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DATE: 23 May 2019

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

Councillor Neil Reddin FCCA (Chairman)  
Councillor Robert Evans (Vice-Chairman)  
Councillors Gareth Allatt, Ian Dunn, Keith Onslow, Tony Owen and Stephen Wells

A meeting of the Audit Sub-Committee will be held at Bromley Civic Centre on  
**TUESDAY 4 JUNE 2019 AT 7.00 PM**

MARK BOWEN  
Director of Corporate Services

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

## A G E N D A

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 **DECLARATIONS OF INTEREST**
- 3 **CONFIRMATION OF THE MINUTES OF THE AUDIT SUB COMMITTEE MEETING HELD ON 26TH FEBRUARY 2019-- EXCLUDING THOSE CONTAINING EXEMPT INFORMATION (Pages 5 - 16)**
- 4 **QUESTIONS TO THE AUDIT SUB COMMITTEE FROM COUNCILLORS OR MEMBERS OF THE PUBLIC**

In accordance with the Council's Constitution, questions that are not specific to reports on the agenda must have been received in writing 10 working days before the date of the meeting.

Questions specifically concerning reports on the agenda should be received within two working days of the publication date of the agenda. Please ensure that questions specifically regarding reports on the agenda are received by the Democratic Services Team by 5pm on 29th May 2019.

**5 MATTERS OUTSTANDING REPORT (Pages 17 - 20)**

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

Ahead of the Audit Sub-Committee meeting scheduled for 4<sup>th</sup> June, the following internal audit reports have now been published on the Council website:

- 1-Review of the Troubled Families Claim
- 2-Housing Benefit and Council Tax Reduction Scheme
- 3-Review of the Strategic Commissioning Audit
- 4-Review of the Adult's Social Care Budget Management for 2018-2019
- 5-Review of the Children's Social Care Budget Management for 2018-2019
- 6-Residential Care Audit for 2018-2019
- 7-Review of the Financial Strategy and Budget Compliance for 2018-2019
- 8-Payroll Expenses-2018-2019
- 9-Internal Audit of Treasury Management
- 10-Review of Arboricultural Services Audit for 2018-2019
- 11-Audit Review of Total Facilities Management
- 12-Review of Traffic and Road Safety Procurement Audit for 2018-2019

The web link to the information briefing that shows the reports is:

<https://cds.bromley.gov.uk/ieListDocuments.aspx?CId=559&MId=6770&Ver=4>

**7 EXTERNAL AUDIT PENSION FUND PLAN 2018-19 AND AUDIT FEE LETTER FOR 2019-20 (Pages 21 - 58)**

**8 INTERNAL AUDIT PROGRESS REPORT (Pages 59 - 116)**

**9 ANNUAL INTERNAL AUDIT REPORT (Pages 117 - 130)**

**10 ANNUAL GOVERNANCE STATEMENT (Pages 131 - 182)**

**11 DATE OF THE NEXT MEETING**

The next meeting of the Audit Sub-Committee is scheduled for 17<sup>th</sup> October 2019.

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

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

**Items of Business**

**Schedule 12A Description**

**13 ANNUAL FRAUD & INVESTIGATIONS AND EXEMPT ITEMS REPORT** (Pages 183 - 222)

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

**14 EXEMPT MINUTES OF THE MEETING HELD ON 26TH FEBRUARY 2019** (Pages 223 - 224)

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

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## AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 26 February 2019

### Present:

Councillor Neil Reddin FCCA (Chairman)  
Councillor William Huntington-Thresher (Vice-Chairman)  
Councillors Gareth Allatt, Ian Dunn, Robert Evans,  
Christopher Marlow and Tony Owen

### Also Present:

Colin Brand, Deepali Choudhary, Barrie Cull, Janet R.  
Dawson, David Hogan and Linda Pilkington

### 26 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

No apologies had been received.

### 27 DECLARATIONS OF INTEREST

There were no declarations of interest.

### 28 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 14th NOVEMBER-- EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

A Member referenced the section of the minutes that mentioned Direct Payments, and the possibility of the provision of a payment card that could be used to purchase services. The Member asked for an update concerning this. The Head of Internal Audit promised to look into the matter and provide an update in due course.

### RESOLVED that

**1) The Head of Internal Audit provide an update concerning whether or not payment cards had been introduced for service users in receipt of Direct Payments.**

**2) The minutes be agreed and signed as a correct record.**

### *Post Meeting Note:*

*The update relating to Resolution 1 was disseminated to the Member that asked the question on 20<sup>th</sup> March 2019:*

*'Internal Audit have met with the Project Manager – Direct Payments Lead (PM-DPL) to establish the work done to date to improve the current direct payments process and secondly to evidence progress to implement a pre-payment card for direct payments.*

*The Direct Payment Board, Chaired by the Director of ASC, agreed the business plan for prepayment and the Gateway Report to proceed to procure has now been signed off by the appropriate authorising officers. It is proposed that a three year pre-paid card contract with an option to extend for a further year, will be awarded to start in May 2019'*

**29 QUESTIONS TO THE AUDIT SUB COMMITTEE FROM COUNCILLORS OR MEMBERS OF THE PUBLIC**

No questions had been received.

**30 MATTERS ARISING REPORT---PART 1**

**CSD 19032**

The matter relating to Zurich developing a cyber insurance policy was noted. The Head of Audit advised the Committee that a new Insurance Manager would be appointed soon and would commence duties in March. The view of the new Insurance Manager on cyber insurance cover was that existing policies were not well developed. The new Insurance Manager would advise Internal Audit further in due course, subsequent to his appointment.

The Director of Regeneration (Mr Colin Brand) provided an update concerning progress made with the development of the Civic Centre Accommodation Strategy. Members were informed that the work to implement the strategy had gone out to tender. All of the tenders were due back during the second week of March. The contract would be awarded by the end of March and work would then commence in April.

A Member requested that more detail be added to the 'estimated completion' column in the Matters Arising report.

A Member expressed dissatisfaction that the matter relating to the objections to the accounts had still not been closed and asked when this was likely to happen. Janet Dawson (Partner-Ernst and Young) came to the table to provide a response. She explained that this was a matter that was historically still being managed by KPMG. She hoped that KPMG would now move swiftly to complete this work and bring the matter to a conclusion.

**RESOLVED that the Matters Arising report is noted.**

**31 QUESTIONS ON THE AUDIT REPORTS PUBLISHED ON THE WEB**

No questions had been received concerning the Internal Audit reports that had been published on the Bromley Council website.

## **32 EXTERNAL AUDIT PLAN 2018-2019**

Ms Dawson attended the Committee to answer any questions Members had regarding the External Audit Plan for 2018-2019.

Members were asked to note the External Auditor's arrangements for the Audit Plan for 2018—2019. Members were also being asked to note and agree the materiality and reporting levels that were detailed in the Plan. Members were also being asked to note the significant risks outlined in the Plan, along with the Value for Money (VFM) arrangements that had been set out. It was noted that Ernst & Young LLP were also responsible for developing a similar plan for the Pension Fund which would follow.

Ms Dawson referred the Committee to page 5 of Ernst & Young's Audit Planning Report for the year ending 31<sup>st</sup> March 2019. She highlighted and explained the four main areas of risk that had been identified:

- Misstatements due to fraud or error—especially associated with the possibility of management overriding controls
- Risk of fraud in revenue and expenditure recognition, through the inappropriate capitalisation of revenue expenditure
- Inherent risk associated with Asset Valuations
- ISA 19 valuations relating to pensions liabilities

(ISA refers to the 'International Standards on Auditing' and are auditing guidelines from the Financial Reporting Council).

The Committee heard that risks associated with pensions were complex and so actuaries would need to be involved in the risk assessment process.

Ms Dawson explained that in addition to the risks mentioned above, two areas of audit focus had been identified.

- Spring Capital Loan
- New Accounting Standards—IFRS 9 & IFRS 15

Members were briefed concerning the Materiality limits which were as follows:

- Planning Materiality--£9.59m
- Performance Materiality--£7.19m
- Audit Differences set at--£479,500

Ms Dawson highlighted the figures and asked if the Committee could confirm whether or not they agreed with them. The Committee was happy to agree with the proposed Materiality limits and the Audit Differences figure. The Committee was pleased to note that there had been a reduction in the external audit fees. A discussion took place about the issue of 'Independence' and how important it was that the External Auditors were independent from both Members and officers.

Ms Dawson reported that there was still a Member who had not made an independence declaration. She asked if this could be followed up as a matter of urgency.

*Post Meeting Note:*

*This matter was reported by the Committee Clerk to the Head of Democratic Services the following day. The Head of Democratic Services took immediate steps to clarify who the Member was, and to attempt to resolve the issue.*

Ms Dawson explained how Ernst & Young identified what they regarded as significant risks. A Member asked about the use of consultants. It was clarified that Ernst & Young used their own internal consultants and that Cushman and Wakefield acted as consultants for LBB. A discussion took place concerning the testing for capital and revenue expenditures.

The Chairman enquired why the Spring Capital Loan had been identified as an area of focus. Ms Dawson responded that the Spring Capital Loan had been highlighted previously by KPMG and it was now the case that Ernst & Young wanted to understand more about the transaction as it was an unusual one; for this reason it had been highlighted.

A Member asked about VFM and enquired if Ernst & Young based their VFM assumptions solely on the consideration of the LBB accounts, or whether they would also consider the practices of other local authorities. Ms Dawson answered that Ernst & Young had teams that worked across a variety of local authorities and that because of this they would be able to identify good and bad practice. Reporting could be influenced if any of these factors were deemed to be significant.

A Member asked how far would the external auditors 'dig down' into the accounts and financial statements of the Council. Ms Dawson stated that Ernst & Young would need to first gain an understanding of the Council's Committee and Governance structure. They would need to make a judgement as to whether or not the system of controls was robust and reliable. They would also undertake an assessment of Internal Audit. Ernst & Young would only dig down further if they felt there was an issue or a risk.

Mention was made of the LCIV (London Collective Investment Vehicle) and it was noted that the LCIV would also be subject to an external audit.



**RESOLVED that:**

- 1) The External Auditor's arrangements for the Audit Plan for 2018 to 2019 are noted.**
- 2) Members note and agree the Materiality and reporting levels as outlined in the report.**

**33 ANNUAL INTERNAL AUDIT PLAN 2019/2020**

**FSD 19023**

The Annual Internal Audit Plan was a risk based plan, the output from which would be used by the Council to inform the Annual Governance Statement. Members were being asked to approve the Plan. Members were also required to note and comment on the revised assurance options and definitions, along with the priority risk ratings and definitions.

The Plan was in draft stage and had been developed in consultation with the Corporate Leadership Team.

The Annual Internal Audit Plan proposed a tier of 4 new assurance levels:

- Substantial Assurance (Green)
- Reasonable Assurance (Yellow)
- Limited Assurance (Orange)
- No Assurance (Red)

Three new Risk Ratings were being proposed:

- Priority 1 (Red)
- Priority 2 (Orange)
- Priority 3 (Green)

The Committee noted the work schedule for Internal Audit as outlined in the Plan, and also noted how the work would be split between Directorates. The Plan had scheduled in 902 days work over 4 Directorates. This was two days more than the previous year.

**RESOLVED that:**

- 1) The 2019/2020 Internal Audit Plan is approved.**
- 2) The Committee note and agree the revised assurance options and definitions, along with the new priority risk ratings and definitions.**

## **34 INTERNAL AUDIT PROGRESS REPORT**

### **FSD 19024**

The Internal Audit Progress Report was written by the Head of Internal Audit and informed Members of recent audit activity that had taken place across the Council; it also provided an update on matters that had arisen from the previous meeting. Members were asked to note and comment on the report and also to approve the updated Anti-Fraud and Corruption Policy and associated documents.

The Head of Audit briefed Members that a 'Risk Register Refresh' had taken place between December 2018 and January 2019, but none of the risk registers required any major changes. A revised suite of risk registers would be presented to the Committee at the June meeting, along with the Annual Governance Statement. The External Auditors had identified Brexit as an additional risk.

A GDPR 'health check' took place in November 2018 and was scoped in conjunction with Zurich. The outcome of the health check was largely positive. Members heard that the planned audit of Business Continuity would be deferred as the two officers previously dealing with the service had left the Council.

The Head of Audit was pleased with the findings of the audit that had been undertaken regarding the Housing Register, and so the assurance provided was 'Substantial'.

The Chairman looked at the audit findings relating to the Management of Strategic Property, and the Director of Regeneration was present to answer questions on the audit. The Chairman was disappointed to note that the assurance level for the 'Management of Strategic Property' was 'Limited'.

It was clarified that with respect to the management of Strategic Property. The main contractor was Amey, and the sub-contractor was Cushman & Wakefield. There were various issues that were identified by Internal Audit. There were instances identified when invoices were paid to the sub-contractor where the appropriate supporting documentation did not seem to support payment in full.

Another issue that had been identified in the audit was that work had been undertaken by the sub-contractor which was outside the scope of the original contract. It had not been able to be determined if the TFM agreed schedule of rates had been applied to this work and so it could not be determined if the Council had obtained value for money in these cases.

Additionally, the Head of Audit stated that the KPIs on the contract were not working because they were deemed not workable. It was also the case that there were no instances of default penalties being applied.

When the contract commenced in October 2016, it had been agreed that the Strategic Property Sub-Contractor would develop a £1m Income Generation Plan. Internal Audit expressed limited confidence in the plan being developed on time and achieving the planned savings.

The Director of Regeneration commented that the report was fine and fair, and was accurate at a point in time. He said that in some areas (like disposing of the Old Town Hall), Cushman and Wakefield were very effective. However, there were other areas where he felt that they lacked understanding of what was required from the Council.

The current plan to generate £1m of new income was being assessed by the Finance Department. Clarification was required to ensure that any money that had been classed as 'new money' or new income, did indeed meet the relevant criteria to be so classified. He said that the issues that had been identified around KPIs represented a learning curve; he was hopeful that those issues had now been addressed.

The Chairman asked Mr Brand if the Council had lost money. Mr Brand responded that this was likely not to be the case. He pointed out that from the offset, Cushman & Wakefield were dealing with information relating to property assets that was in a mess, and which required data cleansing. The initial piece of work that had been required was to cleanse the property database. Working on the Income Generation Plan would follow the data cleansing. The Director was confident that additional income was being generated. The sub-contractors were treating the Property Portfolio with respect.

The Director advised that LBB only became aware of issues/problems as both parties worked through the contract. From the offset there were issues with staffing, IT and inaccurate data. It was noted that financial incentives existed for the sub-contractor to achieve the 'new income' target, and that they were now being supported by Finance to do so.

Mention was made of rental arrears relating to community groups and the various tensions and issues around this. Cushman & Wakefield had been asked to undertake a review of leases. A Member asked what the aggregate rental arrears were, and the Director responded that he would check and email the Member with the information.

The Vice Chairman enquired about agreements to reduce rent or forego rent increases for community groups. He asked if any records existed that recorded these discussions. The Director said that LBB supported local organisations and that Cushman & Wakefield were aware of the political environment. Many of the community groups were not commercial organisations and so would not be able to bear rent increases.

The Vice Chairman referred to the matter of 'unworkable KPIs' and asked if LBB had now understood what had happened, so that the same thing did not

happen again. It had taken a year to re-negotiate the KPIs and this had to be avoided.

The Director responded that LBB was indeed looking at the lessons that had been learnt. He acknowledged that the contract should have run better and that outside advice should probably have been sought earlier. Change controls had now been implemented.

It was noted that tensions had existed between Cushman & Wakefield and Liberata regarding unpaid rent, but the Director assured that things were better than before and were moving forward in a satisfactory manner. A Member said that there should have been proper variations of leases. The Chairman expressed the view that it was unfortunate that discussions and meetings had not been formerly minuted and documented. The Director assured that management actions had now been put in place to address the various issues. The management actions had been agreed by the Director.

The Chairman asked what awareness did Members of PDS Committees have of these issues. The Director clarified that the issues had been reported into the Resources Portfolio. Finance was also aware. The Chairman asked if the ER&C PDS Committee was aware. The Director responded in the affirmative.

A Member asked for assurances that leases were now being dealt with in the proper manner. The Director stated that he was now a lot more confident that this was the case. The Member asked if it was possible to recoup retrospective payments from tenants. The Director explained that if this course of action was pursued, then many community groups would be in danger of closing. He felt that what was now required was to put the community groups on the right footing going forward, and to manage them on a case by case basis.

A Member expressed concern that unworkable KPIs had been agreed. He was also concerned that this had taken a year to deal with. He asked who this had been reported to and it was noted that the matter had been reported to the Contracts & Commissioning Sub Committee and to the Strategic Asset Management Group.

The Chairman thanked the Director of Regeneration for attending the meeting and for answering questions, and the Committee then turned their attention to the audit of Parking Income.

The Head of Internal Audit briefed the Committee that two P1 recommendations had been made subsequent to the audit of parking income. These were recommendations regarding contract variations and key performance indicators. Five additional P2 recommendations were made to improve controls. Resultantly, the audit opinion was 'Limited.'

A Member asked if KPIs were 'right', expressing the view that they were in fact 'wrong'. He felt that an unhealthy focus on KPIs meant that the KPIs

themselves became the objective rather than service delivery. He felt that this should be considered, as KPIs often seemed to be the cause of problems in contracts.

The Head of Audit stated that KPIs should be meaningful, should be well thought out, and monitored at an early stage. There was a cost to monitoring that had to be considered. It may be a useful exercise to consider what other organisations were doing.

The Head of Audit briefed Members on the audit of Health and Safety. Various recommendations were made, including a P1 recommendation to address the fact that a 'Risk Assessment Universe' did not exist. This meant that LBB would not be able to demonstrate that it had assessed its health and safety risks, and had formulated action plans to implement controls. The Vice Chairman expressed concern regarding possible reputational damage that LBB could suffer if the relevant controls and assessments were not in place.

Members were pleased to note that the audit of Debtors' Income had resulted in a rating of 'Substantial' assurance.

Members were briefed concerning the audit of St Olave's School. Although the audit rating was 'Limited', it was still felt that good progress was being made as the school had fully implemented 8/14 of the previous recommendations, and another 4 recommendations had been partially implemented. The new audit had revealed a weakness in the expenditure process, which had resulted in two new P2 recommendations.

The Committee was appraised regarding the audit of Information Governance and GDPR. The audit opinion for Governance, Policies and Procedures was 'Substantial'. The audit opinion relating to training and awareness arrangements was 'Limited'.

Members were briefed concerning the P1 follow up audit relating to the review of agency staff. In January 2019, it had been identified that 195 agency staff had been engaged for longer than 6 months, while 18 staff had been engaged for longer than 3 years. Internal Audit had asked HR to provide the business cases made by the Directorates to continue the engagements. The information was in the process of being collated.

It was noted that in many cases the continued engagement of staff in Children's and Adult Social Care was required due to a shortage of qualified staff. Mr Barrie Cull (Internal Audit) briefed the Committee on this matter and said that HR should be chasing the business cases, rather than leaving it for internal audit to do so. He said that more extensive testing would be undertaken and the Committee would be notified of the results.

The Committee noted that the use of agency staff in Children's Social Care provided flexibility, and avoided issues associated with pensions and TUPE. A Member enquired if HR had ever refused a business case of this nature. Mr Cull responded that he was not aware of a refusal, but it was the case that the business cases presented were normally strong. It was agreed that the

Committee be kept informed of developments, and that an update on the matter should be brought to the next meeting of the committee on 4<sup>th</sup> June.

Members discussed the audit of the Reablement Team and the Reablement Assessment Team. Members were informed that the P1 recommendation relating to Reablement Performance Data had now been implemented. The P1 recommendation relating to the Outcome Measurement Tool was also now considered as closed as the OMT was no longer being used.

The audit of direct payments showed that all of the P1 recommendations had now been implemented. The audit of Creditors showed that matters were being progressed, but there were still issues that required addressing. The matter was now being overseen by Mazars.

Members were updated regarding the Council's Anti-Fraud and Corruption Policy, and Money Laundering Protocol. The Policy and Protocol were reviewed in November 2018, and minor changes were made. Local authorities were not directly covered by the requirements of the Money Laundering Regulations 2017, but it was generally considered good practice to comply with the spirit of the legislation. This would include the ability to demonstrate that appropriate safeguards and reporting arrangements had been put in place.

The Committee heard that the risk of the Council contravening the Money Laundering Regulations was low, but it was vital that employees were familiar with their responsibilities, as it was possible to incur serious criminal charges for a breach of the legislation. The Head of Internal Audit had been appointed as the Money Laundering Reporting Officer.

As a result of changes made to the Council's Anti-Fraud and Corruption Policy, the amount of money that the Council would accept in cash had been reduced from £10k to £5k. The Committee agreed that Internal Audit should raise awareness of the changes with Managers and Staff. A Member suggested that computer based training be adopted for these areas, as this could then be recorded.

**RESOLVED that**

- 1) The report is noted**
- 2) The Committee notes the Internal Audit reports that had been published on the Council's website**
- 3) The updated Anti-Fraud and Corruption Policy is noted and approved, along with the associated documents**
- 4) Internal Audit raises awareness of the changes to the Anti-Fraud and Corruption Policy with managers and staff**

5) The Committee be kept informed of developments around the submission of business cases from HR for the retention of agency staff beyond usual timescales, and that an update on the matter be brought to the next meeting of the Committee on 4th June.

6) The Director of Regeneration would respond to the query from a Member regarding aggregate rental arrears.

**35 DATE OF THE NEXT MEETING**

It was noted that the date of the next meeting was June 4<sup>th</sup> 2019

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

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

**37 INTERNAL AUDIT FRAUD, INVESTIGATION AND EXEMPT ITEMS REPORT**

The Head of Internal Audit updated the Committee regarding the Internal Fraud and Investigation Report.

This was a Part 2 (exempt information item) report, and so the minutes have been drafted as Part 2 (private) minutes.

Members noted the report and commented upon matters that had arisen from previous meetings.

**38 MATTERS ARISING--PART 2**

The Part 2 Matters Arising report was noted.

**39 EXEMPT MINUTES OF THE MEETING HELD ON 14th NOVEMBER 2018**

The exempt minutes of the meeting that had been held on 14<sup>th</sup> November 2018 were agreed and signed as a correct record.

The meeting ended at 9.13 pm





Report No.  
CSD 19080

LONDON BOROUGH OF BROMLEY

PART 1 PUBLIC

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

**Date:**                    **4<sup>th</sup> June 2019**

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

**Title:**                   **MATTERS OUTSTANDING**

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

**Chief Officer:**        Mark Bowen, Director of Resources

**Ward:**                    N/A

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1.   Reason for report

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

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2.   **RECOMMENDATION(S)**

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

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

## Corporate Policy

1. Policy Status: Existing Policy:
  2. BBB Priority: Excellent Council
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## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Democratic Services
  4. Total current budget for this head: £358,740
  5. Source of funding: 2019/2020 revenue budget
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## Staff

1. Number of staff (current and additional): 8 posts 6.79fte)
  2. If from existing staff resources, number of staff hours: Completion of "Matters Arising" reports for the Audit Sub Committee normally takes a few hours per meeting.
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## Legal

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

1. Estimated number of users/beneficiaries (current and projected): This report is intended primarily for the benefit of members of the Audit Sub-Committee so that Committee Members can monitor progress made on matters that are outstanding.
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## Ward Councillor Views

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

### **3. COMMENTARY**

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

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

## Appendix 1

<b>Issue &amp; Date</b>	<b>Summary</b>	<b>Action being taken</b>	<b>By</b>	<b>Est. Completion</b>
<b>Minute 20</b> <b>8<sup>th</sup> November 2017</b> <b>Zurich Overview</b>	<p>The Head of Audit mentioned the possibility of cyber-attack, and that the matter of insurance against the effects of such an attack would need clarifying.</p>	<p>As noted in the Gate Report associated with the Insurance Tender, officers were to consider the option of taking out cyber insurance. At present there isn't really a suitable product for local authority risk. In addition, elements of a cyber insurance policy are covered under the public liability cover, and some other elements would be covered under the current IT contract. This will be kept under review and if more comprehensive cover becomes available or other circumstances warrant it, then this may be tendered separately at a later date.</p>	<p>Zurich</p> <p>Procurement/ Commissioning Directorate.</p>	<p>Closed</p>
<b>Minute 21</b> <b>8<sup>th</sup> November 2017</b> <b>Internal Audit Progress Report</b>	<p>Members were advised that there had been an objector to the accounts. The objections were in relation to Waste Management and Trade Waste Collection.</p>	<p>This matter has still not been concluded and is ongoing.</p>	<p>KPMG</p> <p>External Auditors.</p>	<p>Date is not known.</p>
<b>Minute 7</b> <b>24<sup>th</sup> May 2018</b> <b>Internal Audit Progress Report</b>	<p>It was expected that consultants would be appointed in quarter 2 of 2018 to advise on the Civic Centre Accommodation Strategy.</p>	<p>This strategy has gone through several iterations and a revised scope of works was agreed at the Executive on 11 July 2018. Tenders have been obtained via mini competition through the ESPO Property, Building and Infrastructure Advice and Management Services Framework and tender evaluation has been completed. The consultant will be appointed on completion of the award process.</p>	<p>Cathy Pimm</p> <p>Senior Property Manager</p> <p>TFM Client Team</p>	<p>Estimated date for the completion of the award process has been requested.</p>
<b>Minute 34</b> <b>26/02/19</b> <b>Internal Audit Progress Report.</b>	<p>The Director of Regeneration would respond to the query from a Member regarding aggregate rental arrears regarding community groups.</p>	<p>A report on the rental arrears from Community Groups has been requested from Cushman and Wakefield. A response has been received by the Committee Clerk from Mike Watkins. (Head of Asset and Investment Management). This was emailed to the Committee on 16<sup>th</sup> May.</p> <p>Subquent to this, further information has been requested from Members and this has been requested.</p>	<p>Mike Watkins</p> <p>The Committee Clerk has requested the additional data from Mike Watkins.</p>	<p>Initial data request completed.</p> <p>New data requested on 21<sup>st</sup> May.</p>

<p><b>Minute 34 26/02/19</b></p> <p><b>Internal Audit Progress Report.</b></p>	<p>Internal Audit raises awareness of the changes to the Anti-Fraud and Corruption Policy with managers and staff.</p>	<p>An email was sent to all staff referring to the policy and providing a link to the supporting documents. Posters have been created and issued for display on notice boards. The relevant web pages have been updated.</p>	<p>Head of Internal Audit</p>	<p>Completed</p>
<p><b>Minute 34 26/02/19</b></p> <p><b>Internal Audit Progress Report.</b></p>	<p>The Committee be kept informed of developments around the submission of business cases from HR for the retention of agency staff beyond usual timescales, and that an update on the matter be brought to the next meeting.</p>	<p>A paragraph has been included in the Audit Progress report on the agenda for the 4 June 2019 and there will be an accompanying verbal update.</p>	<p>David Hogan  Barrie Cull.</p>	<p>4<sup>th</sup> June 2019</p>

Report No.  
FSD 19062

London Borough of Bromley

PART ONE - PUBLIC

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

**Date:**                    **Tuesday 4 June 2019**

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

**Title:**                   **EXTERNAL AUDIT PENSION FUND PLAN 2018-19 AND AUDIT FEE LETTER FOR 2019-20**

**Contact Officer:**      David Hogan, Head of Audit and Assurance  
Tel: 0208 313 4886    E-mail: [david.hogan@bromley.gov.uk](mailto:david.hogan@bromley.gov.uk)

**Chief Officer:**        Director of Finance

**Ward:**                    (All Wards);

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1.    Reason for report

Review of the External Auditor's pension fund plan arrangements for 2018-19 and Audit Fee Letter for 2019/20.

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2.    **RECOMMENDATION(S)**

2.1   **Members are asked to note the External Auditor's arrangements for the Bromley Pension Fund planning report for 2018-19.**

2.2   **Members are asked to note the materiality limits within the plan and to confirm their understanding of, and agreement to, the materiality and reporting levels on page 11 of the planning report.**

2.3   **Members are asked to note the contents of the Audit Fee Letter for 2019/20.**

### Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

### Corporate Policy

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

### Financial

1. Cost of proposal: Not Applicable
  2. Ongoing costs: Not Applicable
  3. Budget head/performance centre: External Audit
  4. Total current budget for this head: £142,370.
  5. Source of funding: General Fund
- 

### Personnel

1. Number of staff (current and additional): Not Applicable
  2. If from existing staff resources, number of staff hours: Not applicable
- 

### Legal

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

### Procurement

1. Summary of Procurement Implications: Some audit work may have procurement implications
- 

### Customer Impact

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

### Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 Ernst & Young LLP, as the Council's appointed External Auditors are required to perform their audit in line with the Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office and the Public Sector Audit Appointments Limited's (PSAA) Statement of Responsibilities.
- 3.2 Members are asked to note the attached Bromley Pension Fund Audit Plan Report for 2018/19 (Appendix A).
- 3.3 Members should note the audit fee of £16,170 for the Pension Fund.
- 3.4 Members should note the materiality limits within the plan on page 11 and note that they are asked to confirm their understanding of, and agreement to, the materiality and reporting levels.
- 3.5 Members should note the significant risks set out in the plan.
- 3.6 EY has also written to confirm the audit that they propose to undertake for the 2019/20 financial year and set out indicative fees, which remain unchanged from 2018/19 (Appendix B).
- 3.7 The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
  - Value for money conclusion; and
  - Whole of Government accounts.
- 3.8 It should be noted that their final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee. This indicative fee is also based on certain assumptions which are detailed in the letter. Fees will be reviewed and updated as necessary, within the parameters of the contract. The indicative fee for the main accounts is £91,689 and Pension Fund is £16,170.
  - 3.9 Hannah Lill, the manager from Ernst & Young, will be attending the Committee to present the report and fee proposal.

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

None

### **5. POLICY IMPLICATIONS**

None

### **6. FINANCIAL IMPLICATIONS**

There is a cost in auditing the accounts for 2018/19. The total fee is expected to be £16,170 for the Pension Fund. The indicative fee for 2019/20 for the main accounts is £91,689 and Pension Fund is £16,170.

**7. PERSONNEL IMPLICATIONS**

None

**8. LEGAL IMPLICATIONS**

There is a legal requirement to have the accounts externally audited as set out in the Local Audit and Accountability Act 2014.

**9. PROCUREMENT IMPLICATIONS**

The contents of the External Audit Plan report could have implications for procurement potentially relating to contract procurement rules, financial regulations and value for money issues.

<b>Non-Applicable Sections:</b>	Policy, Personnel.
Background Documents: (Access via Contact Officer)	None



A photograph of a meeting table with documents and hands pointing at them. The table is white, and there are several sheets of paper with text on it. A person's hand is pointing at a document on the left, and another person's hand is pointing at a document on the right. A smartphone is visible on the table. The background is slightly blurred, showing a person in a yellow shirt.

**Bromley Pension  
Fund**  
**Audit planning report**  
Year ended 31 March 2019

March 2019



27 March 2019

Audit Sub-Committee  
London Borough of Bromley  
Bromley  
BR1 3UH

Dear Audit Sub-Committee Members

**Audit planning report**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit Sub-Committee with a basis to review our proposed audit approach and scope for the 2018/19 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committees' service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Pension Fund, and outlines our planned audit strategy in response to those risks.

This report is intended solely for the information and use of the Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

Yours faithfully



Suresh Patel, Associate Partner

For and on behalf of Ernst & Young LLP

# Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the General Purposes and Licensing Committee and management of Bromley Pension Fund in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the General Purposes and Licensing Committee, and management of Bromley Pension Fund those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the General Purposes and Licensing Committee and management of Bromley Pension Fund for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01

# Overview of our 2018/19 audit strategy



## Overview of our 2018/19 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Committee with an overview of our initial risk identification for the upcoming audit and any changes in risks identified in the current year.

### Audit risks and areas of focus

Risk / area of focus	Risk identified	Details
Misstatements due to fraud or error (management override)	Fraud risk	As identified in ISA 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that would otherwise appear to be operating effectively.
Valuation of Investments under Level 2 Fair Value hierarchy	Inherent Risk	The valuation of investments under level 2 fair value hierarchy are based on observable inputs such as bid price in the market for similar instruments. There is a risk that the comparable input are not appropriate and valuation could be misstated.
Application of New IFRS standards	Inherent Risk	The 2018/19 edition of the Code introduces two substantial new financial reporting standards IFRS 9 and IFRS 15.

# Overview of our 2018/19 audit strategy

## Materiality

Planning  
materiality  
**£9.67m**

We have set materiality at £9.67 million, which represents 1% of the prior year's net assets. We use the Fund's net assets as a measure for calculating materiality because of the focus on assets by the reader of the accounts. We have determined that the Pension Fund meets the criteria of a Major Local Audit under the Local Audit & Accountability Act 2014 based on its size. As a result we have used 1% of net assets, which is at the lower end of our available range.

Performance  
materiality  
**£7.2m**

We have set performance materiality at £7.2 million, which represents 75% of materiality and is at the top of our available range.

