent to the Home Office to verify. It is only ones where there are suspicious or where clarification is needed at the time of hire.*”

*In cases where there are queries regarding a potential employee and sometimes that of a current employee, where their eligibility to work has raised questions we will contact the Home Office and supply them with all identity documents – passport and visa, along with any letters from the Home Office that has been submitted. In some cases we will often send copy of a signature to ensure that this matches Home Office records. In addition, we will provide them with any of our own comments to help them provide us with the facts.*

*Further to this, we also conduct ECS checks on potential employees who have a case outstanding with UKBA and that also of current employees whose current visa end and where they submit a new claim to UKBA to ensure that they do have the eligibility to continue working within the UK. This information is of course kept on file and reviewed on a regular basis.”*

- At RBG Internal Audit’s request, Vinci HR accessed several employees’ on-line records and provided evidence of communication with UKBA. Although an evidence trail existed in these cases, this mainly comprised e-mailed correspondence between [REDACTED] of Vinci Park HR and [REDACTED] of UKBA;
- In response to an enquiry from LBB Parking Services in relation to [REDACTED] (Regional Commercial Manager) explained the arrangement between Vinci Park and UKBA: *“In case of confusion I wish to clarify something with you, the ‘service’ we have with UKBA is solely built around a relationship built up by our HR and one officer. The UKBA do not provide any ‘service’ for checking paperwork, you cannot subscribe or engage UKBA to act as an Immigration checking service and as such we cannot ‘quicken’ their pace or press for an answer”.*
- Vinci Park HR confirmed their HR Consultancy partner (Peninsula) indemnify the company against Employment Tribunal losses and

therefore approve the processes/correspondence issued in respect of employee dismissals. The verification was applied to the decisions taken for the staff found to have no legal right to work in the UK.

ii) Review of action taken by Vinci Park:

- 3.76 To date, Vinci Park have identified and dismissed two members of staff for having no right to work in the UK – [REDACTED] and [REDACTED].
- 3.77 In the July 2014 statement, Vinci Park indicated the documentation submitted by [REDACTED] had been reviewed at recruitment by Vinci Park HR and subsequently cleared with UKBA. Despite this, [REDACTED] continued to operate as a CEO under a false identity from October 2011 until February 2014, when Vinci Park received information the documentation was invalid.
- 3.78 RBG Internal Audit requested a copy of the passport submitted to Vinci Park by [REDACTED]. The copy provided contained no relevant passport detail (e.g. photograph, personal detail, expiry date, etc.), only the passport cover and blank page. Details included an enclosed Residence Permit (with photograph) and a copy of a letter from UKBA granting [REDACTED] "Indefinite leave to remain in the UK". Subsequent RBG enquires have shown that whilst the Residence Permit photograph matched the person presenting themselves as [REDACTED] the other documentation was false.
- 3.79 Although not included in the statement, [REDACTED] did inform RBG Internal Audit that it had been [REDACTED] who had provided the information regarding [REDACTED] illegal status, which had resulted in more stringent checks and his eventual dismissal.

- 3.80 Similarly, in the July 2014 statement Vinci Park indicate pre-employment checks had been undertaken on [REDACTED]. However, [REDACTED] had operated as a CEO under a false identity from June 2012 until May 2014, when he failed to renew his passport. In this instance, Vinci Park have indicated the discovery of his false identity appears to have resulted from a routine check generated by Vinci Park HR (the passport presented by [REDACTED] was due to expire on 28<sup>th</sup> April 2014).
- 3.81 At RBG Internal Audit's request, Vinci Park provided a copy of the passport presented to the company by [REDACTED] together with some associated correspondence. In this instance, Vinci Park had copied the passport details including a copy of a Residence Permit indicating "No time limit on holder's stay in the UK". However, the Residence Permit contains no photograph of the holder and there is no supporting letter from UKBA.
- 3.82 It is not clear when Vinci Park initially contacted [REDACTED] asking him to renew his passport. Vinci Park HR provided an undated letter to [REDACTED] from [REDACTED] indicating he had been contacted in this respect on 14<sup>th</sup> May 2014. The letter also refers to a meeting [REDACTED] had previously attended with management [REDACTED] on 27<sup>th</sup> May 2014. In the minutes passed to RBG Internal Audit [REDACTED] indicates his passport had been expired for a week when he was called in and told to renew.
- 3.83 The undated letter sent to [REDACTED] by [REDACTED] states his employment was terminated with immediate effect. [REDACTED] has informed RBG Internal Audit he was suspended on 19<sup>th</sup> May 2014, the same day he handed [REDACTED] grievance letter to [REDACTED]. The official dismissal date from Vinci Park is recorded as 19<sup>th</sup> May 2014.