Audit  
differences  
**£483,500**

We will report all uncorrected misstatements relating to the primary statements (fund account and net assets statement) greater than £483,500. We will communicate other misstatements identified to the extent that they merit the attention of the General Purposes and Licensing Committee.

## Audit scope

This Audit Plan covers the work that we plan to perform to provide you with our audit opinion on whether the financial statements of Bromley Pension Fund give a true and fair view of the financial position as at 31 March 2019 and of the income and expenditure for the year then ended.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- Strategic, operational and financial risks relevant to the financial statements;
- Developments in financial reporting and auditing standards;
- The quality of systems and processes;
- Changes in the business and regulatory environment; and,
- Management's views on all of the above.

By considering these inputs, we focus our audit on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.



# 02

# Audit risks



## Audit risks

# Our response to significant risks

We have set out the significant risks (including fraud risks denoted by\*) identified for the current year audit along with the rationale and expected audit approach. The risks identified below may change to reflect any significant findings or subsequent issues we identify during the audit.

Misstatements due to fraud or error (management override)\*

### What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.

We identify and respond to this fraud risk on every audit engagement.

### What will we do?

In order to address this risk we will carry out a range of procedures including:

- ▶ Identifying fraud risks during the planning stages.
- ▶ Inquiry of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considering the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Performing mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Assess the nature of any significantly unusual transactions identified.



### Other areas of audit focus

We have identified other areas of the audit, that have not been classified as significant risks, but are still important when considering the risks of material misstatement to the financial statements and disclosures.

What is the risk/area of focus?	What will we do?
<p><b>Valuation of Investments under Level 2 Fair Value hierarchy</b>            Level 2 includes pooled funds and private equity investments, where fair value is based on observable inputs such as bid price in the market for similar instruments.            There is a risk that the comparable input are not appropriate and valuation could be misstated.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Performing analytical procedures and checking the valuation input and output for reasonableness against our own expectations.</li> <li>▶ Where necessary, our internal valuation specialists will support our work in this area.</li> </ul>
<p><b>Application of new IFRS standards</b>            The 2018/19 edition of the Code introduces two new financial reporting standards IFRS 9 (financial instruments) and IFRS 15 (revenue from contracts).            There is a risk that these new standards have not been appropriately implemented by the Pension Fund.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Reviewing managements assessment for the classification and measurement of financial assets under IFRS 9, including review of the new expected credit loss impairment model and new disclosure requirements</li> <li>▶ Reviewing managements assessment on the impact on revenue recognition, if any, as a result of the adoption of IFRS 15.</li> </ul>



# 03

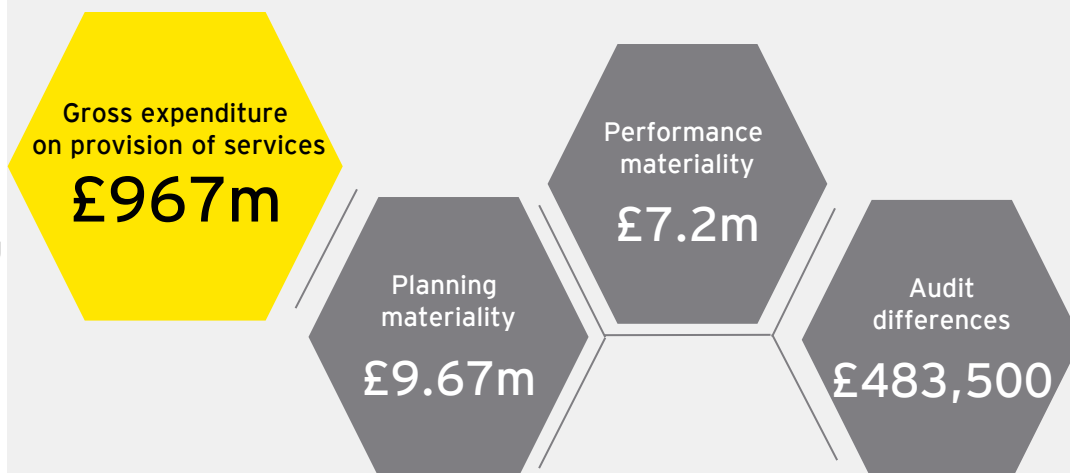
## Audit materiality



## Materiality

### Materiality

For planning purposes, we have set materiality for 2018/19 at £9.67 million. This represents 1% of the Pension Fund's prior year net assets. It will be reassessed throughout the audit process. We have provided supplemental information about audit materiality in Appendix D.



We request that the Audit Sub-Committee confirms its understanding of, and agreement to, these materiality and reporting levels.

### Key definitions

**Planning materiality** - the amount over which we anticipate misstatements would influence the economic decisions of a user of the financial statements.

**Performance materiality** - the amount we use to determine the extent of our audit procedures. We have set performance materiality at £7.2 million which represents 75% of planning materiality. The rationale for using 75% is based on the anticipation of identifying few or no errors during the audit.

**Audit difference threshold** - we propose that misstatements identified below this threshold are deemed clearly trivial. We will report to you all uncorrected misstatements over this amount relating to the comprehensive income and expenditure statement and balance sheet that have an effect on income or that relate to other comprehensive income.

Other uncorrected misstatements, such as reclassifications and misstatements in the cashflow statement and movement in reserves statement or disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the committees, or are important from a qualitative perspective.



# 04

## Scope of our audit



# Scope of our audit

## Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Pension Fund's financial statements.

### Financial statement audit

Our objective is:

- ▶ To form an opinion on the financial statements under International Standards on Auditing (UK and Ireland); and
- ▶ To form an opinion on the consistency of the pension fund financial statements within the pension fund annual report with the published financial statements of the London Borough of Bromley.

We also perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

### Procedures required by standards

- ▶ Addressing the risk of fraud and error; Significant disclosures included in the financial statements; Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements; and Auditor independence.

## Audit Process Overview

Our audit involves identifying and understanding the key processes and internal controls; and substantive tests of detail of transactions and amounts.

For 2018/19 we plan to follow a substantive approach to the audit as we have concluded this is the most efficient way to obtain the level of audit assurance required to conclude that the financial statements are not materially misstated.

### Analytics:

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests; and
- Give greater likelihood of identifying errors than random sampling techniques.

We will report the findings from our process and analytics work, including any significant weaknesses or inefficiencies identified and recommendations for improvement, to management and the Committees.

### Internal audit:

We will meet with the Head of Internal Audit, and review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in the year, in our detailed audit plan, where they raise issues that could have an impact on the financial statements.

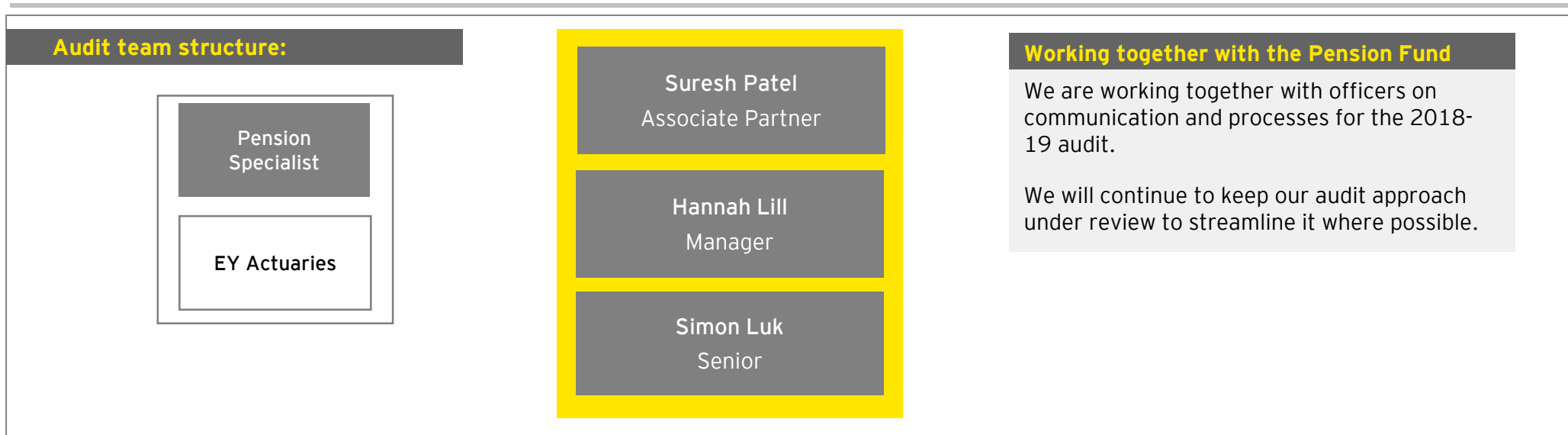


05

Audit team



## Audit team



## Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions disclosure	EY Actuaries, PWC Actuary commissioned by NAO, Mercer - Actuary

Page 39

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Pension Fund's business and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the specialist to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.



# 06

# Audit timeline







# Audit timeline

## Timetable of communication and deliverables

### Timeline

Below is a timetable showing the key stages of the audit and the deliverables we have agreed to provide to you through the audit cycle in 2018/19. From time to time matters may arise that require immediate communication with the Audit Sub-Committee as delegated by the General Purposes and Licensing Committee and we will discuss them with the General Purposes and Licensing Committee Chair and the Chair of the Audit Sub-Committee as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.

Audit phase	Timetable	Audit Sub-Committee timetable	Deliverables
Planning: Risk assessment and setting of scopes.	January		
Walkthrough of key systems and processes	February	Audit Sub-Committee	Verbal update
Testing of routine processes and controls Interim audit testing	March	Audit Sub-Committee	Circulate Audit Planning Report
	April		
	May		
Year end audit	June	Audit Sub-Committee	Audit Planning Report
Year end audit Audit Completion procedures	July	General Purposes and Licensing Committee	Audit Results Report Audit opinions and completion certificates
	August - October	Audit Sub-Committee	Annual Audit Letter



07

# Independence



## Introduction

The FRC Ethical Standard and ISA (UK) 260 “Communication of audit matters with those charged with governance”, requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in June 2016, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

### Required communications

#### Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between the you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence.
- ▶ Where EY has determined it is appropriate to apply more restrictive independence rules than permitted under the Ethical Standard.

#### Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Written confirmation that all covered persons are independent;
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of any contingent fee arrangements for non-audit services provided by us or our network firms; and an opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future services that have been contracted, and details of any written proposal to provide non-audit services that has been submitted;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

## Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

### Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Suresh Patel, your audit engagement partner, and the audit engagement team have not been compromised.

### Self interest threats

A self interest threat arises when EY has financial or other interests in the Pension Fund. Examples include where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES or the National Audit Office's Auditor Guidance Note 01 and the services have been approved in accordance with your policy on pre-approval. The ratio of non audit fees to audits fees is not permitted to exceed 70%.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately 0:1. No additional safeguards are required.

A self interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4.

There are no other self interest threats at the date of this report.

### Self review threats

Self review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements. There are no self review threats at the date of this report.

### Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of the Pension Fund. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

## Relationships, services and related threats and safeguards

### Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

### EY Transparency Report 2018

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year ended 1 July 2018 and can be found here:

<https://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2018>



# 08

# Appendices



## Appendix A

### Fees

Public Sector Audit Appointments Ltd (PSAA) has published the fee scale for the audit of the 2018/19 accounts of opted-in principal local government and police bodies.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2018/19	Scale fee 2018/19
	£	£
Total Fee - Code work	16,170	16,170
Total fees	16,170	16,170

*\*All fees exclude VAT*

Page 47 Our 2018/19 Code work potentially includes additional procedures highlighted in section two of this report to address the new accounting requirements of IFRS 9 Financial Instruments and IFRS 15 Revenue from contracts with customers. If we need to undertake additional procedures we will agree so with with management, including the impact on the fee. Any additional fee will be subject to approval by the PSAA.

The agreed fee presented is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Pension Fund; and
- ▶ The Pension Fund has an effective control environment.





If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Pension Fund administrators in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B



# Required communications with the General Purposes and Licensing Committee

We have detailed the communications that we must provide to the Audit Sub-Committee as delegated by the General Purposes and Licensing Committee.

		 Our Reporting to you
<b>Required communications</b>	 <b>What is reported?</b>	  <b>When and where</b>
Terms of engagement	Confirmation by the General Purposes and Licensing Committee of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;</li> <li>▶ Significant difficulties, if any, encountered during the audit;</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management;</li> <li>▶ Written representations that we are seeking;</li> <li>▶ Expected modifications to the audit report; and,</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process.</li> </ul>	Audit results report





# Required communications with the General Purposes and Licensing Committee (continued)

Required communications	 What is reported?	 When and where
Public Interest Entities	<p>For the audits of financial statements of public interest entities our written communications to the General Purposes and Licensing Committee include:</p> <ul style="list-style-type: none"> <li>▶ A declaration of independence</li> <li>▶ The identity of each key audit partner</li> <li>▶ The use of non-member firms or external specialists and confirmation of their independence</li> <li>▶ The nature and frequency of communications</li> <li>▶ A description of the scope and timing of the audit</li> <li>▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year.</li> <li>▶ Materiality</li> <li>▶ Any going concern issues identified</li> <li>▶ Any significant deficiencies in internal control identified and whether they have been resolved by management</li> <li>▶ Actual or suspected non-compliance with laws and regulations identified relevant to the General Purposes and Licensing Committee</li> <li>▶ The valuation methods used and any changes to these</li> <li>▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework</li> <li>▶ The completeness of documentation and explanations received</li> <li>▶ Any significant difficulties encountered in the course of the audit</li> <li>▶ Any significant matters discussed with management</li> <li>▶ Any other matters considered significant.</li> </ul>	<p>Audit planning report and/or Audit results report</p>




## Appendix B

# Required communications with the General Purposes and Licensing Committee (continued)

### Our Reporting to you





Required communications	 What is reported?	 When and where
Going concern	Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including: <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	Audit results report
Misstatements	<ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ Corrected misstatements that are significant</li> <li>▶ Material misstatements corrected by management</li> </ul>	Audit results report
Fraud	<ul style="list-style-type: none"> <li>▶ Enquiries of the General Purposes and Licensing Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	Audit results report
Related parties	<ul style="list-style-type: none"> <li>▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</li> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	Audit results report

# Required communications with the General Purposes and Licensing Committee (continued)

Required communications	 What is reported?	  When and where
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats, safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul> <p>For public interest entities and listed companies, communication of minimum requirements as detailed in the FRC Revised Ethical Standard 2016:</p> <ul style="list-style-type: none"> <li>▶ Relationships between EY, the Pension Fund and senior management, its affiliates and its connected parties</li> <li>▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence</li> <li>▶ Related safeguards</li> <li>▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees</li> <li>▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit</li> <li>▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy</li> <li>▶ Details of any contingent fee arrangements for non-audit services</li> <li>▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard</li> <li>▶ The General Purposes and Licensing Committee should also be provided an opportunity to discuss matters affecting auditor independence</li> </ul>	Audit Planning Report and Audit Results Report

## Appendix B

# Required communications with the General Purposes and Licensing Committee (continued)

			 Our Reporting to you
Required communications	 What is reported?	  When and where	
External confirmations	<ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	Audit results report	
Consideration of laws and regulations	<ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the General Purposes and Licensing Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the General Purposes and Licensing Committee may be aware of</li> </ul>	Audit results report	
Internal controls	<ul style="list-style-type: none"> <li>▶ Significant deficiencies in internal controls identified during the audit</li> </ul>	Audit results report	
Representations	Written representations we are requesting from management and/or those charged with governance	Audit results report	
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Audit results report	
Auditors report	<ul style="list-style-type: none"> <li>▶ Any circumstances identified that affect the form and content of our auditor's report</li> </ul>	Audit results report	
Fee Reporting	<ul style="list-style-type: none"> <li>▶ Breakdown of fee information when the audit plan is agreed</li> <li>▶ Breakdown of fee information at the completion of the audit</li> <li>▶ Any non-audit work</li> </ul>	Audit planning report Audit results report	

## Additional audit information

### Other required procedures during the course of the audit

In addition to the key areas of audit focus outlined in section 2, we have to perform other procedures as required by auditing, ethical and independence standards and other regulations. We outline the procedures below that we will undertake during the course of our audit.

#### Our responsibilities required by auditing standards

- ▶ Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- ▶ Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Pension Fund's internal control.
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- ▶ Concluding on the appropriateness of management's use of the going concern basis of accounting.
- ▶ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- ▶ Obtaining sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Pension Fund to express an opinion on the consolidated financial statements. Reading other information contained in the financial statements, the General Purposes and Licensing Committee reporting appropriately addresses matters communicated by us to the General Purposes and Licensing Committee and reporting whether it is materially inconsistent with our understanding and the financial statements; and maintaining auditor independence.

### Purpose and evaluation of materiality

For the purposes of determining whether the accounts are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in the aggregate, in light of the surrounding circumstances, could reasonably be expected to influence the economic decisions of the users of the financial statements. Our evaluation of it requires professional judgement and necessarily takes into account qualitative as well as quantitative considerations implicit in the definition. We would be happy to discuss with you your expectations regarding our detection of misstatements in the financial statements.

Materiality determines the locations at which we conduct audit procedures to support the opinion given on the financial statements; and the level of work performed on individual account balances and financial statement disclosures.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all of the circumstances that may ultimately influence our judgement about materiality. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the accounts, including the total effect of the audit misstatements we identify, and our evaluation of materiality at that date.

## EY | Assurance | Tax | Transactions | Advisory

### About EY

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ED None

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, or other professional advice. Please refer to your advisors for specific advice.

[ey.com](http://ey.com)

Mr. Ade Adetosoye  
Interim Chief Executive  
London Borough of Bromley  
Bromley Civic Centre  
Stockwell Close  
BR1 3UH

25 April 2019

Ref: Fee Letter/19-20

Direct line: 020 7951 2195

Email: [jdawson1@uk.ey.com](mailto:jdawson1@uk.ey.com)

Dear Ade

## Annual Audit 2019/20

We are writing to confirm the audit that we propose to undertake for the 2019/20 financial year at the London Borough of Bromley and the Pension Fund.

From 2018/19, local government, fire and police bodies have been responsible for making their own arrangements for the audit of the accounts and reporting on the housing benefit subsidy claim.

The Secretary of State for Housing, Communities and Local Government has specified Public Sector Audit Appointments (PSAA) as an appointing person under provisions of the Local Audit and Accountability Act 2014. PSAA has appointed auditors for bodies that opted into the national scheme. Appointments were made for the duration of the five-year appointing period, covering the audits of the accounts for 2018/19 to 2022/23.

The appointment of an auditor to report on the Council's housing benefit subsidy claim is no longer covered by the PSAA appointment.

### Indicative audit fee

For the 2019/20 financial year, PSAA has set the scale fee for each opted in body. Following consultation on its Work Programme **and Scale of Fees, PSAA has maintained scale audit fees at the same level as for 2018/19, unless there are specific circumstances which require otherwise.**

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements;
- Value for money conclusion; and
- Whole of Government accounts.

Our final fee will include the impact of additional risks and/or circumstances that are out of the scope of the scale fee, for example:

- Additional work performed on asset valuations, including the involvement of our valuation specialists;
- Additional work performed on the valuation of the net pension liability, including the involvement of our pension specialists; and
- Additional work arising from the implementation of IFRS 16 Leases.

At this stage, the indicative fee is set at the scale fee.

This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different to that of the prior year;
- Officers meet the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- Our accounts opinion and value for money conclusion are unqualified;
- Appropriate quality of documentation is provided by Officers;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2018/19, our audit planning process for 2019/20 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

### Summary of fees

	Indicative fee 2019/20 £	Planned fee 2018/19 £
Scale Fee	91,689	91,689
<b>Total Code audit fee</b>	<b>91,689</b>	<b>91,689</b>
Pension Fund	16,170	16,170



Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance. All variations to the scale fee will be subject to PSAA approval.

### **Billing**

The scale fee will be billed in 4 quarterly instalments of £22,922 for the Council and £4,043 for the Pension Fund.

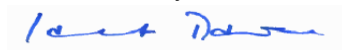
### **Audit plan**

Our plan is expected to be issued in February 2020. This will communicate any significant financial statement and value for money risks identified, planned audit procedures to respond to those risks and the estimated fee implications of these additional procedures. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance and communicate the revised fee and the matters giving rise to any adjustments to the scale fee in our Audit Results Report which we will present to the General Purposes and Licensing Committee.

For a high level overview of our approach and further information on how we intend to work with you under the PSAA contract, please refer to our leaflet 'EY working with you' which is enclosed.

We remain committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me, as our Government and Public Sector Assurance Leader at [jdawson1@uk.ey.com](mailto:jdawson1@uk.ey.com). If you prefer an alternative route, please contact Steve Varley, our Managing Partner, by writing to him at 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours sincerely



Janet Dawson  
Partner  
For and on behalf of Ernst & Young LLP

cc. Peter Turner, Director of Finance  
Councillor Pauline Tunnicliffe, Chair of the General Purposes and Licensing Committee.  
Councillor Neil Reddin, Chair of the Audit Sub-Committee.  
Councillor Keith Onslow, Chair of the Pensions Investment Sub-Committee.

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Report No.  
FSD 19050

London Borough of Bromley

PART ONE - PUBLIC

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

**Date:**                    **Tuesday 4 June 2019**

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

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

**Contact Officer:**     David Hogan, Head of Audit and Assurance  
Tel: 020 8313 4886    E-mail: [david.hogan@bromley.gov.uk](mailto:david.hogan@bromley.gov.uk)

**Chief Officer:**        Director of Finance

**Ward:**                    (All Wards)

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1. Reason for report

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

3.2    Audit Activity

3.2.1   Priority 1 Recommendations

3.2.2   Audit Report Summaries

3.4    Publication of Internal Audit Reports

3.5    Risk Management

3.6    Waivers

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2. **RECOMMENDATIONS**

- a) **Note the Progress Report and comment upon matters arising**
- b) **Note the list of Internal Audit reports published on the Council's web-site**
- c) **Note the latest position on the Council's Departmental and Corporate Risk Registers**
- d) **Note the list of waivers sought since November 2018**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Internal Audit and Assurance
  4. Total current budget for this head: £535k including Internal and External Audit, Fraud Partnership, Insurance Management and Claims handling
  5. Source of funding: General Fund, Admin Penalties, Legal cost recoveries
- 

## Personnel

1. Number of staff (current and additional): 7.5 including 1 FTE Insurance and Risk Manager
  2. If from existing staff resources, number of staff hours: 2018/19 – 900 audit days are proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich time.
- 

## Legal

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

## Procurement

1. Summary of Procurement Implications: Some planned audits will have procurement implications.
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 100 including Chief Officers, Managers, Head Teachers and Governors
- 

## Ward Councillor Views

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

### 3. COMMENTARY

3.1 This report advises Members of the Audit Sub-Committee on the work undertaken by the Internal Audit Team since the meeting held on 26<sup>th</sup> February 2019 and the level of assurance on that work. The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes; taking into account the Public Sector Internal Auditing Standards (PSIAS) and other guidance.

#### 3.2 Audit Activity (Key Findings)

3.2.1 The latest list of outstanding Priority 1 recommendations is shown at Appendix A. There have been some additions since the last meeting of this Committee and these are detailed below. There has also been some movement in Priority 1 recommendations brought forward that are also detailed below.

3.2.2 A summary of key findings from Audits completed to date follows. Members are reminded that the full reports have been published with the agenda if they require further detail.

#### 3.2.3 Financial Strategy and Budget Compliance

Audit opinion	Substantial
---------------	-------------

3.2.4 The overall objective of the audit was to review the key controls around the Council's financial strategy and budget monitoring arrangements.

3.2.5 Controls noted to be in place and working well included setting out the roles and responsibilities of officers involved, the balancing and approval by Full Council of the 2019/20 budget and the production of a four year medium term financial plan.

3.2.6 Those budgets with severe pressures are being monitored on a bi-monthly basis and the Council has recognised the need to critically review services, putting in place a transformation programme. Although reserves have not yet been required to fill budget gaps, general fund reserves of £20m have been set up.

3.2.7 We have made three Priority 2 recommendations to improve the framework of controls. These relate to providing more detail in the budget timetable on the information required to support any savings identified and appropriate calculations and assumptions to enable those savings to be checked and appropriately monitored. We have also recommended that the achievement of the identified savings should be monitored on a quarterly basis.

3.2.8 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	3	3	0
Priority 3	0	0	0

### 3.2.9 Housing Benefit and Council Tax Reduction Scheme

Audit opinion	Substantial
---------------	-------------

- 3.2.10 The overall objective of the audit was to review the key controls around the Housing Benefit and Council Tax Reduction Scheme.
- 3.2.11 Controls noted to be in place and working well included the assessment and checking of eligibility for all new housing benefit applications and discretionary housing payments.
- 3.2.12 Separation of duties is in place for the monthly reconciliation of housing benefit, with a report run weekly to identify unreconciled items. There is an overpayment recovery system in place and self-employed claimants are reviewed every 12 months to identify a change in circumstances.
- 3.2.13 Both eligible and ineligible council tax reduction support claimants are notified via letter, once a decision has been made on their claim. Our testing confirmed that the entitlement amount stated in the letter matched the payment made on the council tax system for the sample of claimants tested.
- 3.2.14 We have made two recommendations to improve controls. These relate to the Council not complying with the DWP's three month appeal decision timeframe in one case from our sample tested and not carrying out reconciliations of the Housing Accommodation Charges in a timely manner.
- 3.2.15 Both recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	1	1	0

### 3.2.16 Arboricultural Services – New Priority 1 recommendations

Audit opinion	Limited
---------------	---------

- 3.2.17 The objective of the audit was to review the governance and management of the Arboricultural Services contract to ensure controls were satisfactory and mitigate risk.
- 3.2.18 The Arboricultural Team delivers a statutory service of surveys and maintenance for the Councils tree stock in streets, parks and woodlands. The Bromley team undertake the 3 yearly surveys and respond to referrals from the public referring work to the contractor via the Confirm system. The Arboricultural maintenance contract was awarded to the contractor in 2008 for an initial period of 9 years but extended to March 2019 by Deed of Variation signed in September 2017. Given the current contract ended in March 2019 and a new contractor

would be delivering the service, the audit sought to highlight areas of weakness to be addressed to improve management and monitoring for the new contract effective from April 2019.

- 3.2.19 It was acknowledged that the audit had been undertaken at a period of change for the service. The Arboricultural Service Manager left the Authority in August 2018 requiring the arboricultural officer to cover the role in the interim as the service manager (ISM). This reduced the in-house team responsible for surveying and monitoring from 4 officers to 3 and as at January 2019 there were further vacancies as two arboricultural officers have left the Authority. The ISM worked with the project team to execute the exit plan whilst working on the new contract starting in April 2019.
- 3.2.20 Four Priority 1 and six Priority 2 recommendations were made. A pre-draft report was issued to management before general distribution to allow the team to address any findings relating to the outgoing contractor.
- 3.2.21 The four Priority 1 recommendations can be summarised as follows:-

### **Payment Process**

- 3.2.22 Unlike other contracts held by the Department, the payment process remained with the Arboriculture Team. The audit review and testing identified that the payment process was weak, the main issues arising:-
- Inadequate separation of duties
  - Inadequate information detailed on the invoice to cross reference to the Confirm payment certificate
  - Invoices were processed without the relevant payment certificate scanned and attached
  - Unclear how default penalties would be shown on the invoice as none had been processed during 2018/19
  - Invoiced jobs that had a rate above the schedule of rates would be examined by the ISM. Negotiation and resolution was held in the ISM Outlook folders rather than the standard "re-measurement" template adopted by other Confirm users
  - Monthly payments were authorised and processed before inspection of work completed as part of contract monitoring
  - Inadequate audit trail to support the changes between the payment certificate submitted by the contractor and the invoice processed for payment
  - Since September 2018, expenditure was allocated to the main code "Tree Planting and Maintenance" rather than the various expenditure and project codes
- 3.2.23 During the course of the audit, discussions with management indicated that payment responsibilities for Arboriculture would be transferred to the Performance and Business Support Team for the start of the new contract in April 2019.

### **Open Orders and Confirm**

- 3.2.24 During the review of budget monitoring a significant number of open orders were identified on Confirm; allocated jobs that were shown as not completed by the contractor or submitted for payment. A Confirm report generated by IT support showed that as at January 2019 there were 1,238 outstanding jobs between 1/4/17 and 3/1/19 with a total value of £185,880.
- 3.2.25 The primary concern was that these open orders either represented poor performance where allocated jobs had not been undertaken, poor housekeeping whereby cancelled jobs had not been deleted or a Confirm system problem. At a meeting with the IT support, ISM and Internal Audit it was established that there were issues with cancelled jobs not being removed from the system and 3 payment certificates that had not been committed and cleared. Further testing showed that two of these payment certificates had been processed

but the system was showing the jobs as open and the certificate not committed. It was agreed that the IT support would undertake to resolve the system anomalies identified in Confirm and the ISM tasked to reconcile Confirm payment certificates with ORACLE transactions. Internal Audit and the service accountant assisted with the reconciliation for the last two financial years, 2017/18 and 2018/19. This reconciliation identified that the two payment certificates, showing as uncommitted on Confirm and effectively open orders, had been paid but the inadequate information shown on the invoice and the lack of supporting documentation attached to the invoice hindered the reconciliation.

3.2.26 When the report was finalised in April 2019, management confirmed that the ISM was still working with Confirm IT Support to resolve system errors and clear outstanding open orders from the system.

3.2.27 The number, value and elapsed time of these open orders represents poor contract management by the client team but Internal Audit acknowledges that this situation had been hampered by the departure of the previous Service Manager and inadequate handover to the ISM.

### **Monitoring the contract**

3.2.28 The monthly invoice is paid without inspections on completed work, monitoring is undertaken in arrears.

3.2.29 The agreed performance monitoring was to inspect the ten highest value jobs each month (allocated to the ISM) and then 10% of all other jobs but to include all felled trees. The inspections were allocated to arboricultural officers according to geographical area. Monitoring should be completed within 3 weeks of receiving the calendar alert on the team site with defaults and rectifications to be shown on the monitoring spreadsheet. The responsibility to coordinate and collate defaults had been assigned to one officer but this task has not been completed.

3.2.30 For 2018, 6 monitoring spreadsheets were available for audit testing, the main issues arising:-

- The spreadsheet had not been updated to show inspected jobs that had not been completed and therefore a default or rectification to be issued.
- There was no trail to show that 61 uncompleted jobs had been referred for further action. The value of defaults that should have applied was £3,050, the value of the work was £6,357.86.
- Payment Certificate 320 to 322 had 926 jobs of which 495 were selected for monitoring. As at 13/2/19, 43 jobs were shown as inspected and completed but 452 jobs not inspected or no record of being inspected.
- Payment certificate 315 to 319 had 42 jobs allocated for inspection, no evidence that the work was checked.
- The expectation to check the highest 10 jobs was not achieved and included emergency call outs that is considered as a separate KPI; 5/10 jobs checked in this category were for ad hoc work.

3.2.31 The expected level of monitoring is high and when compounded with resources issues (vacant posts and interim management responsibilities for one of the arboriculture officers) not achievable. It is acknowledged that this team have experienced significant resource issues during 2018/19. This coincided with the award of the new contract and the termination of the contract with the incumbent contractor. These factors had an impact on performance monitoring with the team prioritising tree surveys as the health and safety of the public is a significant risk.



## Defaults

- 3.2.32 Section 9 of the contract sets out the Default Procedure, the penalty cost for an instant default is £50, rectification notices would be charged at £10 plus a further £10 if remedial work was not satisfactorily evidenced. The fees cited during the audit are the original charges detailed in the contract and relevant to 2008/09. Section 5 of the contract allows for an annual review of the schedule of rates with section 5.6 specifying rectifications and defaults to be increased by RPI. There was no evidence that this had been addressed during the ten years term of the contract.
- 3.2.33 At the start of audit testing in November 2018 the ISM was concerned that no defaults had been processed. Information available on the team site confirms that the last default notice issued to the contractor was 1/12/17. A review of invoices for work completed since January 2018 confirmed that there was no deduction or reference to default penalty charges.
- 3.2.34 Defaults are a standing item on the contract monitoring meetings. Minutes reviewed from April to October 2018 vary in the recording of defaults and indicated that for August and September “all defaults and rectification work has been completed”. Information stated in the minutes conflicts with other information gathered during the audit.
- 3.2.35 The audit check on performance monitoring identified that 61 jobs were shown on the monitoring reports as not completed and therefore a default should have been issued. As the work is inspected after the invoice has been paid, the value of the jobs (£6357.86), deemed to be defaults, should be recovered.
- 3.2.36 Management accepted the finding and agreed to apply all defaults to the final payment and the invoice due for March 2019.
- 3.2.37 The 6 Priority 2 recommendations related to the need for scanned contract documents to be complete; rationalising the two team sites and conforming to ECS standard format; revision and completion of procedure notes; completion of the agreed ECS contract monitoring framework, improve the contract monitoring minutes to be representative of discussion and cross referenced to information presented and lastly to identify and meet training needs of key staff.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	4	4	0
Priority 2	6	6	0

## 3.2.38 Residential Care

Audit opinion	Substantial
---------------	-------------

- 3.2.39 The overall objective of the audit was to review controls in place to assess service users, the eligibility criteria and the review process.
- 3.2.40 We have made two Priority 2 recommendations relating to the weekly fee for residential care and the emergency placements procedure.

- 3.2.41 As evidenced with the nursing home placements, negotiations with the provider to agree the weekly fee may be verbal and had not been documented. The breakdown of additional costs required by the provider when the weekly fee exceeds the ceiling rates should be available. Management agreed the audit recommendation and confirmed that a new form had been implemented at the end of 2018 to capture this information.
- 3.2.42 The emergency placements procedures needed to be dated and a review date stipulated. Emergency placements should be regularly monitored and this was supported by a monthly BOXI report generated from CareFirst. Audit testing identified that data had been incorrectly classified as emergency placements but this issue has since been addressed.
- 3.2.43 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	2	2	0
Priority 3	0	0	0

#### 3.2.44 Strategic Commissioning

Audit opinion	Substantial
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- 3.2.45 The overall objective of the audit was to review the 3 lines of defence and existing controls in place to mitigate risk of failure to deliver target operating model as commissioning organisation.
- 3.2.46 Controls noted to be in place and working well, included:-  
Guidance notes and templates were available to all staff to support them through the Commissioning and Procurement process. Practice notes continue to be issued to all contract owners, approvers and associated staff reinforcing Contract Procedure rules and reiterating requirements.
- 3.2.47 We have made one Priority 2 recommendation to improve the framework of controls. This related to ensuring that all officers identified through their role as a commissioner of services as being required to complete the mandatory Commissioning and Contracts training, attend all modules.
- 3.2.48 The recommendation has been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	0	0	0

### 3.2.49 Total Facilities Management

Audit opinion	Limited
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- 3.2.50 The overall objective of the audit was to review the key controls around the management of the Total Facilities Management contract.
- 3.2.51 Controls noted to be in place and working well included the availability of key contractual documents and the existence of the Service Operations Board and the Strategic Partnership Board. Reporting arrangements for the contract are documented with monthly reports provided by the contractor and performance issues are discussed where necessary and penalties imposed. Budget monitoring takes place regularly and any issues identified are dealt with appropriately.
- 3.2.52 Eleven recommendations have been made to improve controls. These relate to reviewing the roles and responsibilities of the Service Operations Board and the Strategic Partnership Board each year, together with the timeliness of meetings of the Partnership Board. Other areas for improvement include the need to always document approval of significant spending decisions, clarification of the complaints process and introduction of a customer satisfaction survey. Lesson learned exercises are not carried out after capital projects have been completed.
- 3.2.53 We have also made recommendations to improve controls over the invoice checking procedure and the completeness of information on invoices.
- 3.2.54 One recommendation was accepted in principle but management do not propose to take action and have accepted the risk involved. This relates to carrying out pro-active measures, such as spot checks, on maintenance works undertaken by the contractor.
- 3.2.55 Management have explained that approximately 200 – 400 maintenance tasks are completed each month and the client team do not have the capacity or expertise to implement this. There are however compensating controls because the contractor has its own quality assurance processes which the client team are currently exploring for robustness. Furthermore, where checks on the monthly invoice by the client team identify anomalies in tasks carried out, the invoice cost is amended or a credit is obtained.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	11	10	1
Priority 3	0	0	0

### 3.2.56 Traffic & Road Safety Procurement

Audit opinion	Substantial
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3.2.57 Review of Procurement arrangements to ensure controls are in place and contract procedure rules are complied with.

3.2.58 We made three Priority 2 recommendations relating to value for money, procedures and change control notices.

#### Value for Money

3.2.59 Email correspondence from officers; refer to the quoted cost of the audits under this arrangement being more expensive than the previous approach via ProContract. For example, a typical road safety audit of circa £500 is now being quoted as an average of £889. It is acknowledged that this is based on a very small sample, which may mean that a meaningful conclusion cannot be drawn at this time. It was recommended that management should periodically review value for money in respect of the new arrangements with colleagues in Procurement.

#### Procedures

3.2.60 A procedure note for the procurement of road safety audits was provided to the auditor. The document remains undated and has no review date. The procedures do not reflect the new arrangements which came into effect from January 2019. A recommendation was made to cover that procedures should be dated, updated to reflect current arrangements and have a review date.

#### Change Control Notices

3.2.61 CCN2 for Highways Engineering Consultancy Services included the effective date of 28/12/18 but does not clearly state the financial values of the change control within the completed form.

3.2.62 CCN2 was completed partly in respect of the professional services which includes road safety audits.

3.2.63 It was confirmed by the Highway Asset Manager 'the volume of work ordered via the professional services element of the Major Works Contract 2018 will depend on available budgets over the remaining duration of the contract. It has therefore only been possible for an estimated total value of CCN2 to be calculated, which is £3m'.

- 3.2.64 It should be noted that the majority of CCN2 relates to other service areas and only a small proportion represents road safety audits and other small scale support services procured by the Traffic & Road Safety Team.
- 3.2.65 It was recommended that the value of the CCN should be clearly stated for each of the items included within the professional services element.
- 3.2.66 All three recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	3	3	0
Priority 3	0	0	0

### 3.2.67 Treasury Management

Audit opinion	Substantial
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- 3.2.68 The overall objective of the audit was to review the key controls around the Council's Investments.
- 3.2.69 Controls noted to be in place and working well, included:-  
Investments were correctly approved, consistent with credit limits, and performance reports were received quarterly by the Executive, Resources and Contracts PDS.
- 3.2.70 We have made one Priority 2 recommendation to improve the framework of controls. This related to ensuring that quarterly reconciliations are completed within two weeks of the end of the quarter and reviewed by the Senior Accountant, with each reconciliation statement including the name of both the preparing and the reviewing officer and the date the action was carried out.
- 3.2.71 The recommendation has been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	0	0	0

### 3.2.72 Adult's Social Care Budget Management

Audit opinion	<b>Substantial</b>
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3.2.73 The objective of the audit was to review the controls in place which mitigate the risk of failure to deliver ECHS financial strategy.

3.2.74 The audit review identified that controls were in place and working well in the areas reviewed and tested particularly budget monitoring, identifying savings and growth at budget setting, scrutiny by chief officers and members and recruitment and retention initiatives in response to cost pressures. There was one Priority 2 recommendation raised relating to the Invest to Save scheme and the need for the Learning Disabilities Team to implement the control identified for more regular and frequent reviews of service; management had cited capacity as a limiting factor. The Director of Adult Social Care (ASC) confirmed that monitoring is in place for ASC services with weekly performance reports. Performance and best practice is shared at the Director's bimonthly meeting with ASC Heads of Service.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	0	0	0

### 3.2.75 Children's Social Care Budget Management

Audit opinion	<b>Substantial</b>
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3.2.76 The objective of the audit was to review the controls in place which mitigate the risk of failure to deliver ECHS financial strategy.

3.2.77 The audit review identified that controls were in place and working well in the areas reviewed and testing particularly budget monitoring, information available to budget holders and scrutiny by chief officers and members. There was one Priority 2 recommendation raised relating to growth and migration. The audit identified that one area of growth (specifically for placements) it was unclear if in one area the mitigation identified would be achievable and based on realistic or justifiable assumptions. Management agreed that in future all mitigation would be fully evidenced.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	0	0	0

### 3.2.78 Payroll Expenses

Audit opinion	Substantial
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3.2.79 The overall objective of the audit was to review the governance arrangements over payroll expenses and ensure that controls are in place and working satisfactorily to mitigate risk.

3.2.80 Controls noted to be in place and working well included the processing of statutory and voluntary deductions. Teachers' pension tables were set up accurately within the HR system and the pension deductions made were accurate.

3.2.81 We also found that supporting documentation was in place for changes to bank account details. Claim forms had been completed and authorised correctly to enable the processing of payments and amendments to pay scales had been carried out correctly, with the required separation of duties in place for the input and authorisation of these.

3.2.82 We have made three Priority 2 recommendations to improve the framework of controls. These relate to the completion of starter employment forms and contract amendment letters and the updating of the Council's Equality Statement.

3.2.83 The recommendations have all been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	3	3	0
Priority 3	0	0	0

### 3.2.84 Troubled Families Claim for March 2019

3.2.85 The Troubled Families Programme is a government agenda led by the Ministry of Housing, Communities and Local Government, in partnership with the Departments for Education, Health, Work and Pensions and Ministry of Justice. A local authority can claim a results payment if it can demonstrate that an eligible family has achieved significant and sustained progress against all problems identified at the point of engagement and during the intervention or if an adult in the family has moved into continuous employment.

- 3.2.86 We analysed a random sample of 43 individual claims for the claim period between 1 October 2018 and 31 March 2019. From our testing we found that there was documentary evidence to support that the individual claims met the employment or significant and sustained criteria, enabling a claim to be made.
- 3.2.87 We also confirmed that the total amount claimed for payment by results for the 426 individual claims submitted between the period 1 October 2018 and 31 March 2019 was £340,800.

### **3.3 Priority 1 Follow Up**

#### **3.3.1 Review of Health and Safety – Priority 1 update**

3.3.2 The Health and Safety audit report was finalised on 18<sup>th</sup> January 2019 and therefore the six month implementation period has not yet elapsed.

3.3.3 The report contained one Priority 1 recommendation which related to a full suite of comprehensive, fully documented Health and Safety Risk Assessments not being held, and the Authority not being able to demonstrate that it has assessed its Health and Safety Risks and has action plans in place to implement controls.

3.3.4 Key risk documents are being worked on prior to circulation to the Corporate Leadership Team for discussion and approval.

3.3.5 The recommendation is therefore in progress.

#### **3.3.6 Home Tuition – Priority 1 update**

3.3.7 At the previous meeting Members were informed that of the five Priority 1 recommendations originally raised for the Home Tuition Service, two had been implemented but the recommendations relating to the core panel administration, attendance registers and the use of a procurement system to engage agency tutors for the service were outstanding and would remain open to be reviewed for this Committee.

3.3.8 Following the Internal Audit report finalised in October 2018 the Department commissioned an independent external review to consider the effectiveness of leadership and management; quality of curriculum; personal development, behaviour and welfare and teaching, learning, assessment and pupil outcomes. The findings of the commissioned review and the Internal Audit findings will be considered by the interim Head of Service with a view to possible restructure and changes to the processes and procedures to deliver the service.

3.3.9 The Home Tuition team have progressed the three outstanding Priority 1 recommendations as evidenced by the interviews and testing completed for this update and summarised as follows:-

#### **Core Panel Decisions**

3.3.10 The panel coordinator post is currently being reviewed by HR and once approved the recruitment process can commence. The role is currently covered by an administrative officer and the record keeping has improved.

3.3.11 A sample of 5 new cases, discussed at the 29/4/19 panel meeting, was selected for audit examination. In all cases the application was supported by the required medical evidence and an authorised submission from either the school or SEN colleagues. The outcome letters were all signed, referenced to the panel date, specified the number of hours to be allocated to the child and referred to a 6 week review. For all 5 children the review had been recorded on the agenda for the next appropriate panel meeting.



- 3.3.12 The Interim Head of Access and Inclusion is reviewing the panel process across the division and further changes may be implemented. The audit findings related to the administrative function to support the panel and the outcome information recorded, both areas have significantly improved. There were no findings for the five cases sample tested and this recommendation is therefore considered closed.

### **Attendance Registers**

- 3.3.13 The Home Tuition team confirmed that all attendance registers are now received on a weekly basis for agency staff and monthly for LBB staff. This is in line with receipt of the timesheets and allows an adequate check between the two documents. Audit testing for 5 tutors, week ending 29/3/19 was satisfactory and this recommendation is therefore considered closed.

### **Procurement and the use of one supplier (supplier A)**

- 3.3.14 An extension to the current proprietary procurement system has been granted until March 2021.
- 3.3.15 The Lead Teacher confirmed that the business plan to reduce the reliance on agency tutors is still being considered.
- 3.3.16 The increase in referrals to the service has also impacted on the plan to reduce the use of agency tutors. However the Lead Teacher has been able to meet demand for hours from existing agency contracts and LBB tutors without procuring new requirements on the proprietary procurement system.
- 3.3.17 The Lead Teacher and Finance Officer confirmed that the correct expenditure code, for all current requirements, has been uploaded to the system. Going forward the Finance Officer will ensure that any procurement for agency tutors will be assigned the correct expenditure code to reflect budget responsibility.
- 3.3.18 The proprietary procurement system provider attended a meeting with LBB users as an opportunity to address specific issues and deliver a level of training. The Home Tuition Team agreed that this meeting had been useful and the Lead Teacher could now access financial information for each requirement that would allow greater control and monitoring. However as the team have attempted accessing new areas on the system other issues have arisen that will need to be referred back to the provider.
- 3.3.19 Given the business plan to restructure the resources for Home Tuition is still in draft, no new requirements have been uploaded to the procurement system to test the process and the team are identifying issues to be addressed with further training, this recommendation will remain open but it is acknowledged that it is now partially implemented.

### **3.3.20 Agency Staff – Priority 1 update**

- 3.3.21 The final report on agency staff, issued in March 2018, contained three Priority 1 recommendations. Two of these have been implemented. The remaining Priority 1 recommendation was for Directors to review their agency staff engagements which currently exceed six months and obtain approval from the Director of HR where there is a need to extend the engagement.
- 3.3.22 At the last Audit Sub-Committee meeting in February 2019, we reported that this had not been implemented at that time and that we would carry out further testing in May. Following the meeting, this matter was referred to the Chief Officers' Executive by the Director of HR to make them aware of the situation. Our sample testing has now been superseded by a specific time bound instruction from the Chief Officers' Executive to Directors for a business case to be made to and approved by the Director of HR, for all non-ECHS agency staff who have been in post over 6 months.

3.3.23 We will provide an update on this at the Audit Sub-Committee meeting.

### **3.3.24 Leaving Care – Priority 1 update**

3.3.25 The Leaving Care Audit, issued on 15<sup>th</sup> October 2018, contained six Priority One findings, four of which were reported as implemented at the last Audit Sub Committee meeting of 26<sup>th</sup> February 2019.

3.3.26 The two recommendations outstanding at that time related to the grant sheets (central log) not reconciling to the finance records held and the completeness of individual finance records.

3.3.27 Payments and grants are manually tracked within the leaving care team and whilst the Head of Service has completed a dip sample which indicates that grants are tracked and updated and the service continues to dip sample to ensure that Grant sheets are up to date, a full review of all service users has yet to be undertaken.

3.3.28 The Head of Service confirmed on 21/5/19 that ‘the spreadsheets are being kept up to date as per the regular dip sampling and advised that due to a lack of capacity, it is not possible to check the 200+ grant sheets given limited staffing and would welcome any suggestions on how this may be addressed differently in light of the lack of resources’. A meeting to discuss this is being arranged.

3.3.29 As at May 2019, the proposed review of the service user finance records has yet to be undertaken and therefore both recommendations remain outstanding.

### **3.3.30 Contract Management – Adult Mental Health – Priority 1 update**

3.3.31 At the previous meeting in February 2019 Members were advised that the Department had implemented 2 of the 5 Priority 1 recommendations raised in the audit report finalised in May 2018. The recommendations relating to the deed of variation, performance monitoring and management reporting remained open. The previous update concluded that a revised target of March 2019 had been agreed to issue the new agreement, formally adopt the monitoring framework for performance management and schedule the receipt of quarterly and annual management reports.

#### **Variation to Contract**

3.3.32 At a meeting with the Head of Commissioning on the 2<sup>nd</sup> May it was confirmed that the deed of variation signed by Oxleas was still outstanding. On the 13<sup>th</sup> May it was confirmed that the contract, including comments for variation has been returned by Oxleas and is now being reviewed by officers including the Authority’s Legal Team. Once this has been completed, the deed of variation will be signed by both LBB and Oxleas, finalising this Priority 1 requirement.

3.3.33 The recommendation remains open.

#### **Performance Measures and Monitoring**

3.3.34 At the end of March a suite of KPI’s were agreed with Oxleas including a set of 45 indicators. The indicators can be separated into three areas – (a) those with data sets that are immediately available and can be provided by Oxleas (b) those with data sets that need to be developed so that performance can be reported and (c) data which needs to be developed for information but which will not be included in the performance report. Some data will need to be collected manually before suitable reporting systems can be put into place e.g. data related to training provided to officers. The deed of variation should include the agreed KPI’s to measure performance.

- 3.3.35 Not all of the 45 indicators will currently specify a target to be achieved (e.g. due to a lack of historical performance information) but represent a requirement to collate and report data from which targets can then be established. It was recommended that the final schedule of agreed indicators/requirements be formally adopted, the date, owner and revision date to be embedded as footer on the document.
- 3.3.36 Oxleas provided data reports in December 2018 and February 2019. Additional work is being undertaken by Oxleas to extend the data available to meet the requirements of the new performance framework and the Oxleas team are in the process of developing the reporting mechanisms. It was recommended that the Authority confirm the frequency and format to allow adequate time to process that data and monitor the contract.
- 3.3.37 Currently, the contract monitoring meeting with Oxleas considers performance monthly and the Mental Health Board (joint with the CCG) quarterly. The Head of Service (S&P, A&H) will need to confirm the availability of data from Oxleas and a target date when the first full month of data on the new performance framework is expected to be completed to achieve adequate contract monitoring.
- 3.3.38 The recommendation remains open.

### **Management Reporting**

- 3.3.39 The original priority 1 had identified that Oxleas should submit a quarterly performance management report to the Bromley Joint Mental Health Board. The agreement specified 8 reports and statements that should be included in this quarterly report. The signed deed of variation and section 31 agreement should specify a similar list of reports and statements that will need to be evidenced.
- 3.3.40 The recommendation remains open.
- 3.3.41 As at 16<sup>th</sup> May the three recommendations remain open but full implementation is expected shortly.

### **3.3.42 Strategic Property – Priority 1 update**

- 3.3.43 At the previous meeting Members were informed that four Priority 1 recommendations were raised from the review of the management of Strategic Property. The Priority 1 recommendations related to Verification of Contract Performance to support payments, issues with work commissioned from the Strategic Property sub-contractor which is outside the scope of the contract, key performance indicators and the £1m income generation plan.
- 3.3.44 Management advised that progress has been made in implementing the four Priority 1 recommendations which is detailed below.

### **Verification of Contract Performance to support payments**

- 3.3.45 Since the audit took place a series of meetings have been held with the Contractor and rather than sampling work from the tracker it was agreed that all casework undertaken by the Contractor in terms of Disposals/Rent Reviews/Lease Renewals/New Leases would be checked by the Head of Asset and Investment Management (HAIM). This ensures that the work behind each transaction has been carried out in diligent and accurate manner. The Contractor meets with the client on a regular basis where the Contractor presents works undertaken so that the HAIM can query, review and then approve. A hard copy record of each transaction is kept by the TFM Client Team.

### **Issues with work commissioned from the Strategic Property sub-contractor which is outside the scope of the contract**

- 3.3.46 Prior to the Audit taking place Management recognised that the Contractor was not adhering to the Schedule of Rates and therefore decided not to issue any new instructions on this basis. Consequently other pieces of major work have been issued to other Contractors with individual Executive approvals. Where the contractor has continued to be instructed these are for specific works which are not provided via the Schedule of Rates and are usually provided by Third Parties – where the Contractor has obtained either a number of quotes or has undertaken costed works via agreement with the TFM Team approved by the HAIM. These tend to be, for example, either bespoke dilapidation reports, measurement surveys and Arbitration Fees determined by the RICS.

### **Key performance Indicators (KPIs)**

- 3.3.47 Since the audit took place a series of meetings have been held with the Contractor and the Strategic Property KPIs will be removed from the Balanced Scorecard and be presented in their own format with a separate penalty methodology to reflect multiple failure and linkage to non-delivery of service. As all casework undertaken by the Contractor in terms of Disposals/Rent Reviews/Lease Renewals/New Leases is now being checked by the Head of Asset and Investment Management (HAIM) this further provides Management assurance that satisfactory service is being applied. The revised KPI's with written guidance are due to be finalised by 7 June and then taken via CCN to the Strategic Partnership Board on 26 June 2019.

### **£1m income generation plan**

- 3.3.48 Since the audit took place a series of meetings have been held with the Contractor together with Finance whereby the identified savings have been analysed and in respect of Q1 and Q2 reviewed. Q3 and Q4 are currently being reviewed with anticipated completion by 7 June 2019. A process has been implemented by the HAIM whereby each Savings/Income Generation line provided by the Contractor is reviewed and approved by the HAIM, following query, review and if appropriate challenge. This provides Management assurance that the identified benefit is genuine and is in addition to what would have been expected if the Contractor was not delivering its enhanced service to produce the extra £1M.

- 3.3.49 Internal Audit will review the evidence and undertake verification tests to confirm the implementation of the four outstanding priority 1 recommendations which will be reported to committee at the next meeting.

- 3.3.50 The recommendation remains open.

### **3.3.51 Review of Waivers – Priority 1 update**

- 3.3.52 The progress to implement the two outstanding priority 1 recommendations has been reported to previous committees since the report was finalised in March 2017. The recommendations related to improving accountability of all waivers using a central register and secondly the need for a standard template that cannot be altered and tracked to promote consistency for waivers.

- 3.3.53 The Assistant Director Governance and Contracts has provided a satisfactory update to evidence progress to implementation as follows:-

- The process for authorisation for all contract actions (proceeding to procurement, award of contract, extensions, variations and exemptions of which the latter three come under the heading of 'waivers') has been updated and regularly communicated and forms part of commissioning and procurement training provided to staff. All guidance and supporting

templates are available on the Council's Management Toolkit pages. This process is fully embedded.

- The Procurement Board has been implemented in 2019; part of their role is to monitor a workplan of all relevant contracts to monitor compliance with authorisation requirements.
- The Contracts Database has been developed for the functionality of an electronic authorisation process for all relevant contract actions, including extensions, variations and exemptions. This functionality is now being rolled out through initial pilots with selected users before wider roll out.
- The electronic authorisations process will generate and securely store formally approved authorisations in accordance with the Council's Contract Procedure Rules, so that there is one agreed and auditable record for every contract authorisation. Training will be provided to Contract Owners to facilitate a clear understanding of the process.

3.3.54 The recommendations have been addressed, subject to ongoing monitoring and review of the functionality of the Contracts Database and therefore considered closed.

### **3.3.55 Street Cleansing Contract Management – Priority 1 update**

3.3.56 At the previous meeting Members were informed that one Priority 1 recommendation was raised from the review of the Street Cleansing Contract Management. The Priority 1 recommendation related to invoices being processed for payment without supporting documentation. The prices charged for some elements of the agreed programme of additional work could not be substantiated. (NB these had been in place over the length of the contract but no breakdown could be provided).

3.3.57 Internal Audit is currently reviewing the draft payment processing procedure for the new Street Cleaning Contract which started on 01/04/2019. Internal Audit will undertake verification tests and review the evidence and to confirm the implementation of the Priority 1 recommendation which will be reported to committee at the next meeting.

## **3.4 Publication of Internal Audit Reports**

3.4.1 Since the last cycle of this Committee, we have published 12 redacted final reports, listed in the table overleaf. At the request of Members of this Committee, we have included the audit opinion given to each audit. Follow up audits for implementation of previous recommendations are not given an opinion.

<b>AUDIT</b>	<b>OPINION</b>
Financial Strategy and Budget Compliance	Substantial
Housing Benefit and Council Tax Reduction Scheme	Substantial
Arboricultural Services	Limited
Residential Care	Substantial
Strategic Commissioning	Substantial
Total Facilities Management	Limited
Traffic & Road Safety Procurement	Substantial
Treasury Management	Substantial
Adult Social Care Budget Management	Substantial
Children's Social Care Budget Management	Substantial
Payroll Expenses	Substantial
Troubled Families Claim	N/A

### **3.5 Risk Management**

- 3.5.1 It was agreed by the Committee that Risk Registers would be reviewed at least six monthly, updated and reported first to Audit Sub Committee and then to the respective PDS Committees. The latest iterations of the departmental and corporate risk registers, which formed part of the Corporate Risk Management Group meeting agenda on 1<sup>st</sup> May 2019 are attached as Appendices B1 – B9.
- 3.5.2 Since the last meeting of the Audit Sub Committee on 26<sup>th</sup> February 2019, one key amendment has been made to the Corporate Risk Register, by way of the addition of a risk reflecting the 'Potential detrimental impact of Brexit upon service delivery'.
- 3.5.3 At the Executive, Resources and Contracts PDS meeting of 5<sup>th</sup> July 2018, it was requested that the risks marked as 'Red' (High) should be presented to each meeting of the relevant PDS committee and that the 'further action required' column of each Risk Register be kept under review and this process commenced immediately.

### **3.6 Waivers**

- 3.6.1 Members of this Committee took the decision to only report on waivers sought under the Contract Procedure Rules 3 and 13.1 and to therefore exclude specific exemptions provided to officers under the Council's Scheme of Delegation which relate to social care placements. As required by the Contract Procedure Rules (CPR) this Committee has to be updated on waivers sought across the Authority at six monthly intervals.
- 3.6.2 As previously reported to this Committee the methodology to obtain the waivers was labour intensive and relied on manual records maintained by the Directors PA's. There had been concern that not all waivers were captured and reported to Committee.

- 3.6.3 The Assistant Director Governance and Contracts (AD G&C) has written and issued a series of practice notes related to the information and actions stipulated by the Contract Procedure Rules. Practice note 1 issued to all contract owners included a section on waivers:-
- 3.6.4 *Waivers (extensions, variations, exemptions) – Contract Owners need to report these to Audit Sub bi-annually where they are over £50k. Make sure you are recording these so you can pass the information to Internal Audit upon request, who then make the report to Audit Sub on your behalf.*
- 3.6.5 The waivers reported should include all exemptions, extensions and variations as defined in 13.1 of Contract Procedure Rules with reference to 3.1, 3.5.5 and 23.7.
- 3.6.6 For this committee cycle the information was gathered from the ECS Business Support Team, ECHS Commissioning , the PA assigned to the Director of Finance and interrogation of the Contract Database to identify exemptions and extensions. The information shown at Appendix C is the collation of information available from these sources and should include waivers that had been authorised between October 2018 and March 2019 as a gateway report or waiver document.
- 3.6.7 Members are asked to review this list and comment as necessary, preferably prior to the meeting so that officers can extract the details on queried waivers.

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

- 4.1 The content of this report will have implications for both adults and children in respect of audits that will be undertaken in both Children’s and Adults Social Care.

**5. POLICY IMPLICATIONS**

None

**6. FINANCIAL IMPLICATIONS**

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

**7. PERSONNEL IMPLICATIONS**

- 7.1 Where appropriate and following a reasonable management investigation, a disciplinary process may be initiated in response to poor practices or/and misconduct.

**8. LEGAL IMPLICATIONS**

- 8.1 Under Section 1 of the Local Government Act 1972, the authority is required to make proper arrangements in respect of the administration of its financial affairs.
- 8.2 The provisions of the Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Function.

**9. PROCUREMENT IMPLICATIONS**

- 9.1 The contents of this report includes planned audits that will have implication for procurement relating to contract procedure rules, financial regulations and Value for Money issues.

<b>Non-Applicable Sections:</b>	Policy
Background Documents: (Access via Contact Officer)	None

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Priority 1 list - June 2019

Appendix A

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
<p><b>CX/047/01/2016/17</b></p> <p><b>Finalised date</b> <b>23rd February 2018</b></p>	<b>Agency Staff</b>	Limited	3 1o/s	1) Process for extending the length of service of agency staff is not complied with.	In Progress	<p>Chief Executive</p> <p>Director of Human Resources</p>	<p>May 2018 See Progress Report</p> <p>November 2018 See Progress Report</p> <p>February 2019 See Progress Report</p> <p>June 2019 See Progress Report</p>	High
<p><b>ECHS/08/2017/AU</b></p> <p><b>Finalised date</b> <b>29th May 2018</b></p>	<b>Review of Contract Management for the Agreement with Oxleas - Mental Health</b>	Limited	5 3o/s	<p>1) The 20 year agreement has been in place for 14 years with no evidence of review or variation.</p> <p>2) The performance measures specified in the agreement were obsolete and out of date and there were no defined monitoring arrangements in place.</p> <p>3) Management reports had not been provided to the Authority as specified in the Agreement</p>	In progress	<p>Deputy Chief Executive and Executive Director of Education, Care and Health Services</p> <p>Director of Adult Social Care and Interim Director Programmes</p>	<p>November 2018 See Progress Report</p> <p>February 2019 See Progress Report</p> <p>June 2019 See Progress Report</p>	High
<p><b>ECHS/01/2017/AU</b></p> <p><b>Finalised date</b> <b>15th October 2018</b></p>	<b>Review of Leaving Care</b>	Limited	6 2o/s	<p>Issues arose within the following areas :-</p> <p>1) Individual service user finance records were found not to be up to date;</p> <p>2) Grant sheet (Central Log) issues arose with a number of cases;</p>	In progress	<p>Deputy Chief Executive and Executive Director of Education, Care and Health Services</p> <p>Director of Children's Social Care</p>	<p>November 2018 See Progress Report</p> <p>February 2019 See Progress Report</p> <p>June 2019 See Progress Report</p>	High

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
<b>ECHS/026/2017/AU</b>  <b>Finalised date</b> <b>25th October 2018</b>	<b>Review of Home Tuition</b>	Limited	5 10/s	Issues arose within the following area :- Procurement of Agency Tutors (partially implemented)	In progress	Deputy Chief Executive and Executive Director of Education, Care and Health Services  Director of Education	November 2018 See Progress Report  February 2019 See Progress Report  June 2019 See Progress Report	High
<b>CEX/02/2017/AU</b>  <b>Finalised date</b> <b>26th October 2018</b>	<b>Review of Creditors</b>	Limited	1	The form for set -up to the creditors master file is not checked or signed off by the budget holder or other designated officer within that business service area	In progress	Chief Executive  Director of Finance	February 2019 See Progress Report  June 2019 Will form part of the the Creditors Audit which is currently in progress	High
<b>ECS/07/2017/AU</b>  <b>Finalised date</b> <b>23rd November 2018</b>	<b>Review of the management of Strategic Property</b>	Limited	4	Issues arose within the following areas :- 1) Verification of contract performance to support contract payments; 2) Issues with work commissioned from a sub contractor which is outside the scope of the contract; 3) Monitoring of KPIs; 4) Validation and Monitoring of £1m Income Generation Plan;	In progress	Executive Director of Environmental Services / Director of Regeneration	February 2019 See Progress Report  June 2019 See Progress Report	High
<b>CCRP/05/2018/AU</b>  <b>Finalised date</b> <b>16th January 2019</b>	<b>Review of Health and Safety</b>	Limited	1	A full suite of comprehensive Health and Safety Risk Assessments (Risk Assessment Universe) is not held. The Authority is not, therefore, able to demonstrate that it has assessed its Health and Safety risks and has action plans in place to implement controls	In Progress	Director of Human Resources and Customer Services	February 2019 See Progress Report  June 2019 See Progress Report	High

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Implemented	Responsible Officer	Comments	Risk of fraud or loss
ECS/1/2018/AU  Finalised date 8th Februray 2019	Review of Street Cleansing Contract Management	Substantial	1	Invoices processed for payment without supporting documentation. The prices charged for some elements of the agreed programme of additional work could not be substantiated. (NB these had been in place over the length of the contract but no breakdown could be provided)	In Progress	Executive Director of Environmental Services / Assistant Director of Environment	February 2019 See Progress Report  June 2019 See Progress Report	High
ECS/7/2018/AU  Finalised date 18th April 2019	Review of Arboricultural Services	Limited	4	Issues arose within the following areas:- 1) The payment process had remained within the arboricultural team with poor controls; inadequate separation of duties, inadequate supporting documentation and incorrect coding of expenditure. 2) Open orders held on Confirm that had not been reconciled to ORACLE or committed for payment 3) Inadequate performance monitoring 4) Defaults have not been collected for 2018/19.	In Progress	Executive Director of Environmental Services / Assistant Director of Environment	See Progress Report New addition to the P1 list	High

**The following P1 recommendations have been implemented :**

Parking Income - 2 priority 1 recommendations now implemented - See Progress Report  
 Waivers - 2 priority 1 recommendations now implemented - See Progress Report

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**Risk Assessment Guidance**