3.84 At the meeting between [REDACTED] and [REDACTED] on 27<sup>th</sup> May 2014, [REDACTED] questioned why he had been singled out to renew his passport when there were at least 4 other staff whose passports had also expired. [REDACTED] indicated [REDACTED]'s details had been reviewed by "*Kevin who is our immigration officer*" and found to be incorrect, i.e. passport number did not correspond with the Residence Permit serial number and no photograph on the Residence Permit. [REDACTED] also indicated that in addition to [REDACTED] he had received "numerous" e-mails relating to other CEO staff [REDACTED]. The passport expiry dates had been identified by the "People Portal" system at Head Office.

iii) RBG/LBB Internal Audit – Interview of Vinci Park ex-employees (re legal status):

3.85 RBG Internal Audit accompanied by LBB Internal Audit, have interviewed a number of staff dismissed by Vinci Park. i.e.

[REDACTED]

3.86 The above were asked questions regarding the employment of CEO staff with no legal right to work in the UK. A summary of the information provided is presented below:

[REDACTED] confirmed he had no legal right to work in the UK and his real name was [REDACTED] indicated [REDACTED] has e-mailed staff indicating ID checks would be undertaken every 6 months but he had been there 2 years without any checks. [REDACTED] indicated Vinci Park in Bromley had employed other staff with no legal right to work in the UK and management [REDACTED] were aware of this

during their employment, e.g. [REDACTED] has suggested [REDACTED] marry [REDACTED] in order to “legalise his status”. [REDACTED] gave further information relating to some CEO’s he had previously included in written allegations (under the name of [REDACTED]):

- [REDACTED] indicated [REDACTED] had changed his name to [REDACTED] with the assistance of [REDACTED]
- [REDACTED] indicated [REDACTED] had been in the UK illegally for approximately 7 years and had “married” [REDACTED]
- [REDACTED] indicated [REDACTED] did not have the requisite documents and [REDACTED]
- [REDACTED] indicated [REDACTED] knew of his and [REDACTED] indicated it was when [REDACTED] complained [REDACTED] at Bromley, that [REDACTED] called immigration.

[REDACTED] provided information at interview and supplemented this with further e-mails provided shortly afterwards. [REDACTED] indicated he had been informed by [REDACTED] there would be ID checks every 6 months but this had not been done in the 2 years he was there. [REDACTED] indicated [REDACTED] knew staff had no legal right to work in the UK when they were employed.

[REDACTED] indicated in some cases [REDACTED] assisted illegal workers to have a name change, [REDACTED] – changed to [REDACTED] [REDACTED] indicated [REDACTED] had called immigration because [REDACTED] had become the spokesman for a group of CEO’s objecting to the “unfair” dismissal of another CEO. [REDACTED] also indicated that apart from himself the following had no legal right to work in the UK:

- [REDACTED]
- [REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

[REDACTED] that [REDACTED] had called the immigration in respect of [REDACTED]. [REDACTED] was asked to produce his passport following an incident with [REDACTED] and was subsequently arrested. Apart from these two CEO's, [REDACTED] was aware that [REDACTED] did not have legal status. [REDACTED] name was changed to [REDACTED] with [REDACTED] knowledge [REDACTED].

[REDACTED] When asked whether he knew of any CEO's employed with no legal status to work in the UK, [REDACTED] indicated he knew of no current employees but was aware of the following ex-employees (CEO numbers quoted):

- [REDACTED] implied [REDACTED] was a friend of [REDACTED] who had informed [REDACTED] at engagement, there could be problems with [REDACTED] papers at the Home Office;
- [REDACTED]
- [REDACTED]
- [REDACTED]

3.87 The allegations put forward at interview largely mirror those previously submitted by [REDACTED], although several new names were included as having no right to work in the UK. To ascertain the level of verification undertaken on employees, RBG Internal Audit had hoped to review the personnel files held by Vinci Park HR during a site visit to their Watford Head Office at the end of

November 2014. However, manual employee files requested were not available for inspection during the visit. Vinci Park HR explained all employee files were being held in off-site storage. Although some personnel details had been scanned into a new Payroll/HR System, the electronic files were not fully complete, in particular for ex-employees.

3.88 Although Vinci Park HR agreed to “download” certain individual documents upon request, this proved too time consuming and not particularly practical. Where possible, Vinci Park HR agreed to provide requested documents by e-mail. Although not ideal, RBG Internal Audit did attempt to request certain documents. However, the process became arduous as constant reminders needed to be sent to elicit a response. Responses were eventually provided but the length of time taken made further enquires impractical.

3.89 Under the circumstances, RBG Internal Audit has been unable to take complete and independent assurance that Vinci Park HR has applied the required level of verification check in respect of all the employees engaged on the Bromley contract. In addition, although RBG Internal Audit attempted to undertake independent checks via the Home Office, data security complications in this area have prevented a full review.

iv) Home Office Checks:

3.90 RBG had hoped to undertake an extensive check of Vinci Park employees (both current and several ex-employees) at the Home Office and this process was commenced early in the investigation, based on the initial staffing list provided to LB Bromley. Initially, RBG Internal Audit had a high level of success obtaining the necessary details from the Home Office. In total, the Home Office provided information in respect of 17 CEO staff.

3.91 However, as the investigation progressed, the Home Office had concerns regarding providing this detailed information to a third party, albeit RBG Internal Audit were acting under instruction from LB Bromley and Vinci Park. As a consequence, the Home Office were not prepared to continue sending information to RBG and indicated these enquiries should be undertaken direct by the employer.

3.92 Although RBG Internal Audit has been unable to obtain more confirmation from the Home Office, in particular with regard to several of the names put forward by the whistle blowers, the information provided to date by the Home Office has revealed the following:

HO responses in respect of staff currently employed by Vinci Park (12 of 17):

- In 3 cases, the Home Office confirmed employees had obtained British Citizenship: [REDACTED].
- In one case, the Home Office indicated Unknown Nationality but the subject did have the right to work in the UK: [REDACTED].
- In 3 cases, the Home Office confirmed there was no trace of the employees and the nationality was unknown. However, the Home Office have indicated there may be valid reasons for this, e.g. a British Citizen born in the UK; a national of the European Economic Area (EEA). The individuals are: [REDACTED].
- In 4 cases, the Home Office confirmed the employees had non-British nationality, but had leave to remain/work in the UK [REDACTED].

- In one case, the Home Office confirmed the employee had [REDACTED] [REDACTED] [REDACTED] RBG Internal Audit queried this employment with Vinci Park HR and were given assurances the case had been cleared by their UKBA contact. At RBG Internal Audit's request, Vinci Park provided a copy of [REDACTED] passport indicating he held [REDACTED] [REDACTED]

As a [REDACTED] national, [REDACTED] would have the right to work in the UK. However, RBG Internal Audit still had concerns over the passport copy provided, i.e. the photograph(s) were not clear, there were possible amendments and deviations from a standard [REDACTED]. The matter was therefore referred back to Vinci HR with a copy of the Home Office notification and photograph supplied to RBG. Vinci Park HR were advised to investigate further and satisfy themselves over [REDACTED] identity.

Vinci Park HR replied they had asked their UKBA contact to check again and he had responded with *"I've just checked and after a mini panic up, I can confirm there are no restrictions"*. Vinci Park HR indicated the RBG photograph had since been sent to Immigration requesting a further check *"...as it appears that the same department is providing conflicting information"*. Vinci Park indicated they would advise RBG Internal Audit when a response had been provided. To date this has not been forthcoming.

HO responses in respect of ex-employees of Vinci Park (5 of 17):

- [REDACTED] The Home Office confirmed [REDACTED] had become a naturalised British citizen [REDACTED]. Prior to this date [REDACTED] had been granted leave to remain in the UK

effective from [REDACTED] (EEA – Permanent Residence Card Non-EEA National).