Likelihood	Almost Certain (5)	5	10	15	20	25	<table border="1"> <tr> <td>15+</td> <td><b>High Risk</b> - review controls and actions every month</td> </tr> <tr> <td>10 - 12</td> <td><b>Significant Risk</b> - review controls and actions every 3 months</td> </tr> <tr> <td>5 - 9</td> <td><b>Medium Risk</b> - review controls and actions every 6 months</td> </tr> <tr> <td>1 - 4</td> <td><b>Low Risk</b> - review controls and actions at least annually</td> </tr> </table>	15+	<b>High Risk</b> - review controls and actions every month	10 - 12	<b>Significant Risk</b> - review controls and actions every 3 months	5 - 9	<b>Medium Risk</b> - review controls and actions every 6 months	1 - 4	<b>Low Risk</b> - review controls and actions at least annually
	15+	<b>High Risk</b> - review controls and actions every month													
	10 - 12	<b>Significant Risk</b> - review controls and actions every 3 months													
	5 - 9	<b>Medium Risk</b> - review controls and actions every 6 months													
	1 - 4	<b>Low Risk</b> - review controls and actions at least annually													
Highly likely (4)	4	8	12	16	20										
Likely (3)	3	6	9	12	15										
Unlikely (2)	2	4	6	8	10										
Remote (1)	1	2	3	4	5										
		Insignificant (1)	Minor (2)	Moderate (3)	Major (4)	Catastrophic (5)	Impact								

Risk Likelihood Key					
	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Remote	Unlikely	Possible	Likely	Definite
Expected frequency	10 - yearly	3 - yearly	Annually	Quarterly	Monthly

Risk Impact Key					
Risk Impact	Score - 1	Score - 2	Score - 3	Score - 4	Score - 5
	Insignificant	Minor	Moderate	Major	Catastrophic
Compliance & Regulation	Minor breach of internal regulations, not reportable	Minor breach of external regulations, not reportable	Breach of internal regulations leading to disciplinary action Breach of external regulations, reportable	Significant breach of external regulations leading to intervention or sanctions	Major breach leading to suspension or discontinuation of business and services
Financial	Less than £50,000	Between £50,000 and £100,000	Between £100,000 and £1,000,000	Between £1,000,000 and £5,000,000	More than £5,000,000
Service Delivery	Disruption to one service for a period of 1 week or less	Disruption to one service for a period of 2 weeks	Loss of one service for between 2-4 weeks	Loss of one or more services for a period of 1 month or more	Permanent cessation of service(s)
Reputation	Complaints from individuals / small groups of residents Low local coverage	Complaints from local stakeholders Adverse local media coverage	Broader based general dissatisfaction with the running of the council Adverse national media coverage	Significant adverse national media coverage Resignation of Director(s)	Persistent adverse national media coverage Resignation / removal of CEX / elected Member
Health & Safety	Minor incident resulting in little harm	Minor Injury to Council employee or someone in the Council's care	Serious Injury to Council employee or someone in the Council's care	Fatality to Council employee or someone in the Council's care	Multiple fatalities to Council employees or individuals in the Council's care

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## Corporate Risk Register - Appendix B2

											DATE COMPLETED:		11/04/2019
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	<p><b>Cause(s):</b></p> <ol style="list-style-type: none"> <li>As a consequence of significant Government funding reductions (austerity is expected to continue beyond 2019/20), need to reduce the Council's significant 'budget gap' of £31.7m per annum by 2022/23.</li> <li>Part of the devolution of funding, business rates will be devolved to Local Government from 2020/21 (75% of the total national business rate monies). The outcome of the Government's awaited spending review and fair funding review will impact on the 2020/21 and future years' budget and creates financial uncertainty. A future national recession could have a significant impact on income generated to fund key services within a more devolved model.</li> <li>Failure to meet departmental budgets due to increased demand on key services resulting in overspend: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households).</li> <li>The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions.</li> <li>Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases.</li> <li>The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers).</li> <li>As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures.</li> <li>Impact of welfare reforms and the phased roll out of Universal Credit.</li> <li>Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount).</li> </ol> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>Increased overspend in particular services</li> <li>Council unable to carry out its statutory duties due to services cuts</li> <li>Reputational damage</li> <li>Failure to achieve our Building a Better Bromley priorities.</li> </ul>	Finance Financial	5	5	25	<ul style="list-style-type: none"> <li>Regular update to forward forecast</li> <li>Early identification of future savings required</li> <li>Transformation options considered early in the four year forward planning period</li> <li>Budget monitoring to include action from relevant Director to address overspend including action to address any full year additional cost</li> <li>Mitigation of cost pressures including demographic changes</li> <li>Quarterly review of growth pressures and mitigation</li> <li>Apart from 'One Bromley' projects, there are opportunities for the Transformation Reviews and Core Statutory Minimum Reviews</li> </ul>	4	5	20	The Council is undertaking a review to determine the core statutory minimum service requirements and exploring transformation opportunities to help meet the ongoing budget gap	Director of Finance
2	Corporate Risk	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<p><b>Cause(s):</b></p> <ol style="list-style-type: none"> <li>Driven by budgetary considerations.</li> <li>Our low cost base reduces the scope to identify efficiency savings compared with a higher cost organisation.</li> <li>Availability of quality data to support decisions.</li> <li>Capacity to deliver the Commissioning agenda.</li> <li>Capacity of key areas to deliver outsourcing i.e. ICT (supporting IT and information transfers), HR, procurement teams and legal services.</li> <li>Impact of not being able to outsource targeted services means that additional savings are required elsewhere.</li> <li>Ensuring that we adequately engage with Members and consult staff, residents, service users, businesses and other interested parties.</li> <li>Contracts and SLAs fail to deliver required quantity / quality / value for money services.</li> <li>Potential downside: Contracted provider fails to meet performance standards, terminates contract or ceases to trade with the result that the service has to be brought back in-house.</li> </ol> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>Service cuts required if balanced budget is not met</li> <li>Reputational damage</li> <li>Service standards reduce / outcomes not met</li> <li>Contracts / SLAs fail to deliver required quantity / quality / value for money</li> <li>If provider fails, potential for service to be brought back in-house</li> <li>Failure to achieve our Building a Better Bromley priorities.</li> </ul>	Commissioning Contractual and Partnership	5	4	20	<ul style="list-style-type: none"> <li>Commissioning Programme developed</li> <li>Initial pilot of 10 services identified</li> <li>Commissioning Team represented at senior level across the Council</li> <li>Governance arrangements and budget agreed</li> <li>Commissioning Programme</li> <li>Member and Officer training</li> <li>Commissioning Board (or equivalent)</li> <li>Contract and Commissioning Sub Committee (5x per year)</li> <li>Monitoring and progress reports to the Executive</li> <li>Appropriate engagement with Members, staff, residents, service users, businesses and other stakeholders</li> </ul>	3	4	12	<ul style="list-style-type: none"> <li>Proposals relating to the individual services to be submitted to the respective PDS Committees for scrutiny and approval linked to the four year forecast.</li> <li>Ensure that the organisation has the appropriate capacity and governance arrangements in place to deliver the agenda</li> <li>Growth pressures identified as part of the four year forecast to allow service reviews/redesign to help mitigate cost pressures</li> </ul>	Service Directors supported by Assistant Director, Governance and Contracts
3	Corporate Risk	Failure to deliver partial implementation of Health and Social Care Integration. Plans not in place to deliver partial integration by 2020	<p><b>Cause(s):</b></p> <ol style="list-style-type: none"> <li>Difficulty in achieving rapid change in a system as complex as health and social care.</li> <li>Rising social care costs due to ageing population and people living longer with increasing complex needs.</li> <li>Difficulties with agreeing budgets (given likely funding reductions going forward), complex governance arrangements, and workforce planning.</li> <li>Need to focus on collaborative working (cultural differences).</li> <li>Pressure for social care services to be accessible 7 days a week both in terms of our own workforce and contracts with external providers in line with NHS priority to deliver 7 day working across the health sector.</li> <li>LBB will need to contribute to a whole system review (led by the Bromley Clinical Commissioning Group) to ensure that funding follows the patient.</li> </ol> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>Failure to deliver statutory duties</li> <li>Failure to achieve our Building a Better Bromley priorities.</li> </ul>	Health and Social Care Integration Contractual and Partnership	2	3	6	<ul style="list-style-type: none"> <li>A draft 2020 integration plan for health and social care integrated service delivery and commissioning across the borough was developed by May 2018 by Education, Care and Health Services and the Bromley Clinical Commissioning Group</li> <li>Continued work with health partners to deliver the main transformation programmes e.g. Bromley Well and the transformation of prevention</li> <li>Building on the work already delivered through S75 agreement with Oxleas and being implemented through the Better Care Fund workstreams e.g. Winter Resilience work, Transfer of Care Bureau, Integrated Care Records and Discharge to Assess.</li> <li>New Governance structure between the London Borough of Bromley and the Bromley Clinical Commissioning Group feeding into the Health and Wellbeing Board via the Integrated Commissioning Board (strategic) and Commissioning Network (operational)</li> </ul>	2	3	6		Executive Director for Education, Care and Health Services
4	Corporate Risk	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	<p><b>Cause(s):</b></p> <ol style="list-style-type: none"> <li>The on-going need to reduce the size and change the shape of the organisation to secure priority outcomes within the resources available.</li> <li>Having the right people in place by implementing effective recruitment and retention strategies.</li> <li>Potential skills gap and deterioration of service quality through loss of experienced staff as a result of age profile of workforce and downsizing (failure to succession plan).</li> <li>Disruption while services realigned and staff appointed to new structure.</li> <li>Increasing demands and pressures on remaining staff given increased customer expectation levels, could lead to morale issues.</li> <li>Increased potential for internal controls to be bypassed due to flatter reporting structure.</li> <li>Lack of capacity to lead projects / manage change agenda and consequent ability to respond to change initiatives and the achievement of outcomes and benefits.</li> <li>Potential future shortage of professionally qualified practitioners in key areas, particularly around the Safeguarding agenda.</li> <li>Need to ensure that relevant staff have necessary disciplines to drive improvement and enable good practice and consistency in delivering change and the achievement of outcomes and benefits e.g. risk and performance management.</li> <li>Adverse industrial relations climate with individual and collective grievances including trade disputes with the unions, causing some disruptions to vital Council services.</li> <li>Increasing number of employment tribunal cases causing financial and administrative inconveniences.</li> <li>Having the right buildings and facilities to support fewer, more professional, differently organised staff.</li> <li>Potential changes to working relationship with Members as we move to a smaller organisation.</li> <li>The need to track continued changes to government strategy and policies coupled with changes in legislation to avoid compliance issues (approx. 1,300 statutory duties).</li> <li>Adequacy of consultation on issues that affect residents across the borough i.e. re-organisation of libraries, Biggin Hill expansion.</li> <li>Adverse external audit comment and resulting ratings in relation to 'excellent in the eyes of local people'.</li> </ol> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>Skill gaps</li> <li>Deterioration of service quality through loss of experienced staff</li> <li>Disruption while services are realigned</li> </ul>	Organisational Change Personnel	4	2	8	<ul style="list-style-type: none"> <li>Continuously address the recruitment and retention of key individuals in critical posts.</li> <li>Effective succession planning and grow your own initiatives, and using the Apprenticeship Levy to address recruitment challenges in the medium-long term</li> <li>Ensure the organisation has the HR capacity and employment law expertise to manage change.</li> <li>Address the transformational and transitional capabilities (including leadership) required for a successful commissioning journey/process.</li> <li>Provide adequate resources to support and improve staff engagement and communications.</li> </ul>	4	2	8		Director of Human Resources and Customer Services

## Corporate Risk Register - Appendix B2

											DATE COMPLETED:		11/04/2019
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
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5	Corporate Risk	Ineffective governance and management of contracts	<b>Cause(s):</b> 1. Ensuring client side staff have the necessary training and skills to manage and monitor contracts. 2. Ensuring effective communication channels between client and provider to ensure contract compliance. 3. Need for monitoring officers to check quality of outsourced services and customer satisfaction levels. 4. Lack of understanding of the contract deliverables. 5. Short cuts in procurement processes e.g. extending contracts rather than retendering. 6. Compatibility of different systems and availability of IT support. 7. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. 8. Potential for operational errors / omissions by contractors (responsibility remains with LBB). 9. Managing customer expectations and dealing with complaints where there are failures. <b>Effect(s):</b> - Financial losses - Service disruptions - Provider fails to maintain agreed service levels routinely - Increased resource to handle and manage complaints / customer expectations - Failure to achieve our Building a Better Bromley priorities.	Contract Management Contractual and Partnership	4	4	16	- Review of contract management and contract monitoring controls including any issues identified by internal audit - Database alerts to assist in monitoring - Contract and Commissioning Sub Committee - Member scrutiny	3	4	12		All Directors
6	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<b>Cause(s):</b> 1. Need to ensure that Information systems are fit for future business purpose. 2. Capacity and skill within Corporate ICT to maintain and support systems during a period of significant change and in the future. 3. Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). 4. Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). 5. Adequacy of information governance data protection rules to ensure the confidentiality, integrity and availability of information assets. 6. IT failure impacting on critical operational systems. 7. Over the next 3 years we will need to undertake gateway reviews / procurement plans for at least 4 of the Council's business critical systems; Customer Relationship Manager, Carefirst, Housing info system and Education's Capita One system plus the main LBB website and SharePoint. 8. Transfer of IT contract to new ICT 3rd party supplier. <b>Effect(s):</b> - Service disruptions - Inability to access key systems - Reputation damage - Inability to support organisation change and savings targets - Failure to achieve our Building a Better Bromley priorities.	ICT Data and Information Technological	3	2	6	- Transfer of IT contract to new BT in 2016 to give greater resilience. Robust backup arrangements - Enhanced antivirus/cyber security. tested system restoration arrangements.	3	2	6	Review data storage /hosting arrangements. Carry out at least 4 gateway reviews for major systems. Increase stability of ICT infrastructure including Lync.	Director of Corporate Services
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<b>Cause(s):</b> 1. Unavailability of Council offices / depots due to explosion, fire flood or police cordons around Council buildings 2. Operational emergencies due to severe weather conditions, fire, or major incident. 3. Availability of staff to deliver key services if trained volunteers are taken away to deal with a major incident (the Council is a Category 1 responder under the Civil Contingencies Act). 4. Loss of key business systems due to power problems or system failure. 5. Inadequate IT disaster recovery arrangements leading to dislocation of Council services. 6. Sustained industrial action affecting key services. 7. Lack of Business Continuity Plan testing. 8. Adequacy of contractor's business continuity plans. 9. Shortage of staff to deliver key services in the event of a flu pandemic or similar <b>Effect(s):</b> - Significantly prolonged service disruptions - Normal service takes longer to resume - Reputational damage / loss of credibility - Increased costs to rectify disruptions - Injury / harm - Loss of access to key systems - Failure to achieve our Building a Better Bromley priorities.	Business Continuity Physical Reputational	4	3	12	- Business Continuity Plans - Emergency Planning procedures	4	3	12	To ensure that all Business Continuity Plans are up to date and are cross linked with one another across the Authority, specifically in relation to fall back sites, where there may be a number of departments using the same scarce resource.  To consider our Business Continuity plans in the event of a major incident in the Borough (staff unable to get to work, staff caught up in or helping with the incident).  To revisit the evacuation protocols within the Civic Centre site, specifically where staff would go if there was a large cordon around Bromley Town Centre.  To continue to provide a resilient out of hours service to Emergency Planning by having Trained contactable volunteers.	Executive Director of Environment & Community Services
8	Corporate Risk	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	<b>Cause(s):</b> 1. Local authority response to Bromley's Safeguarding Children's Board following Wood Review. <b>Effect(s):</b> - Impact on Life chances and outcomes for children	Children's Social Care Legal, Reputational	3	5	15	- Multi Agency Bromley Children's Safeguarding Board (BCSB) Training programme 2019 to be set - Dedicated HR programme of support in place to recruit social workers to front line posts - Scrutiny of Performance Management Framework and Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - under review - Quality Assurance Audit Programme Phase3 - Children's Services Practice Improvement Board to commence April 2019 to deliver Ofsted and local authority recommendations - Continued reduction of caseloads & within Caseload promise on average - Atlas Team reviewed and moved to MASH to improve safeguarding - Identified Training plan for qualified social workers and other professionals reviewed and updated quarterly	3	4	12	- Ofsted validation - report published 7th January 2019 - Phase 3 - 'to excellence' plan in development	Directors, Specifically Executive Director of Education, Care and Health Services



## Corporate Risk Register - Appendix B2

										DATE COMPLETED:		11/04/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
9	Corporate Risk	<b>Temporary Accommodation</b> Inability to effectively manage the volume of people presenting themselves as homelessness and the additional pressures placed on the homeless budgets	<b>Cause(s):</b> 1. Changes in government funding 2. Rising numbers of placements (approx. 20 per month).  <b>Effect(s):</b> - Failure to fulfil statutory obligations - Impact on life chances and outcomes for individuals and families in temporary accommodation - Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) - Pressure on other services	Housing Social	5	4	20	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Implementing the Homelessness Strategy - setting up the multi agency Homelessness forum and taking forward the priorities of the strategy - New incentive campaign for private sector landlords embedded and benefits being realised	4	4	16	- Housing Transformation Board progressing projects to increase cost effective temporary accommodation and affordable housing supply. Member approval to be sought in May 2019. - Transformation Board action plan in place for next 3-4 years. - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation. - Work innovatively with a range of providers to increase access to a supply of affordable accommodation. - Implement Intake and Early Intervention service to meet Homelessness Reduction Act - Complete tender process for modular homes supplier for temporary accommodation	Executive Director for Education, Care and Health Services
10	Corporate Risk	Potential detrimental impact of BREXIT upon service delivery	<b>Cause(s):</b> 1. Lack of clarity provided by HM Government regarding how and when Britain will leave the EU 2. Multiple scenarios and associated time frames causing regulatory and legislative issues 3. Uncertainty making planning assumptions difficult  <b>Effect(s):</b> - Scale and impact difficult to assess - Impact upon mitigation planning - Areas potentially affected include i) Workforce ii) Procurement and supply chain iii) Legislation and Regulation iv) EU Funding Arrangements v) Community Cohesion vi) EU Election Planning	Corporate	3	3	9	- Process in place to monitor potential impacts upon specific key services - Monitoring of potential effects with key partners - Potential BREXIT impacts regularly reviewed by COE - Collaboration with all London Local Authorities to ensure concerns are raised with HM Government - Regular BREXIT updates received from HM Government - Contingency fund provided by HM Government - Local Authority has adequate reserves to deal with any unforeseen consequences of BREXIT	3	3	9	- Review of planning assumptions and mitigation once Clarity regarding BREXIT is known	Brexit Lead - Executive Director of Environment & Community Services

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## Chief Executive's (CEX) Risk Register - Appendix B3

											DATE LAST REVIEWED:	09/01/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Corporate Services	<b>IT Security failure</b>	<b>Cause(s):</b> Failure of IT Security (responsibility across Bromley & BT) to manage risk of attack or intrusion leading to potential corruption / loss of data / loss of systems  <b>Effect(s):</b> Loss of service, potential fines, resident dissatisfaction	Data and Information	4	5	20	-Application of effective security management including effective application of anti-virus protection and security measures through the IT Contract with BT - Regular Penetration Testing undertaken - Information Security Team in place - Patch updates undertaken regularly - IG training programme - PSN Compliant	2	5	10		Vinit Shukle
2	Corporate Services	<b>Telecommunications failure</b> Prolonged telecoms / switchboard failure	<b>Cause(s):</b> Power surge, contractor failure, malicious attack, IT failure  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information	3	5	15	- Stand-by arrangements available so that in the event of failure highest priority services can be recovered - Technical design takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - All Critical Services now have additional independent lines as contingency (if not their first line) - Additional resilience in use of LBB mobile phones - The ICT Disaster Recovery Plan is in progress - Working with BT to implement disaster recovery arrangements as part of new backup contract - Effective application of anti-virus protection and security measures through the IT contract with BT	2	3	6	- Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience.	Vinit Shukle
3	Corporate Services	<b>IT System Failure (partial loss)</b> Partial loss of IT systems	<b>Cause(s):</b> Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files  <b>Effect(s):</b> Widespread disruption across the Council	Data and Information - Operational	4	4	16	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - System now migrated to the server - No longer dependent on Win7 - all services successfully transferred. However, the Novell filing registry/Regnet system has no further upgrade options and is not compatible with Win10 which will be deployed before December 2019 (Win7 support expiry date)	4	3	12	The Novell System is currently used by legal team for historical file information only on a 'stand alone' PC. As part of any future platform upgrades, investigation will need to be carried out as to whether this option is still viable (by way of impact assessment) or look at migrating the historical data into Norwel (the current system).	Vinit Shukle
4	Corporate Services	<b>IT System Failure (total loss)</b> Complete failure of IT systems resulting in widespread disruption across the Council	<b>Cause(s):</b> Complete loss of data centre and related hardware  <b>Effect(s):</b> Widespread disruption across the Council Financial loss Reputational impact	Data and Information - Operational	3	5	15	- Effective incident management / support and resilient systems in use so that single points of failure are minimised - Technical design that takes into account the criticality of systems and ensures, where justified, that additional resilience is built in - Ensure proactive monitoring tools are in place to highlight potential issues before there is a major incident - Backup power arrangements in the event of power issues (most likely) - Server room has fire suppression, water detection and significant physical security measures have been undertaken.	2	4	8	- Property are planning additional works to resolve the issues that caused the outages, but until then we remain at an elevated risk.	Vinit Shukle
5	Corporate Services	<b>Network Loss</b> Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	<b>Cause(s):</b> Major malfunction of council's network caused by Cyber Attack or other means  <b>Effect(s):</b> Loss of system access Service Disruption Reputational impact	Data and Information - Operational	3	3	9	- Existing local resilience procedures (over Liberata network via Citrix) - Business Continuity Plan and manual procedure plans in place - Prepared for use of smart telephony messaging, web banner message and reception signage	3	2	6		Vinit Shukle

## Chief Executive's (CEX) Risk Register - Appendix B3

													DATE LAST REVIEWED:	09/01/2019
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING			
6	Corporate Services	<b>Budgetary overspend</b>	<b>Cause(s):</b> Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees)  <b>Effect(s):</b> Financial	Economic - Strategic	4	3	12	- Effective forward budgetary planning - On-going engagement with stakeholders - On-going management of costs, demand forecasting, allocation of existing resources	3	3	9	- Identify "risk areas" (e.g. contracts using low paid labour)	Director of Corporate Services	
10	Corporate Services	<b>Failure to follow Legal Advice</b> Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	<b>Cause(s):</b> Advice not being sought and/or followed by clients.  <b>Effect(s):</b> - Breach of statutory obligations through failure of compliance with relevant legislation (e.g. 'Duty to Consult', EU Procurement Rules, Health and Safety etc.) leading to adverse publicity and significant costs including fines. - Council making unlawful decisions - Potential compensation to injured parties - Negative publicity - Potential judicial reviews	Legal - Operational	3	3	9	- Service procurement procedures reviewed for robustness - Register of all relevant statutory requirements - Regular review of compliance - Effective training of managers in requirements of relevant legislation - Systematic consultation - Robust internal customer service standards and service delivery meetings - Continuous learning and feedback - Statutory requirements (awareness and training)	2	3	6		Director of Corporate Services	
15	Corporate Services	<b>Data Protection Breach</b>	<b>Cause(s):</b> Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets.  <b>Effect(s):</b> 1. Distress and/or physical impact on wellbeing of customers 2. Impact on operational integrity 3. Reputational damage to services and the authority as a whole 4. Liability in law 5. Economic damage to authority and/or customers 6. Impact on service take up due to reduced confidence from the public	Data and Information - Operational	4	5	20	- LBB is currently compliant with the Public Services Network Code of Connection (PSN CoCo) and Connecting for Health Information Governance Toolkit (CfH IGT). The LBB Information Governance Board formally accepted the CfH IGT as the basis of LBB's internal information governance program at their meeting in August 2012. Both standards are based on the ISO27001 international best practice standard for managing information security and are therefore fit for purpose for assessing and managing the Council's information risk - <b>GDPR Training programme in place</b> - <b>Induction programme in place</b> - <b>Additional resources to manage risk</b>	2	3	6		Director of Corporate Services	
16	Corporate Services	<b>Failure to publish Register of Electors</b>	<b>Cause(s):</b> Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements  <b>Effect(s):</b> Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	<b>Controls:</b> 1. Project Plan including detailed Risk Register 2. Robust documented internal procedures 3. Monitoring by Electoral Commission through appropriate Performance Standards	1	3	3		Carol Ling	

## Chief Executive's (CEX) Risk Register - Appendix B3

										DATE LAST REVIEWED:	09/01/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt &amp; return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
17	Corporate Services	<b>Failure to manage election process</b>	<b>Cause(s):</b> Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems  <b>Effect(s):</b> Costs of dealing with a challenge to election process Reputational damage Cost of re-running an election if result is set aside	Political	3	4	12	- Project Plan including detailed Risk Register specific to election underway - Staff Training - Adequate insurance (Returning Officer - personal liability) - Monitoring by Electoral Commission through appropriate Performance Standards.	2	3	6		Carol Ling

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## Commissioning Risk Register - Appendix B4

											DATE LAST REVIEWED:	29/01/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt &amp; return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Commissioning	Failure to deliver the Council's Target Operating Model as a "Commissioning Organisation"	<b>Cause(s):</b> - Unclear (or lack of) commissioning strategies - Poor commissioning activities - Inability to undertake full commissioning cycles - Failure to engage and develop markets  <b>Effect(s):</b> - Service cuts required if balanced budget is not met - Reputational damage	Procurement & Contracts	5	4	20	1. Commissioning Work Plan agreed and reported to COE as part of Performance Management. 2. Contract Register established with regular reports on actions required and alerts issued to Officers 3. Commissioning Team represented at senior level across the Council. 4. Commissioning Work Plan & Contracts Register reported to COE quarterly and also Commissioning & Contract Sub Committee – with alerts from Director of Commissioning (or delegate). 5. Review of Commissioning Work Plan through Commissioning Board (or equivalent) and/or ongoing monitoring through the Assistant Director Governance & Contracts 6. Training for members and officers rolled out and published on Managers Toolkit. 7. All Guidance Notes available to officers on the Managers Toolkit – covering the commissioning and contracting cycle. 8. Lessons Learnt from all commissioning and contracting proposals covered at mandatory training with staff.	3	4	12	1. Ongoing maintenance, monitoring and review of Commissioning Work Plan through Commissioning Board (or equivalent) and/or through the Assistant Director Governance & Contracts 2. Transformation Programme (through Chief Executive) embedded and projects progressed. 3. Regular review of accuracy and completeness of Contracts Database to ensure effectiveness as a tool. 4. Ongoing effective use of Contracts Database via shared knowledge, alerts etc. 5. Lessons Learnt from all commissioning and contracting proposals covered at mandatory training with staff.	Service Directors supported by Assistant Director, Governance and Contracts
2	Commissioning	Effective governance and management of contracts	<b>Cause(s):</b> - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding  <b>Effect(s):</b> - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	4	4	16	1. Review of contract management and Commissioning & Contract monitoring controls including any issues identified by internal audit 2. Database alerts to assist in monitoring 3. Contract Sub Committee 4. Member Scrutiny	3	4	12	1. Contract Management guidance on toolkit to be reviewed. 2. Ongoing monitoring of compliance with Contract Procedure Rules requirements with Practice Notes issued as required. 3. Improvement in production and scrutiny of Annual Contract Monitoring reports. 4. Staff training - repeat sessions arranged regularly. 5. Contracts Database authorisation function tested, embedded and reviewed.	Service Directors supported by Assistant Director, Governance and Contracts
3	Commissioning	Database Utilisation	<b>Cause(s):</b> - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose  <b>Effect(s):</b> - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	4	3	12	1. Database guidance issued to officers 2. Follow-ups issued to remind contract managers and commissioners 3. Quarterly Member reporting 4. Sign-off by CLT 5. Commissioning & Contract Sub Committee	3	3	9	1. Ongoing monitoring of database to ensure it remains accurate and comprehensive.	Assistant Director, Governance and Contracts

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

1. Commissioning Work Plan agreed and reported to COE as part of Performance Management.

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## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)					EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)					FURTHER ACTION REQUIRED	RISK OWNER
					LIKE	LIHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LIHO		
1	All	<b>Failure to deliver ECHS Financial Strategy</b>	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Continual reduction in Central Government funding</li> <li>- Demographic changes</li> <li>- Increased demand for services</li> <li>- Demand led statutory services (c. 80% of operations) which can be difficult to predict</li> <li>- Increasing cost volatility due to rise of complex, high cost families or placements requiring services.</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Lower than anticipated levels of financial resource</li> <li>- Failure to achieve a balanced budget</li> <li>- Failure to secure economy, efficiency, and effectiveness of use of resources leading to a Qualified Independent Auditors' Report</li> <li>- Objectives of the service not met</li> <li>- Reputation is impacted</li> <li>- Wider goals of the Council are not achieved</li> </ul>	Financial			5	5	25	<ul style="list-style-type: none"> <li>- Budget monitoring and forecasting</li> <li>- Regular review of medium term strategy</li> <li>- Regular reporting to DLT and Members via the Committee reporting process</li> <li>- Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money</li> <li>- Monitor demographics, economic indicators and develop insight into future demand</li> <li>- Match financial planning to Council priorities</li> <li>- Internal audit framework</li> <li>- Early intervention with service users</li> <li>- Constantly reviewing service operations for potential efficiencies</li> <li>- Developed a series of commissioning plans, with mitigating actions, for Children's Social Care, Adult Social Care (Mental Health, Learning Disabilities and Older People) and SEND including mitigating actions addressing financial pressures</li> <li>- Growth and mitigation discussions</li> <li>- Service strategies in place to mitigate growth</li> </ul>			4	5	20	<ul style="list-style-type: none"> <li>- Plans covering 10 projects in Children's Social Care went to the Corporate Commissioning Board in September 2018 outlining savings proposals to be implemented.</li> <li>- Plans are in place in Children's Social Care for improving sufficiency whilst reducing identified areas of budget.</li> <li>- Developing Housing Strategy.</li> <li>- Housing Transformation Board to increase rate and pace of affordable housing supply with updates to Members in May 19 for approval for first round of schemes.</li> <li>- Delivering commissioning actions in Transformation Board programme for ASC.</li> </ul>	ECHS DLT  Gillian Palmer, Janet Bailey, Sara Bowrey, Naheed Chaudhry, Paul Feven, Kim Carey, Nada Lemic, Jared Nehra.
2	Adult Social Care	<b>Failure to deliver effective Adult Social Care services</b> The Council is unable to deliver an effective adult social care service to fulfil its statutory obligations including the safeguarding of Adults	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Increasing demand</li> <li>- Above compounded by associated longer waiting lists leading to deteriorating condition and ultimately increased service user/ carer costs</li> <li>- Failure to deliver effective safeguarding arrangements</li> <li>- Failure to comply with statutory requirements including the Care Act</li> <li>- Potential instability in social care workforce</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Impact on life chances and outcomes for service users</li> <li>- Failure to keep vulnerable adults safe from harm or abuse</li> </ul>	Legal, Reputational			4	4	16	<p><b>Care Act</b> - Redesigned processes, including amending forms, and operational procedures in place and Care Act compliance training</p> <p><b>Improved Better Care Fund</b> - Programme overseen by the Interim Director of Programmes and the CCG</p> <p><b>Safeguarding</b> - 1. Multi Agency Bromley Adult Safeguarding Board (BSAB) in place. 2. BSAB Training programme (E Learning and Face to Face). 3. Awareness training for vulnerable groups. 4. Care Act compliance training</p> <p><b>Recruitment</b> - Dedicated HR programme of support in place to recruit social workers to front line posts</p> <p><b>Performance Monitoring Framework</b> - Review of Performance Management Indicators</p> <p><b>Procurement and Contract Monitoring</b> - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money</p>			3	4	12	- Actions as part of LBB's Transformation Plan	Director, Adult Social Care (Kim Carey)
2a	Learning Disability Service	<b>Failure to deliver effective Learning Disability services</b> Failure to assess service users, establish eligibility criteria and carry out the review process.	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Failure to identify and meet service users' needs</li> <li>- Provision of service to ineligible clients</li> <li>- Provision of service prior to/without appropriate authorisation</li> <li>- Failure to manage the transition process of service users from Children's Services to Adult Services leading to increased risk of Judicial Review</li> <li>- Potential instability in social care workforce</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Costs associated with Legal process</li> <li>- Ongoing care package costs as a result of Legal process outcome</li> <li>- Placement predictions leading to financial pressures (cross refer ECHS Budget risk)</li> </ul>	Legal, Reputational			4	4	16	<ul style="list-style-type: none"> <li>- Close monitoring of placements and eligibility criteria</li> <li>- Budget monitoring and forecasting</li> <li>- Regular review of medium term strategy</li> <li>- Regular reporting to DLT and Care Services PDS</li> <li>- Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money</li> <li>- Hold provider to account for poor performance</li> <li>- Monitor demographics, economic indicators and develop insight into future demand</li> </ul>			4	4	16	- LD Strategy in development - Actions as part of LBB's Transformation Plan	Director, Adult Social Care (Kim Carey)
3	All Children's Social Care and Safeguarding Sections	<b>Failure to deliver effective Children's services</b> The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Local authority response to Bromley Safeguarding Children's Board following Wood Review.</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Impact on life chances and outcomes for children</li> </ul>	Legal, Reputational			3	5	15	<ul style="list-style-type: none"> <li>- Multi Agency Bromley Children's Safeguarding Board (BCSB) Training programme 2019 to be set.</li> <li>- Dedicated HR programme of support in place to recruit social workers to front line posts</li> <li>- Scrutiny of Performance Management Framework and Indicators</li> <li>- Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - under review</li> <li>- Quality Assurance Audit Programme Phase 3</li> <li>- Children's Service Practice Improvement Board to commence April 2019 to deliver Ofsted and local authority recommendations.</li> <li>- Continued reduction of caseloads &amp; within Caseload Promise on average</li> <li>- Identified training plan for qualified social workers and other professionals reviewed and updated quarterly</li> </ul>			3	4	12	- Ofsted validation - report published 7 January 2019 and action plan agreed - Phase 3 -'to excellence' plan in development	Director, Children's Services (Janet Bailey)

## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)					EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)					FURTHER ACTION REQUIRED	RISK OWNER		
					LIKE	LIHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LIHO			OD	IMPA
4a	Children's Social Care	<b>Recruitment and Retention - CSC</b> Failure to recruit and retain key skilled staff with suitable experience/qualifications	<b>Cause(s):</b> - Failure to compete with other organisations to recruit the highest quality candidates to build an agile workforce - Small pool of experienced children's Social Workers  <b>Effect(s):</b> - Failure to identify and meet service user needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Lack of skill set results in an inability to deliver effective children's services to fulfil statutory safeguarding obligations, impacting on life chances and outcomes	Personnel		5		4		20	- Dedicated HR role to support managers in recruiting social workers to front line posts - Joint meetings held between HR and employment agencies to improve the quality and speed of locum assignments - Review of the current Recruitment and Retention package through Recruitment and Retention Board - Recruitment drive to convert locums to permanent staff - Commissioning of improvements to the Council's recruitment web site to include a video virtual tour of the Council - Support in effectively managing staff performance - Provision of training measures to include targeted leadership and management training programmes including partners and other stakeholders - Tailored individual career plan for staff - Launch of Social Work Academy in April 2019. - Bespoke training for first line managers on-going with cohort 2 - Training and quality assurance of practice		3		4		12		Director, Children's Services (Janet Bailey)  Director, Human Resources (Charles Obazuaye)
4b	Adult Social Care	<b>Recruitment and Retention - ASC</b> Failure to recruit and retain key skilled staff with suitable experience/qualifications	<b>Cause(s):</b> - Failure to compete with other organisations to recruit the highest quality candidates to build an agile workforce - Small pool of experienced adult's Social Workers  <b>Effect(s):</b> - Failure to identify and meet service user needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Lack of skill set results in an inability to deliver effective adults' services to fulfil statutory safeguarding obligations, impacting on life chances and outcomes	Personnel		5		4		20	- Joint meetings held between HR and employment agencies to improve the quality and speed of locum assignments - Review of the current Recruitment and Retention package through Recruitment and Retention Board - Recruitment drive to convert locums to permanent staff - Commissioning of improvements to the Council's recruitment web site to include a video virtual tour of the Council - Support in effectively managing staff performance - Provision of training measures to include targeted leadership and management training programmes including partners and other stakeholders - Tailored individual career plan for staff - Bespoke training for first line managers - Training and quality assurance of practice - Dedicated HR worker to focus on Adult Social Care recruitment		3		4		12		Director, Adult Social Care Services (Kim Carey)  Director, Human Resources (Charles Obazuaye)
4c	Housing Needs	<b>Recruitment and Retention - Housing</b> Failure to recruit and retain key skilled staff with suitable experience/qualifications	<b>Cause(s):</b> - Failure to compete with other organisations to recruit the highest quality candidates to build an agile workforce - Small pool of experienced workers  <b>Effect(s):</b> - Failure to identify and meet service user needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Lack of skill set results in an inability to deliver effective housing services, impacting on life chances and outcomes	Personnel		5		4		20	- Recruitment drive to convert locums to permanent staff - Council's recruitment web site includes a video virtual tour of the Council in housing - Support in effectively managing staff performance - Bespoke training for first line managers - Training and quality assurance of practice - Role on Recruitment and Retention Board - Review the recruitment/retention of housing staff including packages for retaining staff		3		4		12	- Benchmarking of gradings and role responsibilities for key posts - Developing recruitment and retention package with dedicated support from HR	Director, Housing (Sara Bowrey)  Director, Human Resources (Charles Obazuaye)
5	Housing Needs	<b>Failure to deliver effective Housing Needs services</b> The Council is unable to deliver an effective Housing Needs service to fulfil its statutory obligations	<b>Cause(s):</b> - very demand led - lack of trained staff - homelessness is increasing number and complexity of cases  <b>Effect(s):</b> - Impact on life chances and outcomes for individuals and families in need of Housing Services - Reputational damage - Legal challenge	Legal		4		4		16	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice support and sustainment - Assistance (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Implementing the Homelessness Strategy - setting up the multi-agency Homelessness Forum and taking forward the priorities of the Strategy - New incentive campaign for private sector landlords embedded and benefits being realised.		2		4		8	- Housing Transformation Board programme being implemented. Report to Members in May 19. - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation - Work innovatively with a range of providers to increase access to a supply of affordable accommodation - Monitoring impact of implementation of Homelessness Reduction Act - Housing Strategy drafted	Director, Housing (Sara Bowrey)

## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)				FURTHER ACTION REQUIRED	RISK OWNER
					LIKE LIHO	OD	IMPA CT	RISK RATI NG		LIKE LIHO	OD	IMPA CT	RISK RATI NG		
5a	Housing Needs	<b>Temporary Accommodation</b> Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homelessness budgets	<b>Causes:</b> - changes in government funding - rising number of placements (approx. 20 per month)  <b>Effect(s):</b> - Failure to fulfil statutory obligations - Impact on life chances and outcomes for individuals and families in temporary accommodation - Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) - Pressure on other services	Social	5	4	20	- Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice support and sustainment - Assistance (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - Implementing the Homelessness Strategy - setting up the multi-agency Homelessness Forum and taking forward the priorities of the Strategy - New incentive campaign for private sector landlords embedded and benefits being realised.	4	4	16	- Housing Transformation Board progressing projects to increase cost-effective temporary accommodation and affordable housing supply. Member approval to be sought in May 2019. - Transformation Board action plan in place for next 3-4 years. - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation - Work innovatively with a range of providers to increase access to a supply of affordable accommodation - Implement Intake and Early Intervention service to meet Homelessness Reduction Act - Complete tender process for modular homes supplier for temporary accommodation	Director, Housing (Sara Bowrey)		
5b	Housing Needs (Housing Strategy)	<b>Capital Grant</b> Failure to deliver the Council's affordable housing strategy in support of statutory obligations Lack of infrastructure in place where growth is occurring (Section 106 monies)	<b>Cause(s):</b> - Lack of availability of external capital grant (Housing Associations) to deliver key housing schemes - Lack of available suitable sites within the borough on which to develop new affordable housing schemes over the short to medium term - Potential fluctuations in house prices and supply chains  <b>Effect(s):</b> - An inadequate supply of housing will lead to an inability to meet housing needs of a range of client groups in support of statutory housing and homelessness duties.	Social	4	4	16	- Lead negotiations on the affordable housing provision on section 106 applications, ensuring that the affordable housing obligation reflects local adopted planning policy and local statutory and high priority housing need - Determination at planning stage to ensure collection of obligations due - Conditions attached to funding received to ensure it is spent on preventing homelessness - Development group with Housing Associations established to improve relationships with planners and developers to increase supply of affordable housing	3	4	12	- Additional measures will be explored once the Housing Strategy is developed. - Seeking to increase capacity for housing development support to ensure Housing Associations are supported and encouraged to develop affordable homes and that planning is aligned to the Local Plan. - Using Development Group to work with Housing Associations to encourage increased affordable housing development.	Director, Housing (Sara Bowrey)		
6	Public Health	<b>Inability to deliver an effective Public Health service</b> The Council is unable to deliver an effective Public Health service to fulfil its statutory obligations	<b>Cause(s):</b> - Reduced budget which has led to funding cuts, reduced service and redundancies. Withdrawal of non-statutory services. - Potential fluctuating medicines market  <b>Effect(s):</b> - Increased clinical risk to patients and Bromley residents - Reputational risk to council - Gaps and potential blocks in health service between NHS and Local Authority	Professional, Legal, Reputational	4	4	16	- Working with partners including the CCG and Hospital Trust to jointly deliver Public Health functions and mitigate impact of reduced funding - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money	3	4	12	Plans for further integration of some functions and services with CCG	Director, Public Health (Nada Lemic)		
7	All ECHS Divisions	<b>Business Interruption / Emergency Planning</b> Failure to provide Council services or statutory requirements of mass illness/fatalities scenario following a business interruption or emergency planning event	<b>Cause(s):</b> - Business Interruption could be caused by Loss of Facility (fire, flood etc.), Staff (illness, strike) or IT (cyber attack). - Mass fatalities or illness has a range of causes and this risk to the council could be caused by council staff being impacted resulting in failure to manage statutory requirements of mass illness/fatalities scenario (e.g. registering of deaths within timescales)  <b>Effect(s):</b> - Business interruption - failure to deliver services, loss of customer / resident satisfaction. - Emergency planning - failure to deliver statutory duties.	Personnel, Reputational	2	5	10	<b>Business Interruption</b> - Civil protection and emergency planning policies in place at corporate level overseen by the Corporate Risk Management Group - Business Continuity Plans in place at service level - Contracts contain business continuity provision - Communication to all staff prior to all impending industrial action, informing of any possible service disruption as well as explaining implications of strike action for individual staff members  <b>Emergency Planning</b> - Robust plans in place, including Outbreak Plan, Flu Plan and Pandemic Flu Plan - Alert system via the South East London Health Protection Unit (SEL HPU) - Annual Flu vaccination programme in place - Introduction of Humanitarian and Lead Officer (HALO) role	1	5	5	- Business Continuity Plans being reviewed and updated.	ECHS DLT		

## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)				EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)				FURTHER ACTION REQUIRED	RISK OWNER
					LIKE LIHO	OD	IMPA CT	RISK RATI NG		LIKE LIHO	OD	IMPA CT	RISK RATI NG		
8	All ECHS Divisions	<b>Contracts and Service Level Agreements</b> Failure to effectively procure and/or manage key contractors or partners, leading to the department being unable to deliver key services, including attracting appropriate contractors or partners to deliver services	<b>Cause(s):</b> - Failure of provider - Provider withdrawing from the contract <b>Effect(s):</b> - Failure to deliver required quality/quantity/value for money services	Contractual, Partnership	4	1	4	- Timely and effective procurement process - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Business Continuity plans - Contracts Sub-Committee established (a sub-committee of the Executive and Resources PDS Committee which considers a range of contracts issues including legal requirements, contract clauses and contract management to ensure value for money). - Traffic light system in use to assess the current status of each procurement project, as part of the Corporate Contract Management System) and any projects with a red status are tracked and reported to fortnightly divisional management team meetings - Commissioners and Procurement and Contract Compliance staff implement recovery plans for projects with red status alerts in order to mitigate all risks and to ensure that the department operates within financial regulations	3	1	3	- Ensuring appropriate adjustment of prices following introduction of the National Living Wage	ECHS DLT		
9	Education	<b>School Place Planning</b> Failure to meet the statutory requirement to ensure sufficient school places to meet the needs of the population in the area	<b>Cause(s):</b> - Failure to secure sufficient Primary and Secondary school places in the area - Failure to secure sufficient educational placements for children with disabilities and special educational needs - Failure to secure sufficient alternative provision <b>Effect(s):</b> - Disruption to the education of children and impact on their life chances	Political, Legal, Professional	3	4	12	- Strategic needs analysis (birth rate, dwelling stock and migration) to project demand - Review analysis of demand annually - SEN sufficiency strategy will inform long term planning of specialist provision - Implement Basic Need programmes - Maintain relationships with DfE ESFA to support delivery of Free School and PSBP programmes - Monitor contractor performance in uncertain market	2	4	8	- Keep under review the provision of places for September 2019 at Bullers Wood School for Boys	Director, Education (Jared Nehra)		
10	Children's Social Care	<b>Not in Education, Employment or Training (NEET)</b> Failure to meet requirements of Education, Care and Skills Act 2008 - duty on all young people to participate in Education, Employment or Training until their 18th birthday	<b>Cause(s):</b> - Lack of control over Academies <b>Effect(s):</b> - Disruption to Education - Impact on life chances for young people	Professional, Legal	3	2	6	- Provision offered by Bromley Youth Support Programme (BYSP) - Advice and Guidance Drop in sessions - One to one support - Looked After Children NEET support - YOT NEET support - Provision offered by Bromley Education Business Partnership (BEBP) - Bromley Youth Employment Scheme (YES) - Bromley Flexible Learning programme - Mentoring programme - Skills Xtra - Work experience and apprenticeships for Children Looked After - Tracking service in conjunction with South London CCIS Service - 'Door knocking' - Additional NEET worker started, based in Leaving Care service - a 4 year pilot programme, in partnership with Lewisham and Greenwich, providing support for care leavers most at risk of NEET.	3	2	6		Director, Children's Services (Janet Bailey)		
11	Education/Adult Social Care/Programmes	<b>Transport - School and Adult Social Care</b> Failure to provide appropriate home to school transport assistance for children and young people with special educational needs and disabilities and home to day activities for vulnerable adults	<b>Cause(s):</b> - Fluctuating demand year on year - Rising numbers of children meeting criteria for transport provision and associated increase in costs - Interim transport service arrangements for adults currently uncertain <b>Effect(s):</b> - Disruption to education - Impact on life chances and outcomes for children and young people - Impact on outcomes for vulnerable adults	Legal Financial	5	3	15	- Budget monitoring and forecasting - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Travel Training Programme - Route review and rationalisation - Gateway review to improve efficiency - Options for adult transport being explored to cover period from Sept 2019 to August 2020	3	3	9	- Review of policy - Gateway review for adult and children's re-commissioning of transport services from September 2020 to be considered by Executive in July 2019	Director, Education (Jared Nehra) Director, Adult Social Care (Kim Carey) Director, Programmes (Paul Feven)		
12	Education	<b>SEND Reforms</b> Failure to meet expectation of SEND reforms	<b>Cause(s):</b> - Ineffective and inaccurate identification of SEND - Failure of schools to make reasonable adjustments to meet needs of individual children and young people - Failure to provide appropriate and effective support for children with identified needs and their schools - Pattern of provision which does not meet the needs of the local population resulting in placements in independent schools <b>Effect(s):</b> - Costs associated with the Legal process - Escalating cost of provision - Impact on education and life chances of children and young people	Financial Legal Professional	4	4	16	- SEND4Change completed a root and branch review of Bromley's response to SEND reforms - An Improvement Plan agreed for 2018/19 - Transfer of statements to EHC Plans completed March 2018 - SEN service realigned to improve decision making and management oversight - SEN Inspection Readiness team established with ongoing review and scrutiny - SEN Advisory Teams realigned to maximise resource and fill gaps in support with a specific focus on CYP with EHCPs in mainstream provision - Joint Commissioning arrangements established across a number of key services - Service Level Agreements being established with mainstream settings with additionally resourced provisions to provide clarity across both parties	3	4	12	- Readiness for SEND inspection monitored - QA programme for placements in independent schools to be implemented - Local Offer Development Officer being recruited to strengthen and promote the Local Offer - ASD Joint Strategy in development - Engagement framework in final stages - CYP Participation Officer post extended with workplan agreed - CAMHS trailblazer project to be implemented - Bromley Teaching Schools leading SEN training collaborative to support school improvement. - Placement planning framework in development for September 2020 and beyond - Legal advice to be drawn in to support complex tribunal cases	Director, Education (Jared Nehra)		

## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)					EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)					FURTHER ACTION REQUIRED	RISK OWNER		
					LIKE LIHO	OD	IMPA CT	RISK RATI NG	LIKE LIHO		OD	IMPA CT	RISK RATI NG						
14	Children's Social Care	<b>Youth Offending</b> Failure to deliver effective youth offending services to protect children and young people and reduce their vulnerability	<b>Cause(s):</b> - Increase in youth offending <b>Effect(s):</b> - Impact on life chances and outcomes for children - Failure to protect the public and actual or potential victims (assessment of risk to others and planning to manage the risk and protect the public)	Professional Reputational					12	- Learning from the Youth Justice follow up Inspection of February 2017. Action plan developed, fortnightly Improvement Board implemented to ensure action plan carried out. - Improved inspection result - Good in 2017 - Implementation of Strategic Plan 2017/19 - Youth Justice Board self-assessment audit of National Standards - 2 moderation exercises carried out and YJB assured that this reflected service standards - Bi-monthly audits with quality assurance check by SIT Team - Monthly YOS performance meeting to review national KPIs, act upon trends and drive improvement plan - Triage support to divert low level offenders from YJS - Packages of support to manage young people's risk appropriately in the community for those who are sent to custody. - YOS Partnership Improvement Board is overseeing the Improvement Plan - YOS Inspection preparation by all partners.					2	4	8		Director, Children's Services (Janet Bailey)
15	Children's Social Care	<b>Out of Borough Placements (Children and Young People)</b> Inability to reduce reliance on out of borough placements Financial implications	<b>Cause(s):</b> - Failure to provide/commission sufficient local placements for children with disabilities and children in care <b>Effect(s):</b> - Cost implications of out of borough placements (Cross refer ECHS Budget risk) - Impact for children's welfare and development	Professional Financial					9	- Close monitoring of placements and eligibility criteria - Budget monitoring and forecasting - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Monitor demographics, economic indicators and develop insight into future demand - Out of borough officer in Placements Team reviewing OOB placements and those placed in Bromley from other authorities					3	3	9	- Carrying out a review of how to move this forward. - Review of children's residential, IFA and semi-supported 16+ market in borough and discussions with Bromley providers to increase our ability to place with them.	Director, Children's Services (Janet Bailey) Director, Programmes (Paul Feven)
18	Housing Needs	<b>Welfare Reform</b> Impact of Welfare Reform legislation (including Universal Credit).	<b>Cause(s):</b> - Universal Credit payments commenced on 18th January 2016 in Bromley for single people only. From this time, there is no separate Housing. - Benefit payment direct to the Landlord - Further roll out planned for 2018 which will increase the impact of this reform <b>Effect(s):</b> - Increased Rent Arrears - Subsequent evictions and landlords reluctant to rent properties to claimants.	Social					16	- Notification, advice and support provided through:- - Housing Association transfers - Negotiations with landlords - Budgeting/debt advice - Moves to cheaper areas - Prevention grants/welfare fund/Credit union loans and savings - Access to child care and employment - Awareness raising campaign for Universal Credit Digital rollout and monitor impact from July 2018. Structures to support changes reviewed and money advice support extended.					3	3	9	- Work in partnership with Housing Benefit, the DWP, partner landlords and Social Care to minimise the impact of the Welfare Reform Act - Setting up working group with Housing Associations to explore additional measures to support residents with the rollout of Universal Credit - CAB Universal Credit advice service goes live in April 2019. Close working with CAB to ensure identification and support to those at risk.	Director, Housing (Sara Bowrey)
19	Adult Social Care	<b>Deprivation of Liberty</b> Failure to prevent unlawful deprivation of liberty	<b>Cause(s):</b> - Risk increased due to change in legislation increasing scope. - Any claim by service user with a community package of care if DoL not in place <b>Effect(s):</b> - Failure to comply with statutory requirements pursuant to Section 4 (Section 4A) and paras 129, 180 and 182 of Schedule A (Schedule A1) of the Mental Capacity Act 2005 (as amended to incorporate the Deprivation of Liberty Safeguards 2009)	Legal					16	- Core administrative function maintained - Framework in place to deliver the functions of the Best Interest Assessor and the 'Section 12' Doctor - Rolling out training for all social workers to become Best Interest Assessors - will be reviewed in light of future change in legislation - Scoping of potential deprivation of liberty cases in the community completed on CareFirst and cases prioritised accordingly					2	4	8		Director, Adult Social Care (Kim Carey)
20	Strategy, Performance and Engagement	<b>Data Collections</b> Failure to undertake statutory statistical data collections; including pupil census, attainment data and key adults' and children's social care information, thereby adversely affecting government grant allocations and performance assessments	<b>Cause(s):</b> - Business Interruption <b>Effect(s):</b> - Failure to commission effectively - Adverse impact on the timing and quality of decision making	Data and Information					9	- Schedule of statutory returns has been incorporated into the Performance and Information team's work programme - Specialist members of the team for each area - Other staff trained to provide 'back up' for specialist members of the team - Good project planning in place to co-ordinate all data collections including contributions from other services					1	3	3		Assistant Director, Strategy, Performance and Engagement (Naheed Chaudhry)

## Education, Care and Health Services (ECHS) Risk Register - Appendix B5

Q4 2018/19

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)					EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)					FURTHER ACTION REQUIRED	RISK OWNER		
					LIKE	LIHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LIHO			OD	IMPA
21	Education	<b>30 hours funded childcare for three and four year olds of working parents</b> The Council is unable to provide sufficient places within the local sector to fulfil its Statutory Duty	<b>Cause(s):</b> - Insufficient places within local sector resulting in Local Authority failure to meet its statutory duty - Inability to implement a suitable IT system which supports efficient and timely processing of funding claims <b>Effect(s):</b> - Parental dissatisfaction - Official notification from DfE regarding failure to fulfil statutory duty - Delays in payment to providers, destabilising local businesses.	Political, Reputational		1		3		3	- Work to stimulate the market has increased capacity overall and work continues, minor local pockets at low risk of pressure remain - Monitor eligibility, confirmations and take up of places to predict growth of demand - Work carried out with IT provider to manage current minimal IT needs within deadlines whilst permanent solution resolved		1		3		3	- Market research to identify best fit IT solution completed. Gateway report underway with recommendation for procurement of appropriate solution.	Director, Education (Jared Nehra)
22	Programmes	<b>Failure to deliver partial implementation of Health &amp; Social Care Integration</b> Plans are not in place to deliver partial integration by 2020	<b>Cause(s):</b> - Difficulty in achieving rapid change in a system as complex as health and social care - Rising social care costs due to ageing population and people living longer with increasing complex needs - Difficulties with agreeing budgets (given likely funding reductions going forward), complex governance arrangements and workforce planning - Need to focus on collaborative working (cultural differences) - Pressure for social care services to be accessible 7 days a week in terms of our own workforce and contracts with external providers in line with NHS priority to deliver 7 day working across the health sector - LBB will need to contribute to a whole system review (led by BCCG) to ensure that funding follows the patient <b>Effect(s):</b> - Failure to deliver statutory duties - Failure to achieve our Building a Better Bromley priorities	Financial Reputational Compliance /Regulation		2		3		6	- A draft 2020 integration plan for health and social care integrated service delivery and commissioning across the borough was developed by May 2018 by ECHS/BCCG - Continued work with health partners to deliver the main transformation programmes eg Bromley Well and the transformation of prevention - Building on the work already delivered through S75 agreement with Oxleas and being implemented through the Better Care Fund workstreams eg Winter Resilience work, Transfer of Care Bureau, Integrated Care Records and Discharge to Assess - New governance structure between LBB and BCCG feeding into the Health and Wellbeing Board via the Integrated Commissioning Board (strategic) and Commissioning Network (operational)		2		3		6	- Discussions around the developing Integrated Care System with Bromley CCG	Director, Programmes (Paul Feven) Director, Integrated Commissioning-BCCG (Graham Mackenzie)
23	Education	<b>Speech and Language Therapy</b> Failure to provide appropriate SALT services to children and young people	<b>Cause(s):</b> - Current service provision not meeting needs of children and young people in a timely way <b>Effect(s):</b> - Failure to meet the need of children and young people including those with SEND and other vulnerabilities	Legal Reputational Professional		4		3		12	- Review of service begun in November 2018 to consider impact and effectiveness of current provision and potential service improvements. - Identification of additional funding for 2018/19. £250,000 from BCF funding and £90,000 from Bromley Clinical Commissioning Group.		4		3		12	- Multi-agency review of SaLT provision underway. Extraordinary meeting of Integrated Commissioning Board to be held 29 April.	Director of Education (Jared Nehra)
24	Strategy, Performance and Engagement	<b>Social Care Information System</b> Failure to procure and implement new system	<b>Cause(s):</b> - Failure to establish tender specification of need - Failure to procure within budget - Failure to appoint appropriate Programme Manager and team to manage implementation - Failure to effectively implement and go live <b>Effect(s):</b> - Failure to safeguard vulnerable children and adults - Failure to manage children and adult records effectively	Financial Legal Data		4		5		20	- A multi-disciplinary Programme Board in place - Reviewing landscape of procurement options - Job description of qualified, experienced Programme Manager evaluated.		3		5		15	- Recruit to posts - Develop programme plan	Assistant Director, Strategy, Performance and Engagement (Naheed Chaudhry)

## Environment & Community Services (ECS) Risk Register - Appendix B6

No.	ECS RISK REF	DIVISION	RISK TITLE & DESCRIPTION	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK			DATE LAST REVIEWED:	RISK OWNER	
						Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating	FURTHER ACTION REQUIRED		16/04/2019
1	1	All ECS	<b>Emergency Response</b> Failure to respond effectively to a major emergency / incident internally or externally	<b>Cause(s):</b> -Emergency may be triggered by storms, floods, snow, extreme heat or other emergency. Ineffective response could be caused by capacity and/or organisational issues <b>Effect(s):</b> - Failure to fulfil statutory duties in timely manner - Disruption to infrastructure and service provision in general	Service Delivery	2	4	8	1. Corporate Major Emergency Response Plan 2. E&CS Incident Plan (held by Emergency Planning) 3. Service Business Continuity Plans 4. Out-of-Hours Emergency Service 5. Winter Service Policy and Plan (reviewed annually) 6. Training, Testing and Exercising (includes training provided as part of a new Corporate Business Continuity Group formed in June 2018) 7. Multi-agency assessment of emergency risks 8. 2019 Training Programme in place for volunteers to be trained to run the Borough Emergency Control Centre (BECC)	2	3	6	1. Continuation of the Corporate Business Continuity Group 2. Development of risk-specific arrangements in accordance with Minimum Standards for London and informed by the Borough Risk Assessment 3. Implement 'on-call rota' for Emergency Response Manager 4. Recruit and train more Emergency Response Volunteers 5. Undertake Safer Cities Exercise (May 2019)	David Tait	
2	2	All ECS	<b>Central Depot Access</b> Major incident resulting in loss of / reduced Depot access affecting service provision (LBB's main vehicle depot)	<b>Cause(s):</b> -Fire, explosion, train derailment, strike etc. <b>Effect (s):</b> -Significant service disruption (Waste, Street Cleaning, Gritting, Fleet Management, Streetscene & Greenspace service management etc.)	Service Delivery	2	3	6	1. Contingency plans for: - Alternative vehicle parking - Temporary relocation of staff - Storage of bulky materials 2. Implement Business Continuity Plans 3. Close liaison with other Depot users (e.g. Waste Contract, Street Cleansing) and Highways Winter Service Team 4. 'Central Depot Users Group' (Health & Safety forum for all site users) 5. Work Place Risk Assessments in place	1	3	3	1. Consideration of issue as part of the Environmental Services Contracts commencing in 2019, through involvement of new Service Providers in the Central Depot User Group and liaison with colleagues in Property regarding future development of the site.	Paul Chilton	
3	3	All ECS	<b>Fuel Availability</b> Fuel shortage impacting on both LBB and service provider transport fleet	<b>Cause(s):</b> -National or local fuel shortage caused by picketing or other external factors <b>Effect (s):</b> -Failure to provide services impacting on residents and other customers	Service Delivery	1	5	5	1. Identified alternative fuel supplies at contractors and neighbouring boroughs (corporate Fuel Disruption Plans based on National Plan are held by the Emergency Planning Team) 2. Designated Filling Station identified under National Emergency Plan by London Resilience Team as designated fuel supply for LBB logoed vehicles 3. Fuel store at Central Depot 4. Ongoing liaison with other London Boroughs concerning collaboration and assistance	1	4	4	1. Continue to monitor service provider arrangements for ensuring adequate fuel supply.	Peter McCready	
4	4	All ECS	<b>Business Continuity Arrangements</b> Lack of up-to-date, tried and tested, BCP for all Council services	<b>Cause(s):</b> -Failure to implement and keep up-to-date effective service and corporate Business Continuity Plans <b>Effect(s):</b> -Non-provision of critical services following an incident (internal or external)	Service Delivery	2	4	8	1. Corporate Risk Management Group now encompasses Business Continuity 2. Corporate Business Continuity Group established in June 2018 with representation from ECS 3. Undertaking Business Impact Analyses of all services to identify priorities 4. Developing a Corporate Business Continuity Plan and updating service BCPs 5. Emergency Planning Training Exercises (March 2018 and May 2019) with involvement across all of ECS	2	4	8	1. Continue to conduct training exercises to ensure that BCPs for each service area work in real life. ICT system failure has been identified as the largest risk and is outside the control of ECS	David Tait	
5	6	All ECS	<b>Industrial Action</b> Contractors' staff work-to-rule / take strike action impacting on service delivery	<b>Cause(s):</b> -Union dissatisfaction over pay and conditions (particularly in Waste, Libraries) <b>Effect (s):</b> -Temporary disruption to service / reduced customer satisfaction	Service Delivery	3	4	12	1. Ongoing monitoring / meetings regarding workforce issues 2. Joint development of Business Contingency Plans with Service Providers	3	4	12	1. Review public communications to be used in the event of a strike 2. Staff training and engagement built into the mobilisation strategy for the new Environmental Services contracts and incorporated into communications with Library staff.	Nigel Davies	
6	#REF!	All ECS	<b>Health &amp; Safety (E&amp;CS)</b> Ineffective management, processes and systems within E&CS departmentally	<b>Cause(s):</b> -Failure to take departmental action to reduce likelihood of accidents, incidents and other H&S issues <b>Effect (s):</b> -HSE investigation / prosecution leading to fines, increased insurance claims, and reputational damage	Health & Safety	3	4	12	1. Workplace Risk Assessments (including lone and home working) 2. Accident & Incident Reporting system (AR3 & Riddor) 3. Contractor Inspection electronic Reporting system 4. Interface with Corporate Risk Management Group 5. Annual audits and annual paths surveys (Parks) 6. Cyclical 5-year survey of park trees and highway trees 7. Regular Footway inspections 8. ECS Health and Safety Committee meets regularly to review departmental Health and Safety arrangements	2	4	8	1. Ensure Workplace Risk Assessments (inc. Homeworking) updated annually and biennial reviews conducted 2. Encourage reporting of all significant accidents and incidents using AR3 form (and reporting of RIDDOR incidents) 3. Review and update list of responsible persons for fire safety purposes at all ECS buildings and ensure the necessary communication and training is provided. 4. Ensure resource exists to discharge statutory functions	Sarah Foster	
7	#REF!	Streetscene and Greenspace	<b>Environmental Services Contract (Mobilisation)</b> Failure to effectively mobilise the new Environmental Services Contracts	<b>Cause(s):</b> - Unfamiliarity with new contract model (client & contractors) - Lack of client capacity to progress mobilisation - Lack of supplier capacity to progress mobilisation - Significant service change requiring service-user consultation - Lack of preparation of contract transition (exit and mobilisation) plans <b>Effect(s):</b> - Reputational damage - Costs incurred as a result of additional last minute resources required to deliver services - Failure to deliver service to requirements / KPIs / expectations	Service Delivery, Financial & Reputational	3	4	12	1. Regular Project Planning meetings are held to discuss contract transition 2. Transition Plans developed and continually reviewed through regular contract meetings	2	4	8	1. Formal meetings with agreed Terms of Reference according to contract schedules have been established with service providers to mobilise contracts. Following contract commencement in April 2019, progress with mobilisation is being monitored closely by Contract Managers and any issues for resolution are being captured by the Mobilisation Team.	Peter McCready	
8	#REF!	Highways	<b>Highways Management</b> Deterioration of the Highway Network due to under-investment	<b>Cause(s):</b> -Failure to manage Highways in respect of traffic volumes, winter weather, financial resources leading to deteriorating condition <b>Effect (s):</b> -Leading to increased maintenance costs, insurance claims (trips, falls and RTAs) and reputational damage	Financial	2	4	8	1. Strategy to mitigate insurance claims 2. Inspection regime and defined intervention levels for maintenance repairs and monitoring 10% of works for compliance 3. Winter Maintenance procedures (gritting / salting) 4. Increased salt storage capacity 5. Improved customer expectation management 6. Asset management technique (e.g. Highway Asset Management Plan) 7. New capital programme to reduce reactive works 8. Performance Management measures incorporated into new Highways contract from July 2018	3	2	6	1. Review frequency of Highways Inspections and adjust as deemed appropriate to effectively manage the risk in line with revised Code of Practice (published 2016) 2. Additional inspections carried out and repairs undertaken as necessary 3. Modernisation of contractor's programming and completion of maintenance repairs involving remote working ICT technology	Garry Warner	
9	#REF!	Streetscene and Greenspace	<b>Arboricultural Management</b> Failure to inspect and maintain Bromley's tree stock leading to insurance claims etc.	<b>Cause(s):</b> -Failure to ensure that trees are managed as safely as reasonably practicable <b>Effect (s):</b> -Leading to blocked highways, reputational damage and financial liabilities	Financial	3	3	9	1. Tree care and safety contract in place (new contract commenced April 2019) 2. Full asset Survey of ~30% of street and park trees (and 50% of school trees) 3. Risk trees identified and registered increased inspection frequency using asset management database (Confirm) 4. Implement remedial works to address risk associated defects 5. Review Tree Risk Management Strategy (annually). 6. Review the 'Storm Strategy' annually-to be able to respond quickly and call in additional staff, equipment and contractors 7. Provide a cyclical safety survey and remedial works schedule commensurate to budget availability and potential prioritisation	1	3	3	1. Review of staffing levels is underway to ensure sufficient resource to deliver the required tree risk management strategy annually	Peter McCready	