During the interview of ex-staff members, several CEOs were shown the Home Office photograph and asked if they recognised the individual. All recognised the photograph as [REDACTED]

- [REDACTED] The Home Office confirmed [REDACTED] had an Issue Document Certifying Permanent Residence – EEA National [REDACTED] As a consequence, [REDACTED] had the right to work in the UK. RBG/LBB Internal Audit were able to confirm the Home Office photograph matched the individual presenting himself at interview.

- [REDACTED]: The Home Office confirmed details in respect of [REDACTED] and provided photographs of two separate individuals. The real [REDACTED] had been granted indefinite leave to remain in the UK on 17<sup>th</sup> January 2003. However, the Home Office were aware a failed Asylum Seeker had also been using the identity of [REDACTED] This person was known to the Home Office as [REDACTED]

The person presenting themselves at interview matched the Home Office photograph of [REDACTED] although he insisted this was not his real name. The name he provided to RBG/LBB Internal Audit was [REDACTED]

- [REDACTED] The Home Office confirmed that [REDACTED] was granted indefinite leave to remain in the UK on [REDACTED] and became a naturalised British Citizen on [REDACTED] At the RBG/LBB Internal Audit interview, the individual previously employed as [REDACTED] did not match the Home Office photograph. The person did not reveal his real identify, although it is noted his e-mails to LBB have contained the reference [REDACTED]

- [REDACTED] The Home Office confirmed [REDACTED] held the nationality of [REDACTED]. As an EU national [REDACTED] had the right to work in the UK. Several ex-staff called in for interview (who had worked with [REDACTED]) were shown the Home Office photograph of [REDACTED] but none recognised the image.

In the statement to LB Bromley dated 30<sup>th</sup> July 2014, Vinci Park indicated the normal pre-employment procedure had been applied to [REDACTED] including checks with the UKBA.

RBG Internal Audit referred the Home Office information including the photograph to Vinci Park HR, and requested copies of the documentation accepted at recruitment. Vinci Park HR provided (over a month after the request) a copy of the passport accepted. It is clear the person employed by Vinci Park does not correspond with Home Office records. As a consequence, it appears likely the person employed as a CEO from [REDACTED] [REDACTED] had also been operating under a false identity.

v) Impact of Employment on PCN's issued.

3.93 LB Bromley are yet to obtain Legal opinion on the validity/legality of Penalty Charge Notices issued by Civil Enforcement Officers who have no legal right to work in the UK. Given that Vinci Park employed 3 such CEO's on the Bromley contract, RBG and LBB Internal Audit interrogated the 3sixty system to ascertain the number of PCNs issued during their employ, where payment has been made or currently remains outstanding.. Figures are presented below:

CEO	PCN's Issued	Charge Paid	Charge Outstanding
[REDACTED]	8,555	£357,922.01	£28,706.00



██████████	6,396	£345,245.35	£77,588.00
██████████	6,682	£292,444.01	£8,419.00
Total	21,633	£995,611.37	£114,713.00

3.94 Figures for ██████████ and ██████████ are taken from the beginning of their employment (Nov 2011 and June 2012 respectively). Figures for ██████████ are taken from April 2011 although the CEO began employment in Sept 2006. As a consequence the figures for ██████████ are likely to be higher (PCN's for period Sept 2006 to April 2011 to be included).

iv) LB Bromley Contract Monitoring:

3.95 The information obtained in respect of the current Vinci Park contract was obtained through discussions with the LBB Contracts and Operations Manager [REDACTED] and [REDACTED]. [REDACTED] The Contracts and Operations Manager has responsibility for managing the contract with Vinci Park, which includes reviewing performance and agreeing payment.

a) Contract Specification – Overview:

3.96 RBG Internal Audit were advised Vinci Park have been responsible for delivering the Parking Enforcement contract at LB Bromley since 2000. The current contract began in 2006 and was initially scheduled to run for 5 years but was extended until 2016. It is understood that LB Bromley has Shared Service responsibility for LB Bexley and the new contract to be let in 2016 will cover both Boroughs.

3.97 The current contract covers a number of traffic control areas within the Borough including on and off street parking, car park operation and maintenance, school crossing patrols. With regard to Parking Enforcement, Vinci Parks are required to cover all LB Bromley's on street parking, 35 car parks and 3 multi storey car parks. LB Bromley outlines the specific areas to be regularly patrolled (e.g. town centres), but Vinci Park are responsible for determining individual patrols.

3.98 Vinci Park operate from offices at Letchworth Drive, Bromley, leased from LBB. Vinci Park are required to provide the manpower (Civil Enforcement Officers) and the vehicles, whilst LB Bromley provides all necessary equipment. The issue, collection, storage of equipment and downloading of data is controlled by Vinci Park. LB Bromley retain responsibility for managing the downloaded data and

recovering PCN income. The 3sixty system is used for managing Penalty Charge Notices and Edisix for video recordings.

3.99 Vinci Park invoice LB Bromley monthly in respect of the service provided. Contractual payments are based on a “fixed price” and a variable performance element. For 2014/15 the fixed price was approximately £2.6m + VAT which included all contracted areas (car park maintenance, school crossing patrols, etc.). The performance element is normally applied annually but can be paid six monthly, if performance is positive. The performance element in respect of Parking Enforcement is based on the delivery of 2 Key Performance Indicators:

- The issue of at least 66,000 PCNs in the year;
- Provision of an average of at least 23 CEOs on active patrol on a daily basis (there is an expectation from LBB that Vinci will exceed this figure, i.e. 29 CEOs on daily patrol).

3.100 Although there are 2 other KPIs which relate to staff turnover and training, RBG Internal Audit were informed these are not monitored on an on-going basis and no penalties have been imposed because of any failings in these particular areas. The LBB Contracts Operation Manager indicated Vinci Park are required to provide details of the staff employed on the contract and keep LBB advised of new starters or leavers. However, it is not clear whether this information is regularly provided to LBB Parking Services.

3.101 The performance element is driven by the number of PCNs issued in relation to the annual base line target of 66,000 PCNs. If Vinci Park issue in excess of the target figure, an additional performance payment is released based on the number achieved (up to a maximum of 74,000 PCNs), i.e.

66,001 – 67,000 PCNs issued: Performance pay – £15 per additional PCN;

67,001 – 68,000 PCNs issued: Performance pay – £17 per additional PCN;

68,001 – 74,000 PCNs issued: Performance pay – £20 per additional PCN.

Maximum annual performance pay: £152k

3.102 Similar penalties are applied if Vinci Park fail to issue at least 65,900 PCN's per annum, i.e.

65,999 – 64,900 PCNs issued: Deduction from basic fee – £15 per PCN;

64,899 – 63,900 PCNs issued: Deduction from basic fee – £20 per PCN;

Below 63,899 PCNs issued: Deduction from basic fee – £25 per PCN.

3.103 RBG Internal Audit have been informed none of the performance element will be paid if Vinci Park fail to have an average of 23 CEOs on daily patrol, regardless of the number of PCNs issued. RBG Internal Audit were also informed the daily target of 23 CEOs had originally been specified by Vinci Park in their Contract Method Statement. The figure was reviewed and agreed by LB Bromley based upon their previous experience of what was reasonable coverage for the Borough.

***b) LBB – Performance Monitoring:***

3.104 The LBB Contracts Operations Manager informed RBG Internal Audit he undertakes regular and independent monitoring of Vinci Park performance. This involved reviewing the number of CEO staff deployed, the number of PCNs being issued and cancelled and agreeing on the defaults which need to be applied. The independent monitoring allows the verification of performance as detailed on the

monthly invoices submitted by Vinci Park. Performance is also regularly discussed with Vinci Park at monthly contract meetings.

Contract Meetings:

3.105 LBB holds monthly contract meetings with Vinci Park to discuss performance. LBB and RBC Internal Audit obtained and reviewed minutes of the meetings held during February to October 2014. The meetings appear to follow a set pattern with regular discussion of the following:

PCN Issues:

- Training for ICES (Imperial Civil Enforcement Solutions);
- Reconciling of PCNs (manual count with the system);
- Changes to HHCs to restrict use via password (July/August/Sept 2014);
- Login passwords for CEOs to be unique (Sept 2014)
- Production and discussion of “default” spread sheets – reasons for cancellations;
- Equipment issues, in particular the number of HHCs available;
- Capability of Vinci Park to correct lines and signs.