## Environment & Community Services (ECS) Risk Register - Appendix B6

No.	ECS RISK REF	DIVISION	RISK TITLE & DESCRIPTION	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK			DATE LAST REVIEWED:	RISK OWNER	
						Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating	FURTHER ACTION REQUIRED		16/04/2019
10	#REF!	All ECS	<b>Income Variation (Highways and Parking)</b> Loss of income when the Council is looking to grow income to offset reduced funding	<b>Cause(s):</b> - Improved Street Works performance by utility companies (reduced fines) - Under-achievement of expected car parking income and parking enforcement, due to resistance to price increases and reduced incidents - Loss of income from Penalty Charge Notices for Bus Lane Enforcement activity - Reduction in Street Enforcement activity (Fixed Penalty Notices) - Failure of APCOA (new Parking contractor) to provide contracted services (e.g. strikes)  <b>Effect (s):</b> -Loss of income with potential to reduce service delivery funds	Financial	3	2	6	1. Regular income monitoring and review of parking tariff structures, including benchmarking Parking charges against other authorities and local private sector competitors 2. Monitoring contractor performance (e.g. only issue good quality PCNs) 3. Good debt recovery systems 4. Monitoring parking use and avoid excessive charge increases 5. Provide attractive, safe clean car parks 6. Regular contractor meetings 7. Monitoring of parking enforcement activity through new Performance Indicators reported to PDS Committees (E&CS, PP&E)	3	2	6	1. Refine procedure for resolving disputes with utilities review of parking tariff structures 2. Monitor income trends 3. Continue to monitor success in achieving enforcement objectives 4. Intelligence-led targeting of hotspot sites for enforcement	Nigel Davies	
11	#REF!	Streetscene and Greenspace	<b>Waste Budget</b> Increasing waste tonnages resulting in increased waste management costs	<b>Cause(s):</b> - Failure to anticipate/manage waste management financial / cost pressures due to increasing landfill tax, increasing property numbers, declining recycling income (lower paper tonnages) and limited incineration capacity - Failure to achieve contract payment mechanism targets for the proportion of waste sent to landfill / incineration / recycling / composting (this cause will be redundant as of April 2019) - Waste tonnage growing faster than budgeted or operational factors (i.e. adverse weather conditions, etc.)  <b>Effect (s):</b> - Budgets being exceeded and potential knock-on impact on other Council services	Financial	3	4	12	1. Cost pressures recognised in Council's Financial Strategy 2. Landfill tonnages falling - offsets any tax increase 3. Continued focus on promoting waste minimisation and recycling (e.g. in Environment Matters and through targeted campaigns such as Food Waste doorstepping) - Monthly monitoring of recycled tonnages and projection to yearly figures - Regular and sustained recycling awareness campaign - Consolidation of Compositing for All campaign - Continuing investigation of waste minimisation and recycling initiatives - Monthly monitoring of all waste tonnages and projection to yearly figures - Monthly monitoring of all collection costs and figures - Ongoing analysis of collection and disposal methodology 4. Consideration of alternative disposal routes e.g. increased use of Veolia's Mechanical Biological Treatment (MBT) plant 5. Reviewing and benchmarking operational costs to identify options 6. Achieving best value tenders under new contract - contract commencement April 2019	2	3	6	1. The new waste contract commenced in April 2019 and this risk will be reviewed during the mobilisation period to determine whether any additional action is required.	Peter McCready	
12	#REF!	Public Protection	<b>Food Standards Agency Audit</b> Failure to meet required service standards as required by Food Standards Agency Audit (April 2017)	<b>Cause(s):</b> -Lack of resource to meet Code of Practice service standards. Staff are not staying with Bromley due to other authorities providing more attractive employment opportunities.  <b>Effect(s):</b> -Leading to reputational damage and possible use of Power of Direction	Health & Safety	4	3	12	Following a meeting with the FSA (September 2018), they accepted the issues the Team has in recruiting Officers with the prerequisite qualifications necessary to carry out the spectrum of work. In response, they advised the Team to:  a. Focus on completing due A -D inspections b. Focus on completing overdue C-D inspections c. This authorisation to shift focus has necessitated a new work programme designed to achieve the desired outcome which has now been developed by the Lead Practitioner.  1. The new work programme has been implemented, and focus was given to completing due A -D inspections and overdue C-D inspections. 2. There are still issues with recruitment, as a FTE officer has resigned, and an agency officer left with no notice. Still a need to recruit to 1.4 X FTE food safety officers to address the vacancies. FSA confirmed they were pleased with progress (26/10/18), as the new focus has reduced the overdue inspections considerably. They are following up in 3 months, and anticipate signing off the audit in 6 months if progress is maintained. It should be noted that at the March 2019 monthly performance review for this service, all Performance Indicators were reported as Green (on track).	4	3	12	1. Establish a process whereby recruitment to Bromley is encouraged and staff are provided with an incentive to remain. 2. Build resilience into food safety team.	Joanne Stowell	
13	#REF!	All ECS	<b>Town Centre Businesses</b> Loss of town centre businesses to competition	<b>Cause(s):</b> -Failure to redevelop high streets coupled with competition from out-of-town developments and online shopping  <b>Effect(s):</b> -Reduction in high street business and market stall occupancy Loss of income (Business rates and market stalls) Poor public perception and negative publicity	Financial	3	4	12	1. BID Teams organise town centres events 2. Investment in Orpington High Street and Bromley North (done) 3. Regular advertising / promotion of markets and availability of stalls 4. Review of Market operational costs to reduce costs where possible (a Commissioning exercise is underway as at December 2018 for the markets service) 5. Regular maintenance and renewal of market infrastructure - recent market relocation project has been undertaken.	2	3	6	1. Ongoing review of market provision linked to outsourcing service provision to Bromley Business Improvement District 2. Detailed annual action plan to be drawn up for each town centre	Colin Brand	
14	#REF!	Traffic and Parking	<b>New Parking Schemes</b> Failure to deliver new Parking schemes resulting income loss and congestion	<b>Cause(s):</b> Increasing demand from residents for parking schemes coupled with decreasing grant funding from TfL  <b>Effect (s):</b> Increased congestion and reduced income	Service Delivery	3	4	12	1. Set up register of agreed schemes with designated officers and timescales 2. Develop and agree financial appraisal framework with finance department 3. Software procured (2013/14) to help improve project and programme management	2	2	4	1. Consideration to be given to better balancing the cost of scheme design against parking charges	Angus Culverwell	
15	#REF!	All ECS	<b>Staff Resourcing and Capability</b> Loss of corporate memory and ability to deliver as key staff leave (good new staff are at a premium)	<b>Cause(s):</b> -Availability of suitably qualified / experienced staff to replace retirees and leavers. Particular problem within Planning, Environmental Health and Traffic professionals (TfL offers better remuneration and career progression). Lack of incentive for good staff to remain at LBB.  <b>Effect (s):</b> -Loss of organisational memory, greater reliance on contracted staff, delays in delivering services / plans (e.g. Transport Local Implementation Plan, FSA Audit plan). Inability to effectively manage contracts as Contract Managers may have started out in a different role (i.e. as Service Managers) and do not have the necessary expertise to do so (i.e. auditing).	Service Delivery	3	4	12	1. Ongoing programme to find and retain quality staff through internal schemes such as career grades and ongoing CPD	2	2	4	1. Consider potential for contractors to supply necessary skills 2. Review options with HR for incentivisation schemes to ensure staff recruitment and retention is high	Nigel Davies	
16	#REF!	Streetscene and Greenspace	<b>Burial Space</b> Insufficient Council-operated burial space for long-term demand	<b>Cause(s):</b> -Potential lack of acceptable local space for burials (ashes interment not a problem)  <b>Effect (s):</b> -Leading to reputational damage	Reputational	3	3	9	1. Burial plots are available at St Mary Cray and Biggin Hill (with some limited capacity in other sites for partners of deceased) 2. New cemetery provided by the private sector at Kemnal Manor Chislehurst, which will alleviate pressures on Council-owned burial space 3. Excess Death Plan is in place and held by Emergency Planning (with regard to burial capacity in the Coronial Area) 4. Mortuary contract procurement is in progress	2	2	4	1. Monitor availability of private sector capacity 2. Consider what further burial alternatives are being provided by the private sector i.e. new cemetery at Kemnal Manor, Chislehurst	Peter McCready	
17	#REF!	All ECS	<b>Climate Change</b> Failure to adapt the borough and Council services to our changing climate	<b>Cause(s):</b> -Severe weather events including extreme heat, storms, floods etc.  <b>Effect (s):</b> -Resulting in threats to service provision, environmental quality and residents' health	Service Delivery	3	3	9	1. Adopt best adaptation practice as identified through London Climate Change Partnership, UK Climate Impacts Programme, and the Local Adaptation Advisory Panel 2. Implementation of LBB's Carbon Management Programme 3. LBB Surface Water Management Plan and Draft Local Flood Risk Strategy	2	3	6	1. Emergency Planning to liaise with Public Health on cross-cutting issues e.g. excess summer deaths and vector-borne disease etc.	Sarah Foster	



## Environment & Community Services (ECS) Risk Register - Appendix B6

No.	ECS RISK REF	DIVISION	RISK TITLE & DESCRIPTION	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK			DATE LAST REVIEWED:	RISK OWNER	
						Likelihood	Impact	Risk Rating		Likelihood	Impact	Risk Rating	FURTHER ACTION REQUIRED		16/04/2019
18	#REF!	Public Protection	<b>Mortuary Contract</b> Failure to procure tendered services to budget	<b>Cause(s):</b> - Lack of interest from potential bidders - Tendered costs being higher than budget / forecast  <b>Effect(s):</b> - Risk of challenge - Reputational damage - Failure to achieve best value - Lack of competition / bids - Failure to deliver service to requirements / KPIs / expectations	Financial & Service Delivery	4	4	16	1. Existing contract extended whilst negotiations are underway	3	4	12	1. Partnership agreement: The Assistant Director is in a negotiated contract process with the PRUH, and is exploring alternative delivery options for the future provision of the service.	Joanne Stowell	
19	24	Public Protection	<b>CCTV Contract (Mobilisation)</b> Failure to effectively mobilise the new CCTV contracts	<b>Cause(s):</b> - Unfamiliarity with new contract model (client & contractors) - Lack of client capacity to progress mobilisation - Lack of supplier capacity to progress mobilisation - Significant service change requiring service-user consultation - Lack of preparation of contract transition (exit and mobilisation) plans  <b>Effect(s):</b> - Reputational damage - Costs incurred as a result of additional last minute resources required to deliver services - Failure to deliver service to requirements / KPIs / expectations	Service Delivery, Financial & Reputational	2	3	6	1. Regular Contract meetings are held to discuss and monitor contract mobilisation	1	3	3	1. Continued review of contract as mobilisation is completed, as part of client project meetings	Joanne Stowell	
20	25	Public Protection	<b>Income Reconciliation (Public Protection Licensing)</b> Uncertainty around income reconciliation when the Council is looking to grow income to offset reduced funding	<b>Cause(s):</b> - Lack of processes to reconcile actual licence fee income against expected income held on service specific IT systems.  <b>Effect (s):</b> - Loss of income with potential to reduce service delivery funds - Reputational damage	Financial	3	2	6	1. Regular income monitoring 2. Good debt recovery systems 3. Monitoring of activity through Performance Indicators 4. Continual Benchmarking of licensing charges against other authorities	3	2	6	1. Refine procedure for reconciliation of expected income against actual and provide suitable training for staff to deliver this	Joanne Stowell	
21	26	Streetscene and Greenspace	<b>Income Reconciliation (Waste Management)</b> Uncertainty around income reconciliation linked to the mobilisation of new waste contracts	<b>Cause(s):</b> -Lack of integration between client and service provider IT systems so that data is not linked  <b>Effect (s):</b> - Loss of income from Commercial Waste and Green Garden Waste services with potential to reduce service delivery funds - Costs incurred as a result of additional last minute resources required to deliver services - Reputational damage	Financial	3	2	6	1. Regular income monitoring 2. Good debt recovery systems 3. Monitoring of activity through Performance Indicators	1	2	2	1. Refine procedure for reconciliation of expected income against actual and provide suitable training for staff to deliver this 2. Governance of mobilisation to be provided through the Environmental Services Commissioning project board	Peter McCready	
22	27	Streetscene and Greenspace	<b>Bromley Town Centre Market Reorganisation</b> Failure to deliver a successful market reorganisation which meets the needs of traders, businesses and customers	<b>Cause(s):</b> -Insufficient engagement to identify the needs of all stakeholders throughout the project  <b>Effect (s):</b> -Inability to deliver a thriving town centre market -Loss of income from reduced market stall hire -Reputational damage caused by dissatisfied businesses	Reputational/ Financial	3	3	9	1. Project Manager identified to lead on market reorganisation 2. Regular stakeholder meetings to review the progress of the market reorganisation (Markets Manager, Markets Supervisor, enforcement team, Highways team, Planning team and BID) 3. Public consultation on the design and layout of the new market position 4. Live RAID log maintained by Markets Manager and Business Support Team detailing any concerns raised by stakeholders and actions to address them 5. Regular dialogue with traders and businesses (in person meet and greet with Markets Manager and Markets Supervisor) 6. Successful launch event with the Mayor for new market location/to officially open Christmas trading	2	3	6	1. Lessons learned documentation to be completed 2. Meetings with Highways team to be continued in order to complete outstanding Highways snagging list in the High Street 3. Impact of potential High Street retail units/kiosks on existing market stalls to be reviewed	Sarah Foster	
23	28	Public Protection	<b>Dogs and Pests Contract</b> Failure to deliver the contract to the required service levels	<b>Cause(s):</b> -Lack of robustness within contract specification in terms of contract deliverables and Key Performance measures  <b>Effect (s):</b> -Inability to deliver statutory functions -Reputational damage	Service Delivery	3	2	6	1. Identification of named Contract Manager 2. Regular contract management meetings with service provider 3. Review of contract specification to identify change control requirements	2	2	4	1. Implementation of Change Control Notices	Joanne Stowell	
24	29	Public Protection	<b>Out of Hours Noise Service</b> Failure to deliver statutory services	<b>Cause(s):</b> The out of hours noise service is dependant on grant funding from the Mayors Office for Policing & Crime (MOPAC) by way of the Local Crime Prevention Fund. This grant is released on a 2 year cycle, current cycle ends March 2020. The grant was reduced in 2017 and there is no guarantee it will be sustained post April 2020.  <b>Effect:</b> Inability to deliver Out of Hours Noise Service.	Service Delivery	3	4	12	1. Annual review with MOPAC on service outcomes	3	4	12	1. Meetings with MOPAC to ensure early warnings of any change to funding levels. MOPAC funding is outside of the control of LBB.	Rob Vale	
25	30	Public Protection	<b>Integrated Offender Management</b> Failure to contribute to IOM in Bromley	<b>Causes:</b> -IOM functions are reliant on grant funding from MOPAC via the LCPF, equates to one day per week. Reduction or cessation of grant after April 2021.  <b>Effect:</b> -Inability to contribute to IOM in Bromley.	Service Delivery	3	4	12	1. Annual review with MOPAC on service outcomes	3	4	12	1. Meetings with MOPAC to ensure early warnings of any change to funding levels. MOPAC funding is outside of the control of LBB.	Rob Vale	
26	31	Public Protection	<b>Anti-Social Behavior Co-Ordinator post:</b> Failure to deliver ASB problem solving and partnership activity	<b>Cause(s):</b> -Grant from MOPAC via the LCPF is used to fund the ASB Co-ordinator post which is responsible for delivering targeted ASB project work across the borough with partner agencies. Reduction or cessation of grant after April 2021.  <b>Effect:</b> -Inability to fund this post would result in the cessation of targeted ASB work with partners across the borough. Funding for this post was reduced in 2018 and the shortfall was met by LBB. LBB continue to meet the slight shortfall in 2019.	Service Delivery	3	4	12	1. Review of project outcomes to determine whether they can be delivered on a reduced budget with LBB contributions in kind	3	4	12	1. Review of Community Safety functions to allow for MOPAC project delivery on reduced days per week. MOPAC funding is outside of the control of LBB.	Rob Vale	

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## Finance Risk Register - Appendix B7

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE LAST REVIEWED:	11/04/2019
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
1	Finance	<b>Gaps in Insurance cover</b> Failure to ensure that sufficient insurance cover is in place with the result that Council assets may not be adequately covered and that claims in excess of our current excess (£125k - Public Liability) could be turned down by our insurance company	<b>Cause(s):</b> 1. Incorrect/incomplete asset/risk data provided to insurer. 2. Total level of insurance insufficient e.g. to cover damage to multiple high value assets. 3. Uninsurable risks e.g. criminal/regulatory fines. <b>Effect(s):</b> Inadequate or no insurance cover could have significant financial implications, dependent on the value of the asset and the extent of the damage / loss.	Financial - Operational	1	4	4	1. Maintain schedule of all property, vehicles and plan to be insured by the Council 2. Maintain a register of all insurance premiums paid each year 3. Independent check on all such records by internal / external audit and professional insurance brokers.	1	3	3		Viknesh Gill
2	Finance	<b>Financial Market Volatility</b> Financial loss arising from the volatility of financial markets.	<b>Cause(s):</b> Market volatility, recession, banking failure <b>Effect(s):</b> We do not maximise our interest earnings on balances and could also suffer the following issues - Liquidity, Interest rate, Exchange rate, Inflation, Credit and counterparty, Refinancing, legal and regulatory risks	Financial - Operational	3	5	15	1. Regular strategy meetings 2. Use of external advisors 3. Internal Audit review of activities 4. Quarterly reporting to E&R PDS Committee (Members) 5. Adoption of CIPFA Treasury Management Code of Practice 6. Regular meetings / discussions with external auditors 7. Treasury management strategy	2	4	8		Tracey Pearson
3	Finance	<b>Capital Income Shortfall</b> Inability to generate capital receipts	<b>Cause(s):</b> Property price reductions as a result of the economic environment. Falling number of assets available for disposal <b>Effect(s):</b> Financial	Economic - Strategy	3	4	12	1. Close monitoring of spend and income 2. Reporting to Members 3. Tight control of spending commitments 4. Quarterly reports on capital receipts (actual and forecast) to Executive.	2	3	6		Tracey Pearson
4	Finance	<b>Pension Fund</b> The pension fund not having sufficient resources to meet all liabilities as they fall due	<b>Cause(s):</b> 1. Investment markets fail to perform in line with expectations 2. Market yields move at a variance with assumptions 3. Investment managers fail to achieve their targets over the longer term 4. Longevity horizon continues to expand 5. Deterioration in pattern of early retirements 6. Administering authority unaware of structural changes in an employer's membership e.g. large fall in employee members, large number of retirements 7. Mandatory pooling of investments (London CIV) may result in appointment of poorer performing investment managers. <b>Effect(s):</b> Financial	Financial - Operational	3	5	15	1. Use of external advice. 2. Financial: Monitoring of investment returns - analysis of valuation reports 3. Demographic: Longevity horizon monitored at triennial reviews - quarterly review of retirement levels 4. Regulatory: Monitor draft regulations and respond to consultations - actuarial advice on potential where appropriate 5. Internal audit review of activities, performance, controls etc. 6. Quarterly reports to Pensions Investment Sub-Committee 7. Funding Strategy Statement 8. Statement of Investment Principles 9. Communications Policy 10. Governance Policy 11. Triennial valuation by actuary 12. Strategic asset allocation review.	2	4	8		Director of Finance
5	Finance	<b>Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget</b>	<b>Cause(s):</b> 1. As a consequence of significant Government funding reductions (austerity is expected to continue beyond 2019/20), need to reduce the Council's significant 'budget gap' of £31.7m per annum by 2022/23. 2. Part of the devolution of funding, business rates will be devolved to Local Government from 2020/21 (75% of the total national business rate monies). The outcome of the Government's awaited Spending Review and Fair Funding Review will impact on the 2020/21 and future years budget and creates financial uncertainty. A future national recession could have a significant impact on income generated to fund key services within a more devolved model. 3. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: (Housing (homelessness and cost of bed and breakfast); Social Care (welfare reform and ageing population); and Waste (growing number of households). 4. The risk of the Council not being able to carry out its statutory duties (e.g. pupil admissions, school improvement, child protection) as a consequence of funding reductions. 5. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. 6. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). 7. As the local government core grant is fully phased out, local government will take on new funding responsibilities e.g. public health, housing benefit administration for pensioners. With ageing population there will be associated cost pressures. 8. Impact of welfare reforms and the phased roll out of Universal Credit. 9. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <b>Effect(s):</b> - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage - Failure to achieve our Building a Better Bromley priorities.	Financial - Operational	5	5	25	Strategic Controls: 1. Regular update to forward forecast 2. Early identification of future savings required 3. Transformation options considered early in the four year forward planning period 4. Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost 5. Mitigation of cost pressures including demographic changes 6. Quarterly review of growth pressures and mitigation. 7. Apart from 'One Bromley' projects there are opportunities for the Transformation Reviews and Core Statutory Minimum Reviews.  Operational Controls: 1. Management of Risks document covering inflation, capping, financial projections etc. attached to budget reports 2. Departmental risk analysis 3. Reporting of financial forecast updates in year to provide an update of financial impact and action required 4. Obtain monthly trend / current data to assist in any early action required 5. Obtain regular updates / market intelligence 6. Reporting full year effect of budget variations 7. Analysis of government plans and changes	4	5	20	The council is undertaking a review to determine the core statutory minimum service requirements and exploring transformation opportunities to help meet the ongoing budget gap	Director of Finance
6	Finance	<b>Failure to act upon Financial assessments or arrears in a timely manner</b>	<b>Cause(s):</b> 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems <b>Effect(s):</b> Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown
7	Finance	<b>Failure of Finance IT systems</b>	<b>Cause(s):</b> Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACS to pay LBB <b>Effect(s):</b> Inability to pay creditors, calculate payments due to our suppliers / foster carers (Payments Team) or to accommodate charging information for billing clients which could result in fines, penalties and loss of goodwill / reputation.	Contractual and Partnership - Operational	3	2	6	1. CareFirst has replaced the majority of the databases used in Finance for ECHS payments 2. All systems are backed up daily 3. If systems fail, new databases can be built and/or manual calculations for charges or payments could be made 4. Manual cheque payments could be raised 5. Close liaison with Liberata (and sub contracted company Xerox) to discuss any problems - escalation procedure works well. 6. Alternative printers being available at Xerox reduces the risk of cheques not being produced due to printer failure 7. Stock control measures in place to ensure cheques are ordered in time 8. BACS payments increasing - solid and dependable	2	2	4	Implications of any replacement to Carefirst will need to be monitored closely, and preventative action taken to mitigate risk	Claudine Douglas-Brown
8	Finance	<b>Failure of external contractors</b>	<b>Cause(s):</b> Contractor ceases to trade due financial failings. <b>Effect(s):</b> disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale

## Finance Risk Register - Appendix B7

REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt &amp; return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			DATE LAST REVIEWED:	11/04/2019
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
					FURTHER ACTION REQUIRED						RISK OWNER		
9	Finance	<b>Contractor Poor Performance</b> Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	<b>Cause(s):</b> Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems  <b>Effect(s):</b> - Delay / non payment of suppliers, customers, staff salaries, pensions. - Increase in fraudulent payments - Delayed or non repayment from debtors  Resulting in loss of income, increased costs, increase in complaints and subsequent loss of good will and / or reputational damage.	Financial - Operational	3	3	9	1. Effective SLAs and contracts in place 2. Regular operational and strategic meetings monitoring progress and identifying action required 3. Action identified and formally agreed when monitoring key performance areas 4. Formal structures and procedures in place for monitoring and corrective action to minimise risk 5. Process reviewed on an ongoing basis 6. Weekly monitoring of complaints and patterns identified	2	3	6		Claudine Douglas-Brown / John Nightingale
10	Finance	<b>Significant Fraud/Corruption</b>	<b>Cause(s):</b> Lack of controls Dishonest staff/suppliers/customers Collusion Poor systems Lack of Management oversight Inadequate segregation of duties  <b>Effect(s):</b> Financial loss Adverse publicity/reputational damage Staff morale lowered Resource implications for investigation	Financial - Operational	3	3	9	1. Staff vetting 2. Segregation of duties 3. Documented procedures/regulations/code of conduct 4. Whistleblowing policy 5. Fidelity guarantee 6. IT security 7. Robust computer systems/audit trail 8. Counter Fraud staff 9. Internal/External audit	2	2	4		David Hogan

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



## Human Resources Risk Register - Appendix B8

											DATE LAST REVIEWED:	01/04/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
1	Human Resources	Ability to respond to industrial action, changes in government initiatives or legal requirements	<b>Cause(s):</b> - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networkings  <b>Effect(s):</b> - Increased costs (bank / agency usage) - Reputation damage - Impacts on service delivery	Political	2	2	4	1. Early and effective engagement with staff and trade unions 2. Sound internal and external legal advice 3. Identifying appropriate legal options 4. Pro-active intelligence gathering via London Councils and other networks 5. HR processes in place for dealing with industrial action	2	2	4	1. Submitting timely proposals to Chief Officers and / or members of the Industrial relations committee.	Director of HR
2	Human Resources	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	<b>Cause(s):</b> - Lack of awareness with legislation - Failure to effectively consult staff where appropriate - Indirect / direct discrimination - Human error / lack of understanding - Lack of capacity and capability to deliver  <b>Effect(s):</b> - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council policies & procedures in place eg. Equality Scheme 2. Requirement to report and record accurately information eg equalities 3. Training in place for managers and staff to ensure they are aware of their responsibilities 4. Organisation to carry out a Capacity Risk Assessment	3	2	6	1. Professional updates / HR Mgt Team forward planning	Director of HR
3	Human Resources	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	<b>Cause(s):</b> - Insufficient strategic management control and planning - Staff turnover (capacity) - Lack of resources  <b>Effect(s):</b> - Potential service delivery impacts - Loss of skilled/experienced staff - Missed opportunity to to develop and retain talent "in house" -Recruitment Costs	Personnel / Operational	3	3	9	Clear workforce planning strategy in place, including - Graduate Intern Scheme - Apprenticeship Scheme - Career Pathway - Leadership Development Programme - Succession Planning Tool	2	2	4	Review of  1. Development of a Talent Management Strategy. 2. Ensure that Apprenticeship Levy funds are utilised effectively 3. Consideration to resurrect 'Future Leaders Programme'	Director of HR
4	Human Resources	Ineffective recruitment and retention strategies for hard to fill posts e.g. Adult's Social Workers, Children's Social Workers, Housing, Planning, Building Control	<b>Cause(s):</b> - Physical environment/hygiene facilities - Culture - Increasingly fluid market - Increases in demand and/or reductions in supply - Lack of experienced staff in the labour pool - Budget constraints - Lack of leadership  <b>Effect(s):</b> - Potential service delivery impacts - Increased costs due to use of agency workers - Reduction in quality of service	Personnel / Operational	4	3	12	1. Horizon scanning to anticipate changes and trends to staff complement 2. Keeping up to date on national trends for hard to recruit professions 3. Case load review 4. Review of pay and comparison with neighboring LAs 5. R&R Board to regularly review 6. No Quit Policy in place 7. Implement grow your own initiatives eg senior practitioners progression pathway, training pathways for social workers, graduate trainees, apprentices	2	2	4	None identified	Director of HR



## Human Resources Risk Register - Appendix B8

											DATE LAST REVIEWED:	01/04/2019	
REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press alt & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
5	Human Resources	Ineffective pre-employment checks including agency workers	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Poor procedures</li> <li>- Inadequate monitoring</li> <li>- Lack of awareness / understanding</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Workers with safeguarding concerns not identified</li> <li>- Safeguarding incident occurs (harm / injury)</li> <li>- Agency worker ID fraud</li> <li>- Reputation damage</li> <li>- legal compliance implications inc. fines and sanctions</li> </ul>	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> <li>1. HR Business Services carry out checks for LBB workers &amp; agencies to check agency workers.</li> <li>2. Managers check identity of candidate and of agency workers when arriving for work, with copy of DBS and proof of identity. E.g. passport, and original copy of birth certificate.</li> <li>3. Up front audits with Adecco undertaken to ensure processes are robust for agency workers</li> <li>4. Training provided for managers</li> <li>5. Internal audit undertakes a review of arrangement as part of their annual audit plan</li> </ol>	4	1	4	Consideration as to whether training should be mandatory	Director of HR
6	Human Resources	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Lack of adequate financial resources</li> <li>- Lack of expertise</li> <li>- Unexpected delays</li> <li>- Changes in strategic direction</li> <li>- Lack of capacity to undertake in a timely manner</li> <li>- Conflicting priorities</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- New service models are ineffective / not fit for purpose</li> <li>- Increased costs</li> <li>- Legislative and legal requirements breached (e.g. TUPE)</li> <li>- Reduction in service quality / provision</li> <li>- Reputation damage</li> </ul>	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> <li>1. Managing change procedure in place</li> <li>2. Capacity building and additional resources to support the change process</li> <li>3. Effective communication and engagement with staff and their representatives.</li> <li>4. Formal consultation processes and departmental representatives</li> <li>5. Regularly meetings include Members</li> <li>6. Terms of Reference for each workstream led by Chief Officers</li> </ol>	3	2	6	One-off funding required to support transformation programmes and workstreams	Director of HR
7	Human Resources	HR systems failures eg payroll, recruitment, HR self-service, pensions	<p><b>Cause(s):</b></p> <ul style="list-style-type: none"> <li>- Contractual failure</li> <li>- IT failure</li> <li>- Loss of power</li> <li>- Data breach / cyber attack</li> <li>- Ineffective business continuity plan for manual work around</li> </ul> <p><b>Effect(s):</b></p> <ul style="list-style-type: none"> <li>- Delays or restriction in level of HR support available</li> <li>- Staff not paid</li> <li>- Staff morale reduction if for a long period</li> <li>- Delays in ability to recruit</li> <li>- Failure to apply for jobs employment/legal issues</li> <li>- Failure to comply with contractual obligations</li> <li>- Industrial action</li> </ul>	Data and Information	2	5	10	<ol style="list-style-type: none"> <li>1. Back-up payroll processes/systems</li> <li>2. Regular saving of personnel information on Resource Link</li> <li>3. Business Continuity Plan in place</li> <li>4. Internal audit carry out reviews as part of annual review programme</li> <li>5. Regular meetings with contractors and Business Continuity Plans for each contract</li> </ol>	4	2	8	None identified	Director of HR



## Human Resources Risk Register - Appendix B8

										DATE LAST REVIEWED:	01/04/2019		
REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt &amp; return - must be entered after the risk title)</small>	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <small>(See next tab for guidance)</small>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <small>(See next tab for guidance)</small>			FURTHER ACTION REQUIRED	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
8	Human Resources	<b>Ineffective compliance with IR35</b>	<b>Cause(s):</b> - Inadequate information from managers, - Non submission of requests for HR scrutiny - Non submission of approval by relevant Chief Officers, - Poor knowledge of what is required  <b>Effect(s):</b> - Huge fine by IRS - Reputational damage - IRS investigation of the authority	Financial / Legal	2	5	10	1. Clear standards and expectations are set out in the procedure/manual 2. Dedicated HR Officer with updated knowledge of IR35 requirements 3. Access to external expert advice commissioned if required 4. HR monitoring	1	3	3	- Regular awareness sessions on IR35 for managers - 6-monthly compliance report to CLT/COE - Joint HR/audit review	Director of HR
9	Human Resources / Health & Safety	<b>Health &amp; Safety (Council)</b> <b>Ineffective management, processes and systems across all Council departments</b> <b>Specifically in relation to the following areas:</b> <b>Fire Risk Assessments</b> <b>Lone Working</b> <b>Violence &amp; Aggression at work</b>	<b>Cause(s):</b> - Inadequate risk assessments - Outdated policies - Poor use of data around accidents/near miss incidents - Lack of capacity to discharge the Council's H&S responsibilities - Ineffective monitoring of risks  <b>Effect (s):</b> - Potential prosecution of Council and / or civil claims for compensation - Increased sickness/absence - Poor staff morale - Impact on staff retention - Insurance claims - Potential accidents/fatalities - Corporate manslaughter	Health & Safety	3	5	15	1. 0.6 fte Corporate Safety Advisor employed 2. Safety Policies reviewed and updated regularly - ongoing 3. Commitment to HSW from Chief Executive and Directors premises, equipment & activities 4. Supported by H&S training programme and network of policies and procedures (regularly reviewed) 5. Property-related HSW matters now provided through Amey 6. Holding contractors to account for managing Council premises to required legal standards	3	4	12	Risk assessment & proactive monitoring being developed for Council  Departmental Safety Committees meet regularly. Corporate and Departmental Health and Safety Meetings to be further reviewed including Senior Management Ownership  *H&S audits to be undertaken by Corporate Safety Officer	Director of HR