Body Worn Videos:

- Issues in respect of vest positions for cameras;
- Equipment issues (batteries)
- Appears to be a regular item with [REDACTED] agreeing to fit cameras in vans.

KPI Training/Retention/Deployment:

- Deployment issues due to CEO sickness;
- Levels of achievement required.

3.106 Although the minutes indicate regular discussion of key issues, the earlier minutes are appeared very standardised, with the repetition of agenda items and proposed action, e.g. it was noted at each meeting [REDACTED] indicated he would investigate the option of having cameras fitted into vans – although this does not appear to have materialised.

3.107 There appears to be increased discussion towards year end however, especially with regard to the introduction of unique passwords for CEOs to use on the Hand Held Computers. RBG Internal Audit were informed both LBB and Vinci Park had mutually agreed not to discuss at the contract meetings, the detail of the allegations received in respect of PCN malpractice.

Performance Review:

3.108 The contract material submitted to RBG Internal Audit suggests Vinci Park should provide the “Parking Manager” with a weekly report detailing the total number of PCNs issued together and cancelled (report to include reasons for cancellation and the names of the CEOs responsible for their issue). There was no reference to these weekly reports during discussions with RBG Internal Audit.

3.109 Until the malpractice came to light, there would have been no apparent reason for the LBB Parking Services to undertake an independent check on the validity of Penalty Charge Notices, i.e. to be assured the CEO numbers recorded on the PCNs were accurate based on the evidence from Body Worn Videos. Vinci Park have indicated they now intend to undertake their own daily checks in this respect and RBG Internal Audit recommend LBB Parking Services regularly verify this check is being applied.

3.110 RBG Internal Audit were advised a report of PCN activity is produced by Vinci Park for the monthly contract meetings and copy of the report March 2014 was provided. The report included details of daily CEO deployment and the number of PCNs issued (monthly and year

to date). However, there was no information in relation to PCN cancellations or the actual CEOs responsible for issuing PCNs.

3.111 RBG Internal Audit were informed that the LBB Contracts and Operations Manager (COM) regularly reviews the data downloaded to 3sixty and produces a number of spread sheet reports for monitoring purposes (information used at contract meetings). On-line reports were shown to RBG Auditors during their site visits. The COM uses the reports to independently identify the number of CEOs deployed on a daily basis and the number of PCNs issued. The information is then used to verify the monthly invoice submitted by Vinci Park. The COM prepares a preparatory “pro-forma” invoice which is sent to Vinci Park in advance of their invoice submission. The submitted Vinci Park invoice is checked against the previous LBB submission and any variations/defaults are discussed.

3.112 As part of the process for verifying payment, the Contracts and Operations Manager will identify PCNs which should be discounted. Under the current contract Vinci Park are allowed a 24 hour window to cancel any PCNs they themselves identify as being issued incorrectly. Thereafter, the PCNs are included in the Vinci Park submission and are subject to a default/ penalty if found to have been issued incorrectly.

3.113 Incorrect issuing of PCNs and payment defaults are normally attributable to a *“Failure to properly attempt to serve a PCN in accordance with the provisions of the 1991 Road Traffic Act”* or *“Failure to comply with the Council’s Traffic Management of Off-Street Parking Orders”*. In most of these instances, the issuing of a PCN has been queried by the vehicle owner and the reasons why a PCN should not have been issued upheld.

3.114 The Contracts and Operations Manager calculates the number of CEOs operating on a daily basis. For this purpose, there is no calculation of hours on duty, i.e. a CEO who is on duty for an hour and only issues one PCN, would count towards the 23 daily target.

3.115 The LBB Contracts Operation Manager has provided details of payments made to date and the variables due. RBG Internal Audit has been informed that because of the current allegations and concerns, LBB Parking Services are currently withholding approximately £80k of performance pay relating to 2013/14 and have to date only released 50% of the 6 month figure due for 2014/15 (£13,375).