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

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## Customer Services Risk Register - Appendix B9

DATE LAST REVIEWED										09/01/2019
RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING <i>(See next tab for guidance)</i>			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING <i>(See next tab for guidance)</i>			FURTHER ACTION REQUIRED	RISK OWNER
		LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
<b>Cause(s):</b> Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue  <b>Effect(s):</b> Reduced level of bookings Financial impact	Financial - Operational	3	3	9	- Regular budget and activity monitoring - Targeted marketing of ceremonies, venues etc. to maximise income, website videos, use of 'twitter' - Flexible use of staff to maximise income in periods of high activity - Development of civil funeral service	3	2	6		Duncan Bridgewater
<b>Cause(s):</b> Contractor (such as Liberata) cease trading due to financial or other failure.  <b>Effect(s):</b> Interruption to or deterioration of service due to failure of contractors (out of hours security guards @ Civic Centre, for example)	Contractual and Partnership - Operational	2	4	8	- Regular monitoring of performance and monthly operational meetings to identify any continued and ongoing reduction in service delivery - Core contract monitoring and overview of other elements of the contract to identify shortfalls in other areas of service delivery - Effective scrutiny of potential contractors - Appropriate performance bonds or parent company guarantees - Business continuity planning - Standardised contract letting procedures and documentation as contracts renew	2	3	6	-Identify potential alternative contractors	Duncan Bridgewater
<b>Cause(s):</b> Failure to effectively manage service delivery contracts with provided such as Liberata  <b>Effect(s):</b> Continued and ongoing poor performance and/or increased customer complaints.	Contractual and Partnership - Operational	4	3	12	- Daily, weekly, monthly and annual monitoring of performance and key performance indicators - Monthly operational meetings with contractor to discuss performance and monitor against balanced score card - Escalation through core contract route of any continued and ongoing shortfalls in performance	3	2	6		Duncan Bridgewater
<b>Cause(s):</b> Increase in life events (births / deaths) within Bromley Staffing pressures  <b>Effect(s):</b> Drop in standards leading to a potential breach of statutory duty and loss of confidence from residents.	Legal - Operational	3	3	9	-Regular monitoring of registration activity and timescales -use of casual staff to perform statutory registrations - close monitoring of quality and performance from GRO system reporting	1	3	3		Duncan Bridgewater
<b>Cause(s):</b> Major power failure or other incident that prevents access to the Civic Centre  <b>Effect(s):</b> Major disruption to council services	Data and Information - Operational	3	3	9	- Existing local resilience procedures (overflow to alternative Liberata Office)	2	2	4		Duncan Bridgewater
<b>Cause(s):</b> Fire / flooding Strong room not GRO compliant  <b>Effect(s):</b> Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during the wider accommodation review	Duncan Bridgewater

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Waivers - From October 2018 to March 2019					APPENDIX C			
Waivers > £50,000								
No.	DIRECTORATE	SERVICE AREA	CUMULATIVE VALUE	ANNUAL AMOUNT	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
1	Chief Executives	ICT	£87,800	£53,500	Independent system reviews, consultancy and design	01/04/2019	31/03/2020	Directors of Corporate Services and Finance, Assistant Director Governance and Contracts
2	Education Care and Health Services	Early Intervention	£120,000	£48,000	Voluntary, Community and Social Enterprise Support	01/04/2019	31/03/2019	Gateway Report dated 7/9/2019: authorised by the Interim Director of ASC, Directors of Corporate Services and Finance
3	Education Care and Health Services	Adult Social Care	£5.3m	£1.05m	Supported Living Services at three units in West Wickham	28/11/2019	27/11/2020	Gateway Report dated 23/01/2019. Director of ASC, Directors of Corporate Services and Finance, Assistant Director Governance and Contracts and Interim Chief Executive
4	Education Care and Health Services	Adult Social Care	£1.8m	£451,000	Dementia post diagnosis support service	01/07/2019	30/06/2020	Gateway report authorised by Director of ASC, Directors of Corporate Services and Finance, Assistant Director Governance and Contracts and Interim Executive Director of ECHS
5	Education Care and Health Services	Public Health	£2.77m	£926,562	Sexual health early intervention services	01/10/2019	30/09/2020	Gateway Report dated 3/9/2018 authorised by Directors of Corporate Services, Finance and Commissioning and Director of Public Health
6	Chief Executives	Finance	£85,000	£40K over three year period	Pension fund performance management and accounting service	01/07/2018	30/06/2019	Gateway report dated 30/10/2018 authorised by Directors of Corporate Services, Finance and Commissioning
7	Education Care and Health Services	Programmes	£848,040	£239,950	Provision of direct payment support and payroll services	08/04/2019	07/04/2020	Gateway report dated 19/9/2018 authorised by Director of ASC, Directors of Corporate Services, Finance and Commissioning, Executive Director of ECHS
8	Environment and Community Services	Transport	£60,000	£60,000	Seasonal service for gritter fleet	08/04/2019	01/10/2019	Gateway report dated 10/12/18 authorised by Directors of Corporate Services and Finance, Executive Director of Environment and AD Governance and Contracts
9	Education Care and Health Services	Adult Social Care	£422,000	£105,000	Voluntary sector provider for people with a visual impairment	01/10/2019	30/09/2020	Gateway report dated 20/3/19 authorised by Directors of Corporate Services and Finance, AD Governance and Contracts and Interim Executive Director ECHS
10	Education Care and Health Services	Education	£327,000	£113,000	Delivery of independent travel training for children and young people with SEN&D	01/09/2019	31/08/2020	Officer sign off sheet to support report to portfolio holder. Authorised by Directors Education, Commissioning, Corporate Services and Finance, Interim Executive Director ECHS
11	Chief Executives	Finance	£1.47m	£117,000	HR/Payroll - Resource Link	30/06/2019	29/06/2023	Report to Executive 11/7/18

No.	DIRECTORATE	SERVICE AREA	CUMULATIVE VALUE	ANNUAL AMOUNT	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	APPROVAL
12	Education Care and Health Services	Adult Social Care	£96,000	£48,000	Support services to voluntary and community sector organisations	01/04/2019	31/03/2020	Members Gateway report dated 7/3/19. Officer sign off sheet authorised by the Interim Director of ASC, Directors of Corporate Services and Finance
13	Environment and Community Services	Facilities Management	£680,300	£190,000	Delivery of mail services	16/09/2019	15/09/2020	Portfolio Holder decision dated 7/3/19, officer sign off sheet authorised by Directors of Corporate Services and Finance ,AD Governance and Contracts, Executive Director of ECS
14	Education Care and Health Services	Safeguarding and Quality Improvement	£306,000	£95,000 (19/20) £211,000 (20/21)	Provision of post graduate diploma in social work	10/06/2019	09/04/2021	Report to Executive 13/02/19 authorised by AD Strategy Performance and Business Support ECHS, AD Governance and Contracts and the Interim Chief Executive
15	Education Care and Health Services	Education	£22.558m	£4.669m	Framework and parallel framework for provision of transport services for children and young people	01/09/2019	31/08/2020	Report to Executive 16/1/19

Report No.  
FSD 19048

## London Borough of Bromley

### PART ONE - PUBLIC

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

**Date:**                 **Tuesday 4 June 2019**

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

**Title:**                 **ANNUAL INTERNAL AUDIT REPORT**

**Contact Officer:**     David Hogan, Head of Audit and Assurance  
Tel: 020 8313 4886     E-mail: [david.hogan@bromley.gov.uk](mailto:david.hogan@bromley.gov.uk)

**Chief Officer:**         Director of Finance

**Ward:**                 (All Wards)

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#### 1. Reason for report

This report informs the Audit Sub Committee of Internal Audit activity in 2018/19. It assists the Council in meeting the financial management and internal control requirements of the Accounts and Audit Regulations 2015. In particular it includes:

- an overview of work undertaken and the levels of assurance;
- an analysis of the quality and effectiveness of Internal Audit confirming that the service generally conforms with the Public Sector Internal Audit Standards;
- the Head of Audit's opinion on the internal control environment.

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#### 2. **RECOMMENDATION**

**Members are asked to note the report and the Head of Audit's opinion on the soundness of the internal control environment within the London Borough of Bromley.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Internal Audit and Assurance
  4. Total current budget for this head: £535k including Internal and External Audit, Fraud Partnership, Insurance Management and Claims handling.
  5. Source of funding: General Fund, Admin Penalties, Legal cost recoveries
- 

## Personnel

1. Number of staff (current and additional): 7.5 FTE including 1 FTE Insurance and Risk Manager
  2. If from existing staff resources, number of staff hours: 2018/19 900 audit days were proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich time.
- 

## Legal

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

## Procurement

1. Summary of Procurement Implications: None
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A relevant to all stakeholders of the Council
- 

## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The annual report is for Member information and intended to assist the Council in meeting the requirements of the Accounts & Audit Regulations 2015. The regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, and taking into account the Public Sector Internal Auditing Standards (PSIAS). The work forms the basis of the annual opinion of the Head of Audit and provides supporting evidence for the Annual Governance Statement, which also is considered on the agenda.
- 3.2 Internal Audit's objectives have been to assist management and Members in managing risks, maintaining good standards of control and continuously improving service delivery through independent appraisal, review and advice. We have carried this out in 2018/19 by:
- independently reviewing, appraising and providing assurance reports;
  - ascertaining the extent of compliance with procedures, policies, regulations and legislation;
  - reviewing client contract and monitoring arrangements;
  - reviewing and refreshing the arrangements for Risk Management and departmental and corporate risk registers;
  - identifying fraud and irregularity and working in partnership with RB Greenwich;
  - hosting interactive web training for Officers in Financial Regulations, Risk Management and Fraud Awareness
- 3.3 Key aspects of our reviews examined controls in place and assessed these together with associated risks to ascertain if they are being followed. Internal audit has ensured that controls operate in an efficient and effective manner, statutory and management requirements are complied with, completeness and accuracy of records are secured and identified weaknesses are corrected.
- 3.4 Analysis of 2018/19 activity and use of resources**
- 3.4.1 The 2018/19 Audit plan identified a total of 55 separate tasks. In addition 17 audits were carried forward from 2017/18 and finalised in the year. By the end of the year work was either completed or in progress on a total of 49 further projects. 6 have been carried forward to 2019/20. Unplanned investigations were also carried out involving Internal Audit as opposed to the Anti-Fraud work separately completed by the Royal Borough of Greenwich Team.
- 3.4.2 Work in progress and draft reports will, when finalised, be reported to the next meeting of the Committee.

3.4.3 The days allocated to Departments is set out below with a comparison to 2017/18

**Table 1**

<b>Department</b>	<b>Actual Days 17/18</b>	<b>Actual Days 18/19</b>
Corporate	N/A	264
Chief Executive's	321	180
Education Care and Health Services including Public Health	298	198
Environment and Community Services	124	153
<b>Sub Total</b>	<b>743</b>	<b>795</b>
Anti-Fraud and Investigations	81	79
<b>Total</b>	<b>824</b>	<b>874</b>

### 3.5 Summary of work undertaken and audit opinions

3.5.1 Audits are conducted in accordance with prescribed standard. Not all tasks result in an opinion.

3.5.2 A summary of work undertaken follows in Table 2 below.

**Table 2**

Planned tasks 2018/19	55
Deferred as already issued report on same issue this year/moved to next year or cancelled with management agreement	6
Completed tasks including reports at draft stage	38
Work in progress	11
Reports carried forward from 2017/18 and issued in 2018/19	17

3.5.3 Whilst there have been some variances and amendments to the plan, sufficient work has been undertaken to form the Head of Audit's opinion.

3.5.4 Further analysis is detailed in Appendix A

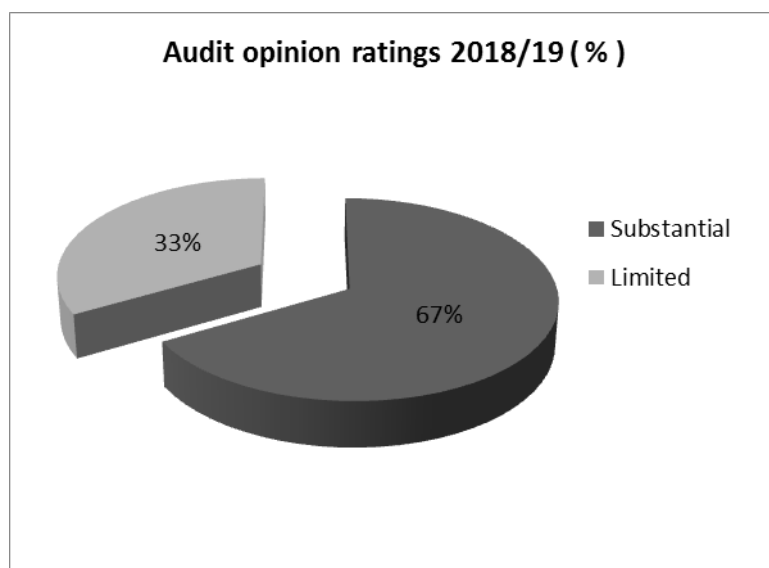
3.5.5 An Assurance rating was given in respect of 45 reviews at draft or final stage



**Table 3**

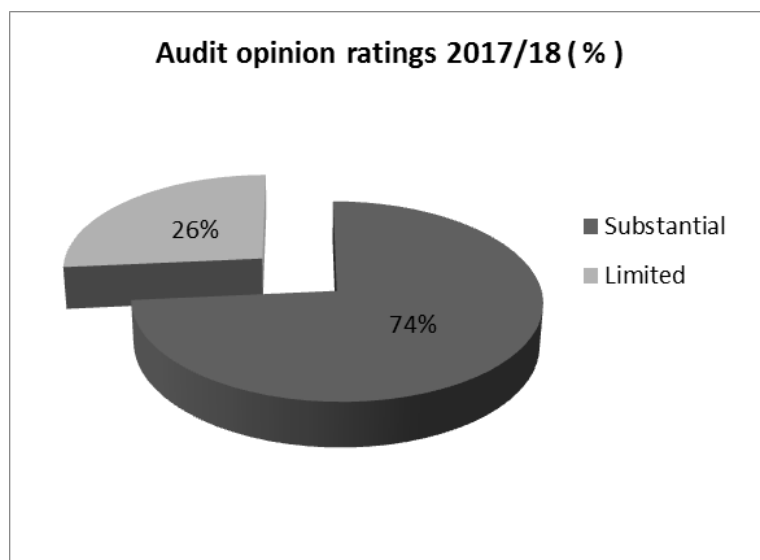
Full Assurance	0
Substantial Assurance	28
Limited Assurance	14
Nil Assurance	0
Sufficient evidence to support grant claims requiring Internal Audit verification	3

**Chart 1**



This can be compared with the 2017/18 ratings in Chart 2 below

**Chart 2**



3.5.6 Following an Internal Audit review and after consultation with management, auditors form an overall opinion on the extent that actual controls in existence provide reasonable assurance that significant risks are being managed. They grade the control system accordingly. The opinions given are currently graded according to the criteria in Table 4.

**Table 4**

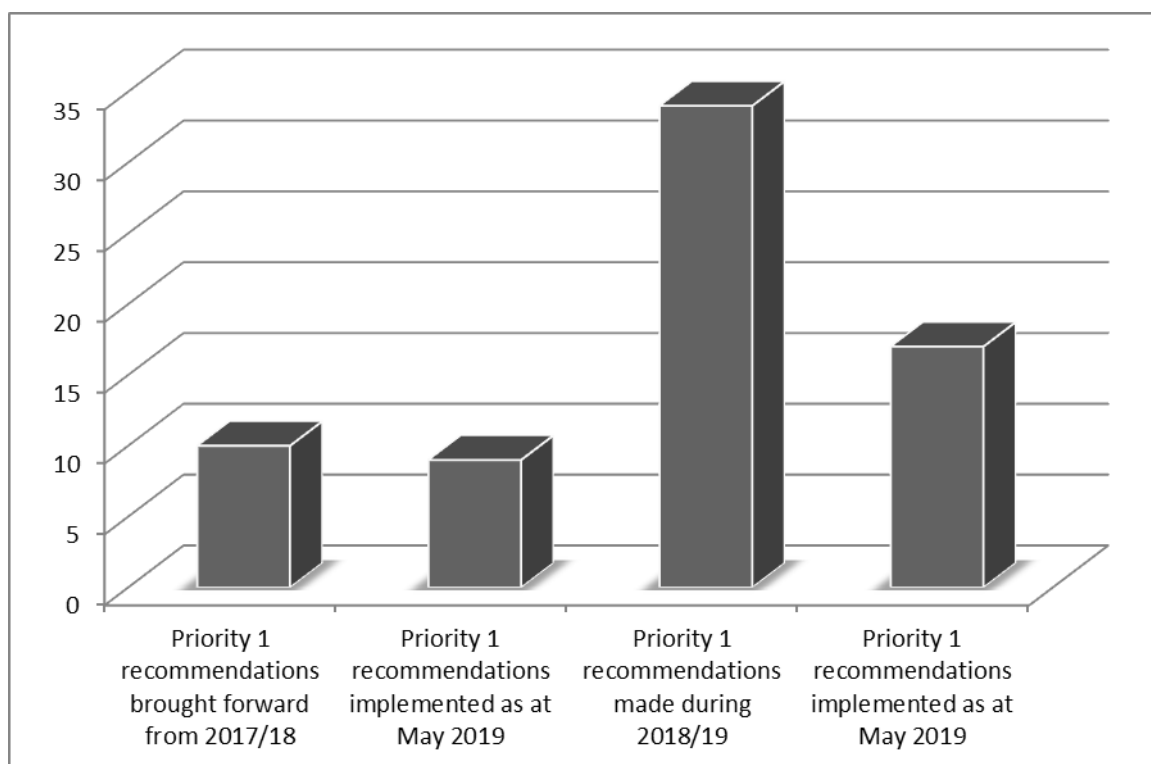
<b>Assurance Level</b>	<b>Definition</b>
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound system and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible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

3.5.7 Members will be aware that we will be changing the assurance categories and definitions for these going forward from April 2019. In addition there are some claims for external funding such as The Troubled Families Programme or the Pothole Action Fund where the Internal Auditors of each of the recipient authorities are required to investigate and check that the conditions attached to the specific grants have been complied with.

3.5.8 Summaries of all individual reports have been reported to the Audit Sub-Committee following a formal report to management and it is not necessary to detail them again here. Each audit has agreed terms of reference and is conducted according to the Public Sector Internal Audit Standards. Final reports are agreed with the client prior to release. They are followed up systematically. Finalised audit reports are published on the Council's web site.

3.5.9 In May 2018, 10 priority 1 recommendations were reported to the Audit Committee, brought forward from 2017-18; 9 of these recommendations were implemented during 2018-19. 34 new priority 1 recommendations were reported during 2018-19 of which 17 were implemented prior to the June 2019 Committee and 17 priority 1 recommendations have been carried forward to 2019/20.

**Chart 3**



3.5.10 Following a decision by Members, all audit reports suitably redacted, are published on the internet unless exemption is sought. A summary of the key issues and challenges for the authority arising from our work is detailed in the Head of Audit's opinion in para 3.9 to 3.9.4.

### **3.6 Risk Management**

3.6.1 It was agreed by the Committee that Risk Registers would be reviewed at least six monthly, updated and reported first to Audit Sub Committee and then to the respective PDS Committees. The latest iterations of the departmental and corporate risk registers, which formed part of the Corporate Risk Management Group meeting agenda on 1st May 2019 are attached as Appendices B1 – B9 of the Internal Audit Progress Report.

3.6.2 Since the last meeting of the Audit Sub Committee on 26<sup>th</sup> February 2019, one key amendment has been made, to the Corporate Risk Register, by way of the addition of a risk reflecting the 'Potential detrimental impact of Brexit upon service delivery'.

3.6.3 At the Executive, Resources and Contracts PDS meeting of 5<sup>th</sup> July 2018, it was requested that the risks marked as 'Red' (High) should be presented to each meeting of the relevant PDS committee and that the 'further action required' column of each Risk Register be kept under review and this process commenced immediately.

### **3.7 Public Sector Internal Audit Standards (PSIAS)**

3.7.1 Internal Audit engagements are subject to a thorough internal review of quality to ensure that its work meets the standards expected from its staff. For example an internal file quality review is carried out to confirm that:

- All work is undertaken in accordance with the PSIAS

- The work is planned and undertaken in accordance with risks associated with the areas under review
- The conclusions are fully supported by detailed work undertaken

3.7.2 Internal Audit is subject to a Quality Assurance and Improvement Programme that covers all aspects of internal audit activity. This consists of an annual self-assessment of the service and its compliance with the UK Public Sector Internal Audit Standards, ongoing performance monitoring and an external assessment at least once every five years by a suitably qualified, independent assessor. Under the requirements of the Public Sector Internal Audit Standards (PSIAS) there is a need for an external quality assessment of the service every 5 years. A peer review was carried out in March 2016. The review concluded that the section generally conforms to the standards.

3.7.3 Periodic reviews of compliance to the standards are required and the Head of Audit has reviewed compliance with the standards and the Local Government Application Note. It can be confirmed that the section still generally conforms to the PSIAS. There are no significant findings from Internal Audit's Quality Assurance and Improvement Programme that require reporting to the Audit Sub-Committee or referred to in the Annual Governance Statement.

3.7.4 Last year Members were informed that the Internal Audit team reviewed working practices to develop bespoke systems using MS Word and Excel in house. There was a need to reflect on feedback on how they work in practice and ensure they are consistently applied. There was also a need to update the Internal Audit Manual to reflect these changes. This work has been progressed with new report formats, terms of reference and standard documentation. These are accompanied by guidance documentation which serves as the Audit Manual.

3.7.5 Reporting and management arrangements have been put in place which preserve the Head of Audit's independence and objectivity and it can be confirmed that there have been no impairments or restrictions in scope.

### **3.8 Head of Audit – Annual Opinion**

3.8.1 The Annual assessment is based on the work reported between April 2018 and the date of this report. In formulating this opinion the assurance activity undertaken by the Council and other external assurance providers is taken into account along with the following:

- The Audit work undertaken including the assurance opinion ratings
- The follow up reviews determining how the authority responds to identified weaknesses and in particular priority 1 recommendations
- Its approach to risk management particularly the detailed refresh of the Council's Risk registers
- Internal Audit's review of the supporting evidence for the Annual governance Statement

3.8.2 The work completed to draft or final stage shows that 67% were classified as substantial assurance with 33% limited. In addition the results of follow up work show that audit recommendations are consistently implemented. The concept of continuous improvement is applied in that even in the best performing authorities errors will occur or control failures may result despite good intentions. However the Council should learn from its past performance, rectify defects and not continue along a path when control failure is evident. The Corporate Leadership Team considers priority one recommendations on a regular basis and managers are held to account. Audit reports highlight those areas where internal control systems need to

be improved and the Internal Audit Plan for 2019/20 has time allocated for undertaking follow up work. Internal Audit will pay particular attention to those areas where the Internal Audit opinion was limited and priority one recommendations have been raised.

- 3.8.3 The work reviewing the Annual Governance Statement also clearly demonstrates the range of organisational controls which serve to provide an effective level of governance.
- 3.8.4 From the work undertaken during 2018/19, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged. In giving this opinion it should be noted that assurance can never be absolute. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.
- 3.8.5 As part of our work on risk management and identifying areas for inclusion in the Annual Governance Statement we have identified key areas for management attention over the next year. These are summarised below and further detail is included in the Annual Governance Statement report on the agenda.
- 3.8.6 **Finance**
- 3.8.7 The capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2019/20 without a detrimental impact on key services. There are significant mitigation options to partly offset growth/cost pressures being implemented for 2019/20. Significant challenges remain for 2020/21 and beyond.
- 3.8.8 **Health and Safety/Fire Safety**
- 3.8.9 A need was identified to strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice through compiling a full suite of comprehensive Health and Safety Risk Assessments, demonstrating that Health and Safety Risks have been established and action plans are in place to implement controls. Also in respect of Fire Safety Risk Assessments there was a need to ensure action is being taken to address the site management issues identified in the Operational Property Estate Fire Risk Assessments. In particular there was a need to ensure that a person responsible for fire safety is identified at each building; that contractors occupying buildings are carrying out fire safety properly, if their responsibility; and that suitable training/guidance is delivered either in house or externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence.
- 3.8.10 **Contract Management/Monitoring**
- 3.8.11 There is a need identified to strengthen control arrangements and effectiveness of Contract Management through clarifying and communicating to all staff their roles and responsibilities in respect of the management of key contracts. In addition monitoring compliance against Contract Procedure Rules Contract Monitoring requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team. A newly established Procurement Board will periodically review contract management and contract monitoring issues for key contracts, feeding back any issues/actions to the Chief Officers' Executive/Corporate Leadership Team. The Procurement service will be embedding learning and best practice for contract management via Practice Notes on the Managers' Toolkit and through a quarterly Contract Owners Forum to ensure governance compliance and consistency.

### **3.9 Counter Fraud**

3.9.1 Internal Audit works in partnership with the Royal Borough of Greenwich in respect of Counter Fraud Investigations. In total there were 271 referrals from 01/04/2018 to 31/03/2019. These are detailed in Appendix B of the Fraud Report on the agenda. Since last year's annual report, 85 cases were successfully prosecuted of which 81 cases related to Blue Badge misuse, one prosecution was for Council Tax Fraud, one Business Rate Fraud and two False Rehousing Application Frauds. .

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

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

## **5. POLICY IMPLICATIONS**

None

## **6. FINANCIAL IMPLICATIONS**

6.1 Some of the Internal Audit findings have financial implications.

## **7. PERSONNEL IMPLICATIONS**

7.1 Where appropriate and following a reasonable management investigation, a disciplinary process may be initiated in response to poor practices or/and misconduct.

## **8. LEGAL IMPLICATIONS**

8.1 Internal Audit is a statutory function under the Accounts & Audit Regulations 2015.

## **9. PROCUREMENT IMPLICATIONS**

9.1 The contents of this report have implications for procurement relating to Contract Procedure Rules, Financial Regulations and VFM issues.

<b>Non-Applicable Sections:</b>	Policy
Background Documents: (Access via Contact Officer)	None

Audit	Status	Assurance rating
<b>C/F from 2017/18 Plan</b>		
Council Tax	Final Report	Substantial
Creditors	Final Report	Limited
Housing Benefit Follow up	Final Report	N/A
IT Project Delivery	Final Report	Substantial
Leaving Care	Final Report	Limited
Family Placements	Final Report	Limited
Adult Safeguarding	Final Report	Substantial
Contract Management of Adults with Mental Health	Final Report	Limited
Continuing Healthcare Funding	Final Report	Substantial
Direct Payments Limited	Final Report	Limited
Housing Register	Final Report	Substantial
Temporary Accommodation	Final Report	Substantial
Home Tuition	Final Report	Limited
Car Parking Penalty Charge Notices	Final Report	Substantial
Transport & Highways Vehicle Crossovers	Final Report	Substantial
Management of Strategic Property	Final Report	Limited
Total-Facilities Management	Final Report	Limited
<b>2018/19 Plan</b>		
Council's Financial Strategy and Budget Compliance	Final report	Substantial
Strategic Commissioning	Final report	Substantial
Procurement Control Framework Compliance	Following discussion with the Assistant Director of Commissioning transferred to 19/20 to build on his data analysis work	N/A
Business Continuity & Emergency planning	Following discussion with new management after all Business Continuity Staff left, and Zurich's Risk Work in this area transferred to 19/20	N/A
Health and Safety at Work	Final report	Limited
Information Governance and General Data	Final report Policies and Procedures	Substantial

Protection Regulations (GDPR)	Operational Data Matters	Limited
Consultancy and advice to directorates	Ongoing	N/A
National Fraud Initiative 2018	Data uploads on time/Investigations underway	N/A
External grants	Pot Hole Fund  Troubled Families x 2	Sufficient evidence to support the claims  Sufficient evidence to support the two claims
Follow up and implementation of higher priority recommendations	Progress reports to all meetings of Audit Sub Cttee	Individual conclusion as to whether recommendations can be considered implemented
Provision of training	Ongoing	N/A
External liaison with other authorities and agencies	Ongoing	N/A
Provision for investigations into irregularities	Ongoing	N/A
Annual Report and Internal Audit Plan	Audit Plan Produced For Audit Sub February Meeting.  Annual Report for May 18 and June 19 Committee.	N/A
Risk Management	Regular reports to Audit Sub-Committee, CRMG and PDS Committees.	N/A
Annual Governance Statement	Governance Statement prepared for May 18 and June 19 Committee.	N/A
Cyber Security Gap Analysis	In progress	
BT Contract Management	In progress	
ICT Systems failures	In progress	
Treasury management	Final report	Substantial
Pension payments	Final report	Substantial



Pension Fund	Final report	Substantial
Creditors	In progress	
Debtors	Final report	Substantial
Housing Benefit	Final report	Substantial
Business Rates	Final report	Substantial
Payroll	Final report	Substantial
New Starters and Leavers	In progress	
Workforce Planning	Draft report	Limited
Edgebury Primary	Final report	Substantial
St Olave's	Final report	Limited
Health & Social Care Integration	Following discussion with Management transferred to 19/20 plan	N/A
Capital schemes for ECHS	In progress	
Domilicillary Care Contract management arrangements	In progress	
Adult Social Care Budget management	Final report	Substantial
Learning Disability Services	In progress	
Residential care	Final report	Substantial
Older People – Nursing Beds (PF and EMI)	Final report	Substantial
Extra Care Housing	In progress	
Children's Social Care Budget Management	Final report	Substantial
SEN reforms	Following discussion with Management transferred to 19/20 plan	N/A
Fostering	Draft report	Substantial
No Recourse to Public Funds	Draft report	Limited
Temporary accommodation &	In view of the substantial opinion on the carried	N/A

homelessness prevention	forward work completed this was added to the 19/20 plan	
Street Cleansing contract management (Kier Services)	Final report	Substantial
Highways Maintenance major works contract management	In progress	
Winter maintenance	Final report	Substantial
Traffic & Road Safety Procurement	Final report	Substantial
Mortuary and Coroners service	Following management request transferred to 19/20 plan	N/A
Environmental Services Contract Procurements	In progress	
Arboricultural Services	Final report	Limited
Car parking – Income – Multi Storey and On Street	Final report	Substantial

Report No.  
FSD 19049

London Borough of Bromley

PART ONE - PUBLIC

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

**Date:**                    **Tuesday 4 June 2019**

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

**Title:**                   **ANNUAL GOVERNANCE STATEMENT**

**Contact Officer:**     David Hogan, Head of Audit and Assurance  
Tel: 020 8313 4886    E-mail: [david.hogan@bromley.gov.uk](mailto:david.hogan@bromley.gov.uk)

**Chief Officer:**        Director of Finance

**Ward:**                    (All Wards)

---

1. Reason for report

The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement must be prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016).

Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1)(b) of the Regulations 2015 requires that for a local authority in England, the statement is an Annual Governance Statement. It is also included within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

---

2. **RECOMMENDATION(S)**

1. **To comment on the 2018/19 Annual Governance Statement, attached as Appendix A.**
2. **To agree the 2018/19 Annual Governance Statement subject to any changes to the draft made as a result of Recommendation One.**
3. **To agree changes made to the Council's Code of Corporate Governance, Attached as Appendix B.**

## Impact on Vulnerable Adults and Children

1. Summary of Impact: None
- 

## Corporate Policy

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

## Financial

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Not Applicable:
  3. Budget head/performance centre: Internal Audit and Assurance
  4. Total current budget for this head: £535k including Internal and External Audit, Fraud Partnership, Insurance Management and Claims handling
  5. Source of funding: General Funding, Admin Penalties, Legal cost recoveries
- 

## Personnel

1. Number of staff (current and additional): 7.5 FTE including 1 FTE Insurance and Risk Manager
  2. If from existing staff resources, number of staff hours: 2018/19 900 audit days were proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich time.
- 

## Legal

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

## Procurement

1. Summary of Procurement Implications: None
- 

## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): N/A. Relevant to all stakeholders of the Council
- 

## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement (AGS), prepared in accordance with proper practices in relation to internal control.
- 3.2 The Council must assure itself that its internal control environment is effective. Regulation 3 of the Accounts and Audit Regulations 2015, requires audited bodies to ensure that it has a sound system of internal control which:
- (a) facilitates the effectiveness of its functions and the achievement of its aims and objectives;
  - (b) ensures that the financial management and operational management of the authority is effective
  - (c) includes effective arrangements for the management of risk.