3.116 Following the Vinci Park investigation and confirmation of PCN malpractice, the LBB Contracts Operations Manager appears to have written to Vinci Park in July 2014 disputing payment in respect of the Key Performance Indicators for 2013/14. The COM indicated the malpractice had impacted on the overall CEO deployment figure (23 CEOs deployed daily) and as a consequence, Vinci Park were not entitled to any of the performance payment for 2013/14. The COM originally requested the return of the performance pay already released in September 2014 (£29k) and indicated there needed to be a similar assessment for the performance pay relating to 2014/15.

3.117 In a statement provided to LBB on 27th July 2014, Vinci Park disagreed the KPI in respect of deployment was applicable. Vinci Park accepted that *“unacceptable practice had occurred”* but indicated the performance pay deduction should be in respect of the number of PCN’s credited to the two officers responsible for the malpractice [REDACTED] and [REDACTED]. In this respect Vinci Park had estimated the maximum number of PCN’s credited to the two CEOs in 2013/14 was 411.

3.118 LBB Internal Audit obtained reports from 3sixty and the previous Legacy system in respect of PCN’s credited to TL73 and CEO66. The reports indicate significantly more PCNs were credited to the CEO’s in both 2013/14 and 2014/15, e.g.

PCN’s Credited	[REDACTED]	[REDACTED]	Total
2013/14	779	91	870



2014/15 (Apr– June 14)	313	26	339
<b>Total</b>	1,092	117	1,209

3.119 Vinci Park felt that even after deducting this number of “compromised” PCN’s, the total number issued still exceeded the performance target required for the year, i.e. after defaults Vinci Park had issued approximately 72,000 PCN’s against a minimum performance target of 66,000 PCNs. Vinci Park also indicated that as the malpractice had not occurred during 2014/15, there should be no impact on the level of performance pay due.

3.120 Reducing the level of PCNs issued by 411 would have minimal impact on performance related payment (£8,220). Reducing the performance pay using the figures above would equate to £24,180. However, Vinci Park recommended LB Bromley retain a larger sum than this, 50% of the total performance pay for 2013/14, i.e.

- Total performance pay due in respect of approx. 72,000 PCN’s = £109k
- Proposed 50% to be retained by LBB = £55k;
- Advance payment already released in September 2013 = £29k;
- Outstanding 2013/14 therefore payment due to Vinci Park = £26k.

3.121 In response to the Vinci Park statement, the LBB Contracts Operation Manager contacted Vinci Park indicating he accepted their “reassurance that PCN’s were only issued to vehicles that were in contravention” and agreed that the company could retain the £29k payment made in September 2013 as full and final settlement of the 2013/14 performance pay. The LBB Contracts Operation Manager felt that balance of £80k should continue to be retained by LB Bromley. To date, it is not known whether this proposal has been formally accepted.

## **4. Audit Recommendations**

- 4.1 LB Bromley should obtain immediate Legal advice regarding the validity/legality of the PCNs previously issued, where it is known the incorrect Civil Enforcement Officer identity number has been stated (the PCNs issued as a result of the malpractice). LB Bromley should ascertain whether the PCNs issued in this regard are compliant with the requirements of the Traffic Management Act 2004.
- 4.2 LB Bromley should obtain immediate Legal advice regarding the validity/legality of the PCNs previously issued, where it is known the relevant Civil Enforcement Officer had no legal right to work in the UK. LB Bromley should ascertain whether the PCNs issued in this regard are compliant with the requirements of the Traffic Management Act 2004.
- 4.3 Depending on the Legal advice obtained, LB Bromley Senior Officers and Members will need to decide whether a formal repayment policy should be applied in those cases where drivers have already paid a penalty charge to LB Bromley. If so, LB Bromley will need to fully identify and cost all the erroneous PCNs previously issued and identify those where payment has been received.
- 4.4 Depending on the decision taken above, LB Bromley should obtain Legal advice regarding Vinci Park liability under the terms and conditions of the contract, in relation to Penalty Charge Notices which been issued incorrectly but payment has subsequently been received.
- 4.5 LB Bromley to obtain Legal advice regarding the level of performance related pay which can be legally retained from Vinci Park (or released), under the terms and conditions of the current contract.

- 4.6 LB Bromley to seek assurances from Vinci Park that they have fully investigated the level of “conflicting information” being provided by the Home Office and they have adopted a formal process for confirming the identity of Civil Enforcement Officers. Vinci Park to provide LB Bromley with details of the formal process adopted in this respect and LB Bromley to judge whether this is sufficient.
- 4.7 LB Bromley to seek further assurances from Vinci Park in respect of the Civil Enforcement Officers currently employed on the Bromley contract, to be assured of their right to work in the UK. Vinci Park to pay particular attention to the current employees highlighted in this report. LB Bromley to be immediately notified if any instance is found where a CEO was subsequently found to have no right to work in UK.
- 4.8 LBB Parking Services to be provided with detailed and regular personnel information in respect of the Civil Enforcement Officer staff employed by Vinci Park on the Bromley contract. The information to include the names of the individual Civil Enforcement Officers engaged and confirmation of an identity check with the Home Office. Thereafter, Vinci Park to advise LBB Parking Services of all new starters and leavers.
- 4.9 LBB Parking Services to ensure Vinci Park have introduced sufficient controls to ensure the accuracy of Penalty Charge Notices information. In particular, there is a regular check to ensure the video evidence which supports the Civil Enforcement Officer recorded on the PCN. LBB Parking Services to undertake regular monitoring to be assured the controls are being regularly applied.
- 4.10 LBB Internal Audit to undertake a review of the contract monitoring arrangements with regard to the Vinci Park contract, to be fully assured a) there is a sufficient level of independent review of contractor performance and b) the payment process is subject to an appropriate level of internal check and review.

4.11 LBB Internal Audit to ensure that LBB Parking Services in particular, are fully aware of the Council's Financial Procedures in relation to the reporting of whistleblowing allegations, i.e. that LBB Internal Audit are notified at the earliest opportunity.



**TERMS OF REFERENCE**

**ENVIRONMENT AND COMMUNITY SERVICES  
INDEPENDENT REVIEW OF THE PCN INVESTIGATION 2014-15**

**OCTOBER 2014**

**INVESTIGATION OBJECTIVES**

To provide independent assurance to management that the investigation reports provided by Vinci Park and LBB Parking Services are accurate, representative and timely.

To provide independent assurance that the PCN contract with Vinci Park is subject to robust controls, specifically for recruitment of operatives and the procedures to issue PCNs to counter the allegations raised by the whistle blower.

**KEY ISSUES TO BE REVIEWED BY THE INVESTIGATOR**

**Alleged Illegal status of workers employed by Vinci Park**

- Adequacy of Vinci Park personnel procedures for recruitment and ongoing reviews
- Response to the allegations received – Vinci Park and Bromley
- Verification of the Vinci Park investigation reports
- Contractor/Client working relationship – compliance to contract and availability of information in a timely manner

**Malpractice**

- Adequacy of Vinci Park practices and procedures for issuing PCNs
- Verification of LBB Parking investigation report and action taken –provide an overview of the work undertaken by Internal Audit
- Verification of the Vinci Park investigation report and action taken

**WORK TO BE UNDERTAKEN**

The independent investigator will have access to all information gathered by Vinci Park, LBB Parking and Bromley Internal Audit to date. Bromley officers in Parking, Internal Audit and Legal will be available to work with the investigator as required. Similarly Vinci Park officers will be requested to be available for the purposes of the investigation.

The investigator will not be expected to undertake work on the potential numbers and values of PCN's affected by illegal status and malpractice issues but can quote figures extracted by in house investigations. Furthermore the investigator will not be expected to comment on legality issues.

**REPORTING**

**Reporting and Issuing of Draft and Final Reports:**

Nigel Davies, Executive Environment and Community Services

Paul Symonds, Assistant Director, Transport and Highways

Mark Bowen, Director of Corporate Services

Peter Turner, Director of Finance

Luis Remedios, Head of Audit

██████████ Vinci Park

Appendix B: List of Vinci Park personnel

Vinci Park Management	Position
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

Vinci Park – Civil Enforcement Officers		
Name	CEO No.	Employment status
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Vinci Park – Civil Enforcement Officers		
Name	CEO No.	Employment status
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