Regulation 6 requires that each financial year, the authority must:

- (a) conduct a review of the effectiveness of the system of internal control;
  - (b) prepare an Annual Governance Statement.
- 3.3 The AGS must be prepared in accordance with proper practices as defined in the CIPFA publication 'Delivering Good Governance in Local Government: Framework 2016'. The guidance outlines seven core principles of governance focusing on the systems and processes for the direction and control of the Council and its activities whereby it engages with and leads the community. There is no prescribed format.

#### **3.4 Annual review of LB Bromley's Governance Framework**

- 3.4.1 The annual review and development of the Annual Governance Statement was undertaken by Internal Audit in consultation with the Corporate Leadership Team, and included input from the Monitoring Officer, Section 151 Officer, Democratic Services Officer and Corporate Risk Management Group.
- 3.4.2 The assurance framework sets out the sources of assurance that are relied upon to enable preparation of the Annual Governance Statement. These include the work of Internal Audit, and of directors and managers within the Council who have responsibility for the development and maintenance of the internal control environment. It also includes the comments made by the external auditors and other review agencies and inspectorates. The Head of Audit opinion set out in the internal audit annual report forms a key element of the review.

#### **3.5 Governance Issues**

- 3.5.1 As a result of our annual review, we have identified the following areas where further work is required to monitor how the key risks facing the Council are being managed, or where further work is required to improve systems. The issues and actions highlighted in the Annual Governance Statement are as follows:

##### **3.5.2 Finance**

- 3.5.3 Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2019/20 without a detrimental impact on key services. There are

significant mitigation options to partly offset growth/cost pressures being implemented for 2019/20. Significant challenges remain for 2020/21 and beyond.

3.5.4 It should be noted that this was also highlighted as a 'Significant Governance Issue' in the 2017/18 Annual Governance Statement.

### **3.5.5 Health and Safety/Fire Safety**

3.5.6 Strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice through:-

3.5.7 Health and Safety Risk Assessments

Compiling a full suite of comprehensive Health and Safety Risk Assessments, demonstrating that Health and Safety Risks have been established and action plans are in place to implement controls.

3.5.8 Fire Safety Risk Assessments

Action is being taken to address the site management issues identified in the Operational Property Estate Fire Risk Assessments:-

- A person responsible for fire safety is identified at each building;
- Contractors occupying buildings are carrying out fire safety properly, if their responsibility;
- Suitable training/guidance is delivered either in house or externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence.

### **3.5.9 Contract Management/Monitoring**

3.5.10 Strengthen control arrangements and effectiveness of Contract Management through:-

3.5.11 Clarifying and communicating to all staff their roles and responsibilities in respect of the management of key contracts.

3.5.12 Monitoring compliance against Contract Procedure Rules Contract Monitoring requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team.

3.5.13 Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts, feeding back any issues/actions to the Chief Officers' Executive/Corporate Leadership Team.

3.5.14 Embedding learning and best practice for contract management via Practice Notes on the Managers' Toolkit and through a quarterly Contract Owners Forum to ensure governance compliance and consistency.

3.5.15 The above areas are highlighted because of the need for the Council to be realistic and open about those functions and activities which will require attention over the next year to ensure they are operating effectively and mitigating risks to the Council. This, in turn, should ensure that any future problems in those areas are averted or minimised. They also represent some of the key areas which will help the Council to deliver its key priorities.

## **3.6 Looking back on 2017/18**

3.6.1 Of the 2017/18 issues identified, four are considered to have made sufficient progress in 2018/19 to no longer be considered 'Significant'. Finance, (Capacity to make further budget savings and maintain front line services) remains a 'Significant Governance Issue' for

2018/19. Progress made in dealing with the governance issues identified in the 2017/18 Annual Governance Statement is detailed below:-

### **3.6.2 Finance**

#### Issue

- 3.6.3 Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2018/19 without a detrimental impact on key services. There are savings/income generating options required for 2019/20. However, there are significant challenges for 2020/21 and beyond.

#### Update

- 3.6.4 The draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16th January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.
- 3.6.5 Work is ongoing to explore options to address the future year's budget gap through the four year forward planning arrangements.

### **3.6.6 Contract Management**

#### Issue

- 3.6.7 Contract issues have been identified across the organisation in the last two years which have identified the need for strengthened control and management oversight.

#### Update

- 3.6.8 Contract Database:-  
Manual authorisation system updated with templates and guidance available. Monitoring of the authorisation process through the Commissioning Board. Managing the authorisation process through the Database is in development with expected roll out in early 2019.
- 3.6.9 Document Management System:-  
The Database is fully in place and embedded through the organisation. Regular data quality checks and follow up actions are in place.
- 3.6.10 Training:-  
The first suite of training has been completed (now five modules). Sessions are being repeated in the first half of 2019.
- 3.6.11 Restructuring of the Commissioning Team:-  
Restructure carried out. Structure to be reviewed in context of Transformation agenda.

### **3.6.12 Performance Management**

#### Issue

- 3.6.13 Further work is required to ensure a comprehensive understanding of the strengths and weaknesses of services provided; effective use of performance management information and robust quality assurance arrangements across the Council, building on the work undertaken in Children's Services.

#### Update

- 3.6.14 The Adults Performance Framework was launched in June 2018. Implemented through a phased approach, there are ongoing improvements to management oversight.
- 3.6.15 In regards to the Children's Performance Management Framework, it is noteworthy that the Ofsted inspection in December 2018 highlighted the following 'Performance Information has

substantially improved since the last inspection and it can now be relied on to help leaders and managers to identify and understand important areas of risk and to prioritise actions. Senior Leaders, including the Chief Executive and Lead Member, have a clear understanding of frontline practice and they interrogate performance information effectively in order to continue to improve. The use of performance information is embedded throughout Children's Services and is accessible to all managers. Improved accountability means that there is sharp analysis and challenge ensuring that issues are tackled as they arise'.

### **3.6.16 Code of Corporate Governance**

#### Issue

- 3.6.17 The Council's Code of Corporate Governance has not been updated to reflect the 2016 CIPFA /Solace guidance.

#### Update

- 3.6.18 A draft code has been produced reflecting the CIPFA/Solace guidance. This will accompany the Annual Governance Statement through the Audit Sub-Committee, General Purposes and Licensing Committee approval process.

### **3.6.19 General Data Protection Regulations (GDPR)**

#### Issue

- 3.6.20 Significant changes were required to ensure that the Council is compliant with the General Data Protection Regulations 2016 (GDPR) when introduced on the 25th May 2018.

#### Update

- 3.6.21 Work was undertaken and prioritised in terms of risk to ensure that the Council met and continues to meet its data protection obligations. Risk impact assessments were conducted to ensure that Council processes are actioned giving consideration to adequate technical and organisational measures. Significant structures have been put in place to ensure the organic inclusion of privacy by design and by default that ensures it is robustly embedded in security. The evolution of this work is the delivery of the progressive Information Management strategy with work currently being carried out to implement and transition it into operation throughout the Council to support the IT Transformation project.
- 3.6.22 As stated in paragraph 3.6.18, the Council's Code of Corporate Governance has been reviewed and updated to reflect the 2016 CIPFA/Solace guidance and is aligned to the seven key principles of Good Governance (Appendix B). The document, approved by the Director of Corporate Services (Monitoring Officer), is underpinned by an appendix of key policies and processes which support the Council's compliance.
- 3.6.23 Supplementing this review, the Anti-Fraud and Corruption Policy and supporting appendices, namely the Fraud Protocol, Raising Concerns (Whistleblowing Policy), Anti-Bribery Policy and Procedures and Money Laundering Protocol (Anti-Money Laundering Policy) have been refreshed and were approved by the Audit Sub Committee on 26th February 2019.
- 3.6.24 The Annual Governance Statement is subject to audit alongside the Statement of Accounts. The auditors do not give an opinion on the statement as such, but consider whether it reflects their understanding of the Council's governance arrangements obtained through all aspects of their work. They also form a view as to whether the statement adequately discloses any significant governance issues.
- 3.6.25 Members will note the robustness by which the development of the AGS has been managed. As part of the conclusion to the process, it is important that the Audit Sub Committee provides independent consideration, challenge and approval of the document.



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

None

**5. POLICY IMPLICATIONS**

None

**6. FINANCIAL IMPLICATIONS**

None

**7. PERSONNEL IMPLICATIONS**

None

**8. LEGAL IMPLICATIONS**

8.1 The Accounts and Audit Regulations (England) 2015 require the Council to conduct at least annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement, prepared in accordance with proper practices in relation to internal control. The Annual Governance Statement must be prepared in accordance with the requirements of 'Delivering Good Governance in Local Government: Framework' (CIPFA/SOLACE, 2016).

8.2 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 require an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts. Regulation 6(1) (b) of the Regulations 2015 requires that for a local authority in England the statement is an Annual Governance Statement. It is also included within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2016/17.

**9. PROCUREMENT IMPLICATIONS**

None

<b>Non-Applicable Sections:</b>	Impact on Vulnerable adults and children, policy, financial, personnel, legal, procurement
Background Documents: (Access via Contact Officer)	None

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# Annual Governance Statement 2018/19

## **DRAFT**

**Internal Audit (Draft) 7<sup>th</sup> May 2019**

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## 1. Executive Summary

The Leader of the Council and Interim Chief Executive recognise the importance of having appropriate processes and controls in place to run the Council and ensure its services are delivered effectively.

The Council is required to produce an Annual Governance Statement (AGS) which describes how its corporate governance arrangements have been working. The Council's Audit Sub-Committee review the production of the AGS and considers and scrutinises the content.

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Building a Better Bromley' contains the guiding principles for Bromley Council. Following public consultation, in 2016 Bromley Council updated and relaunched the priorities contained in the vision and strengthened links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

### [Building a Better Bromley \(2016-2018\)](#)

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2019 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

With substantial additional savings to be made over the next four years, the financial situation continues to drive the future direction and work of the Council.

## 2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified a number of areas for improvement.

Progress made in dealing with the governance issues identified in the 2017/18 Annual Governance Statement is detailed on page 18.

Three areas, detailed overleaf, have been identified as requiring further work during 2019/20:

Governance Issue	Action	Lead Officer
<p><b>Finance</b> Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2019/20 without a detrimental impact on key services. There are significant mitigation options to partly offset growth/cost pressures being implemented for 2019/20. Significant challenges remain for 2020/21 and beyond.</p>	<p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16<sup>th</sup> January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.</p> <p><a href="#">Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</a></p>	<p><b>Director of Finance</b></p>
<p><b>Health and Safety/Fire Safety Compliance</b> Strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice.</p>	<p><b>Health and Safety Risk Assessments</b> Compile a full suite of comprehensive Health and Safety Risk Assessments, demonstrating that Health and Safety Risks have been established and action plans are in place to implement controls.</p> <p><b>Fire Safety Risk Assessments</b> Action is being taken to address the site management issues identified in the Operational Property Estate Fire Risk Assessments:-</p> <ul style="list-style-type: none"> <li>• A person responsible for fire safety is identified at each building</li> <li>• Contractors occupying buildings are carrying out fire safety properly, if their responsibility</li> <li>• Suitable training/guidance is delivered either in house or externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence.</li> </ul>	<p><b>Director of Human Resources and Customer Services</b></p>
<p><b>Contract Management and Monitoring</b> Strengthen control arrangements and effectiveness of Contract Management.</p>	<p>Clarify and communicate to all staff their roles and responsibilities in respect of the management of key contracts.</p> <p>Monitor compliance against Contract Procedure Rules Contract Monitoring requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team.</p> <p>Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts, feeding back any issues/actions to the Chief Officers' Executive/Corporate Leadership Team.</p> <p>Embed learning and best practice for contract management via Practice Notes on the Managers' Toolkit and through a quarterly Contract Owners Forum to ensure governance compliance and consistency.</p>	<p><b>Assistant Director, Governance and Contracts</b></p>

## 3. What is Corporate Governance?

### 3.1 Definition

The CIPFA International Framework 'Good Governance in the Public Sector' defines governance as:-

*'The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'*

It also states that:-

*'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'*

*'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'*

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Interim Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

Our governance framework comprises the culture, values, systems and processes by which the Council is directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management practice.

#### **Bromley Council recognises that:**

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound.

## 3.2 The Principles

### Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

#### How we do this

- Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
- Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one's office
- Commitment to promoting an anti-fraud and corruption culture evidenced through a detailed anti-fraud and corruption policy and ensuring fraud and corruption are dealt with effectively
- Adherence to ethical values and respect for the rule of law
- Creating a culture where statutory officers and other key post holders are able to fulfil their responsibilities

### Principle B – Ensuring openness and comprehensive stakeholder engagement

#### How we do this

- Ensuring transparency of decisions supported by an effective scrutiny and challenge process
- Consulting with residents during the budget setting process for 2019/20 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

### Principle C – Defining outcomes in terms of sustainable, economic, social and environmental benefits

#### How we do this

- Having a clear vision and strategy, with key partner organisations through 'Building a Better Bromley'
- Delivering defined, sustainable outcomes within the limits of resources and authority
- Balancing competing demands with finite resources when determining priorities; managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources



- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation's vision and short term factors such as financial constraints

### Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

#### How we do this

- Having a clear vision and strategy setting out our intended outcomes for citizens and service users
- Ensuring decision makers receive a robust best value option analysis detailing associated risks and outcomes to be achieved
- Considering stakeholder feedback and future impact when making decisions about service delivery, prioritising competing demands

### Principle E – Developing capacity including the capability of leadership and individuals

#### How we do this

- Ensuring that the decision making process is clearly defined and supported by protocols to ensure a shared understanding of roles and objectives is maintained
- Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities, reflecting the structure and diversity of the community
- Evaluating, and supporting, staff performance through regular reviews which take into account training and development needs
- Supporting the workforce to maintain their health and wellbeing

### Principle F – Managing risks and performance through robust internal control and strong public financial management

#### How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process

- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

### Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

#### How we do this

- Publishing information on our activities and decisions
- Maintaining a rigorous, effective and transparent decision making and scrutiny process
- Ensuring that public reports are easily accessible and use a style appropriate to the intended audience
- Embracing peer challenge, reviews and inspections from regulatory bodies, implementing recommendations for corrective action as required
- Maintaining an effective internal and external audit service, with direct access to Members

## 4. The Council - How it Works

This Annual Governance Statement covers the period 1<sup>st</sup> April 2018 to 31<sup>st</sup> March 2019.

The Council is made up of 60 Councillors with the decision making structure divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which includes the Leader and six Councillors with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee and the General Purposes and Licensing Committee.

The decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



## 5. Outcomes and Value for Money

### 5.1 Building a Better Bromley 2016-2018

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self-reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

Bromley aims to create an environment where children and young people can be successful: supporting people into work; offering advice and signposting to self-help solutions, and working with partners to minimise crime and antisocial behaviour.

Bromley recognises that this activity cannot be done in isolation, so will continue strong support for the voluntary sector as well as working closely with outside bodies in the private and public sector.

Despite the unprecedented financial challenge, Bromley will serve and advocate on behalf of its residents and aim to deliver cost-effective services. Working with strategic partners, it will also continue to ensure that it receives the fairest deal from the Government on issues that are important to Bromley residents.

Bromley's achievements over the past year and plans for the future are reported in the Leader's Foreword and Statement of Accounts.

### 5.2 Portfolio Plans

Portfolio Plans set out each Portfolio Holder's aims in the current year and the supporting performance targets, using a range of national and local indicators. Overseeing the successful delivery of each plan is the joint responsibility of the Portfolio Holder and the Members of the appropriate Policy Development and Scrutiny Committee (PDS). The Portfolios are aligned to the priorities identified in Building a Better Bromley. In addition, the Health and Wellbeing Board is a collaboration between Bromley Council and various partner agencies whose role is to understand their local community's needs, agree priorities and encourage commissioners to work in a more joined up way.

[Adult Care and Health Portfolio Plan 2018/22](#)

[Children, Education and Families Portfolio Plan 2018/22](#)

[Environment and Community Services Portfolio Plan 2018/21](#)

[Public Protection and Enforcement Portfolio Plan 2018/19](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19](#)

Updates on progress are reported to Members through the Policy, Development and Scrutiny process. Examples of this include:

[Adult Care and Health Portfolio Plan 2018/2022 - Quarter Two update covering report \(November 2018\)](#)

[Adult Care and Health Portfolio Plan 2018/2022 - Quarter Two update on progress \(November 2018\)](#)

[Education, Children and Families Portfolio Plan 2018/2022 - Quarter Two update covering report \(October 2018\)](#)

[Education, Children and Families Portfolio Plan 2018/2022 - Quarter Two update on progress \(October 2018\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update covering report \(January 2019\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update on progress \(January 2019\)](#)

[Public Protection and Enforcement Performance Overview \(January 2019\)](#)

[Environment and Community Services Performance Overview \(February 2019\)](#)

### 5.3 Managing our Resources (Value for Money)

The Council's external auditors issued an unqualified opinion on the Authority's financial statements on 26<sup>th</sup> July 2018. This means that they believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements include those of the Pension Fund.

The audit procedures are designed to:

- ▶ Identify misstatements which are material to their opinion on the financial statements as a whole. Materiality for the Authority's accounts was set at £9 million which equates to around 1.5% of gross expenditure;
- ▶ Detect errors in specific accounts at a lower level of precision. Materiality for the Pension Fund was set at £9 million which is approximately 0.99% of gross assets.

The external auditors identified one audit adjustment with a total value of £1.36 million relating to the reclassification of a property from assets held for sale to surplus assets. This adjustment does not result in a change in the reported deficit on provision of services or a net change in the general fund balance. The external auditors stated that they were provided with a good first draft of the financial statements. Their audit work was designed to specifically address the following significant risks for which no issues were identified:-

- ▶ **Management Override of Controls** – The audit methodology incorporates the risk of management override as a default significant risk;
- ▶ **Valuation of PPE (Plant, Property and Equipment)** – The authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five year cycle. As a result of this, individual assets may not be revalued for four years. This creates a risk that the carrying value of those assets not revalued in year differs materially from the year end fair value;
- ▶ **Pension Liabilities** – Valuation of the Local Government Pension Scheme relies on a number of assumptions, most notably around the actuarial assumptions and actuarial methodology which results in the Authority's overall valuation;
- ▶ **Faster Close** – The timetable available to produce draft accounts was reduced by one month and the overall time available for completion of both accounts production and audit is two months shorter than in previous years.

Whilst not explicitly covered by the audit opinion, the external auditors reviewed other information that accompanies the financial statements to consider its material consistency with the audited accounts. For 2017/18, they reviewed the Annual Governance Statement and Narrative Report. They concluded that they were consistent with their understanding and did not identify any issues.

There were no significant issues arising from their audit of the pension fund and the external auditors issued an unqualified opinion on the pension fund financial statements as part of their audit report.

A qualified 'except for' conclusion was issued on the authority's arrangements to secure value for money (VFM conclusion) for 2017/18 on 26<sup>th</sup> July 2018. This means that the external auditors were satisfied that during the year the Authority had appropriate arrangements for securing economy, efficiency and effectiveness in the use of resources, except for the area of children's services where the authority received an 'Inadequate' Ofsted inspection in June 2016 and these findings had not yet been fully remediated. This was an ongoing issue from previous years. To arrive at their conclusion, external audit looked at the Authority's arrangements to make informed decision making, sustainable resource deployment and working with partners and third parties. It should be noted that Ofsted subsequently judged children's services as 'Good' across all practice areas and the impact of leaders on social work practice has been judged as 'Outstanding'.

The audit cannot be formally concluded and an audit certificate issued as the external auditors are currently considering elector queries relating to 2016/17 and 2017/18. Until they have completed their consideration of these, they are unable to certify that they have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 16<sup>th</sup> January 2019.

#### [Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23](#)

Although the London Business Rate Pilot provides additional income in 2019/20, there is uncertainty on the impact of full devolution of business rates, awaited Spending Review and the outcome of the Government's 'Fairer Funding' review which may result in new responsibilities for the Council and associated risks. The changes are not expected to be implemented until at least 2020/21, whilst the fiscal squeeze for local government is expected to continue beyond that period and a possible future recession provides significant financial risks. The continuation of long term financial planning as part of the Medium Term Financial Strategy remains essential to ensure that any future service challenges are managed effectively.

The Budget Strategy has to be set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap, as the gap could increase further. The overall updated strategy has to be set in the context of the national state of public finances, with the fiscal squeeze for local government continuing.

The background to the impact of the real reductions in government funding within the local authority landscape was reported to the January 2019 meeting of the Executive. Bromley has delivered savings of over £97m since 2011 and has a low cost base which makes further savings more challenging. Real term reductions in Government funding, future year cost pressures and new burdens are expected to continue over the next four years.

The Council is 'better placed' than many other authorities due to remaining debt free, has retained adequate level of reserves and maintained adequate provisions in the Council's revenue budget for unforeseen costs and risks. The Council has maintained four year financial planning despite the future funding uncertainty (awaited Spending Review, Fair Funding review and devolution of business rates from 2020/21) and it remains essential that action is taken to address any in year overspends, recognising that there could be a full year impact which could increase the 'budget gap' further. Apart from continuing the 'One Council' approach as reported to the January 2019 meeting of the Executive, the further new measures relating to the Transformational Review and Core Statutory Minimum Requirements review are essential to identify options from 2020/21 to address the medium term budget gap and ensure the Council can continue to 'live within its means'. It also remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their 'cash envelope'.

Stewardship and delivering sustainable finances are increasingly important whilst cost pressures and the Government's fiscal squeeze continues. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit.

This year we sought to collect views from residents through meetings with residents' associations and by requesting views through media and social media as the Council sets the budget for 2019-20 and beyond.

Two round table meetings for representatives of the Borough's residents' associations were held at the Civic Centre. These meetings were attended by 57 people from 29 associations, out of the 131 associations invited from across the Borough. Background information was uploaded to the Council's website, distributed to the residents' association representatives and highlighted to the wider audience through media and social media. Residents were invited to get in touch through the Leader's mailbox and say what they think the Council is doing well, where they believe improvements could be made and a greater focus placed, and how we can work together better to keep and improve our Borough as the great place it is to live, work, do business and relax in, as we move to the future.

Residents' comments will be considered as the Council prioritises key issues and as Councillors make decisions on the Council's services into the future. A bullet point summary of the observations made by residents at the meetings and through E mail and social media can be found in Appendix 9 (Page 91 onwards) of the Draft 2019/20 Budget and update on the Council's Financial Strategy 2020/21 to 2022/23.

[Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23](#)

## 6. How do we know our arrangements are working?

### 6.1 The Role of Management

The Corporate Leadership Team is responsible for the Strategic Leadership of the organisation, with managers having day to day responsibility for the management and control of service delivery. Our managers set the 'tone from the top' and develop and implement policies, procedures, processes and controls. They ensure compliance.

The Corporate Risk Management Group (CRMG), chaired by the Director of Finance and including the Head of Audit in its membership, oversees the Council's governance arrangements and delivery of the Annual Governance Statement.

This year, Internal Audit commissioned Zurich, in their capacity as the Authority's insurers, to carry out a series of 'check and challenge' sessions to review and refresh the departmental Risk Registers resulting in an updated suite reflecting the current risk profile of the organisation. Zurich attended the January 2019 Corporate Risk Management Group meeting to discuss the output, further strengthening Risk Management and controls within the Council. None of the registers required wholesale changes and a good general awareness and understanding of Risk Management was reported. Overall there was a good level of engagement and it was evident throughout those discussions that in the last couple of years, and in particularly recently, risk has become embedded and is more 'live'.

This year, a review of our governance arrangements was undertaken by Internal Audit, overseen by the Corporate Risk Management Group. As part of that review, the Council's Anti-Fraud and Corruption Strategy was updated and approved by the Audit Sub Committee on 26<sup>th</sup> February 2019. This also includes updates to the Raising Concerns (Whistleblowing Policy), Anti Bribery Policy and the Money Laundering Policy.

#### [Anti-Fraud and Corruption Strategy](#)

The Standards Committee of 22<sup>nd</sup> January 2019 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the Authority's Whistleblowing

policy (Raising Concerns), Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

### [Monitoring Officer's General Report 22nd January 2019](#)

The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in.

## 6.2 The Role of the Audit Committee

The Council has appointed an Audit Sub-Committee which considers financial delegations, fraud prevention, internal and external audit. It is a sub-committee of the General Purposes and Licensing Committee and meets three times a year.

### [Audit Sub Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit Sub-Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All Priority One recommendations from Internal Audit are tracked by the Committee until implemented.

In January 2019, the Constitution Improvement Working Group concluded that allowing an Executive Member to sit on the Audit Sub Committee could, potentially, be perceived as compromising its independence. Following approval by Council, para 2.02 of the Constitution was amended to 'Audit Sub Committee (Membership proportional, and to exclude any member of the Executive)'.



## 6.3 Our Governance Framework

Key Policies/Processes/Posts/Functions in our Governance Framework include:

	Policy/Process	
<b>A</b>	Annual Audit Letter	
	Annual Governance Statement	
	Anti-Bribery Policy and Procedures	
	Anti-Fraud and Corruption Strategy	
	Anti-Money Laundering Policy	
	Audit Sub Committee	
<b>B</b>	Building a Better Bromley	
<b>C</b>	Capital Strategy	
	Code of Conduct for Members	
	Complaints System	
	Constitution	
	Contract Procedure Rules/Standing Orders	
	Corporate Induction Process	
	Corporate Leadership Team	
	Corporate Operating Principles	
	Customer Access Channel Strategy	
	Customer Services Charter	
	<b>D</b>	DISCUSS Appraisal Scheme
	<b>E</b>	Executive and Resources PDS Committee Annual Report
	<b>F</b>	Financial Regulations
		Financial Strategy
Forward Plan of Key Decisions		
<b>G</b>	'Getting it Right' – Complaints, Compliments and Suggestions	
	Gifts and Hospitality Code of Conduct	
<b>H</b>	Head of Audit	
	Head of Paid Service	
<b>I</b>	Internal and External Audit Reports	
	Internal Audit Opinion and Annual Report	
	Internal Controls	
<b>L</b>	IT Governance	
	Leader's Foreword and Statement of Accounts	
	Learning and Development	
<b>M</b>	Local Development Framework	
	Member/Officer Protocol	
	Monitoring Officer (Director of Corporate Services)	
<b>P</b>	Portfolio Plans	
	Public Consultations/Meetings	
<b>R</b>	'Raising Concerns' whistle blowing	
	Register of Interests	
	Risk Management Strategy	
<b>S</b>	Scheme of Delegation	
	Section 151 Officer (Director of Finance)	
	Statement of Accounts	
<b>T</b>	Treasury Management Strategy	

## 6.4 Annual Governance Assurance Statement

Each member of the Corporate Leadership Team is required to confirm that:

**'In meeting my responsibilities above, I have:**

- ▶ Contributed to the review of Risk Registers and the outcomes
- ▶ Ensured that there are controls in place to mitigate the risks highlighted in the above exercise
- ▶ Considered relevant assessments of key service areas within the Department e.g. benchmarking, peer review
- ▶ Taken into account internal and external audit and inspection reports and results of follow ups regarding implementation of recommendations

**I am satisfied that to the best of my knowledge, the following procedures are in place:**

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ The monthly Cumulative Spend Report has been reviewed and agreed as part of the Full Budget Monitoring System
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

Where unable to confirm all, or some of these, the areas for improvement and planned actions must be detailed'.

## 6.5 External Inspections/Peer Reviews

During the last year the Council has received the following assessments from other Inspectorates, agencies or Peer Reviews:

- Ofsted – Inspection of Children's Social Care Services (19<sup>th</sup> – 30<sup>th</sup> November 2018)  
[Ofsted - Inspection of Children's Social Care Services](#)  
[Press Release - 7th January 2019](#)  
[Press Release - 17th January 2019](#)
- Care Quality Commission – Review of Reablement (2<sup>nd</sup> May 2018, published 30<sup>th</sup> May 2018)  
[Care Quality Commission - Review of Reablement \(2nd May 2018\)](#)
- Ofsted – Inspection of Further Education and Skills (15<sup>th</sup> – 18<sup>th</sup> January 2019)  
[Ofsted - Inspection of Further Education and Skills \(15th - 18th January 2019\)](#)  
[Press Release - 8th March 2019](#)

- ▶ Care Quality Commission – Review of Shared Lives (2<sup>nd</sup> May 2018, published 30<sup>th</sup> May 2018)  
[Care Quality Commission - Review of Shared Lives \(24th January 2019\)](#)

## 6.6 The Role of Internal Audit

Internal Audit provides independent and objective assurance to the Council through its Audit Sub-Committee, to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs, and is a key component of Corporate Governance within the Council.

An independent Internal Audit function will, through its risk-based approach to work, provide assurance to the Council's Audit Sub-Committee and senior management on the higher risk and more complex areas of the Council's business, allowing management to focus on providing coverage of routine operations.

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval.

## 6.7 The Role of the Head of Audit and Opinion on Governance Risk and Control

The Council is responsible for ensuring that it has a sound system of governance (incorporating the system of internal control).

The Head of Audit is required to provide an independent opinion on the overall adequacy of the effectiveness of the Council's governance, risk and control framework. Their Annual Report and Opinion has been considered and any significant issues incorporated as a result.

From the work undertaken during 2018/19, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged.

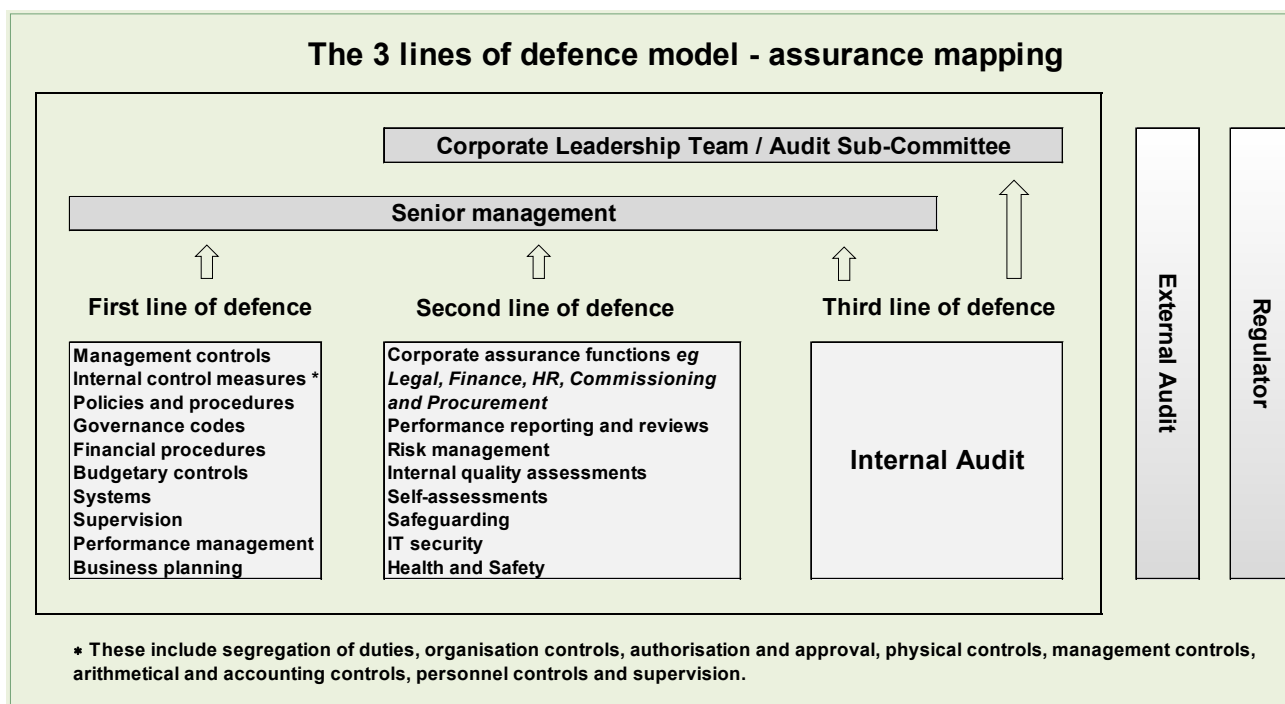
## 7. Our Strategic Risks

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

- ▶ First line – operational management controls
- ▶ Second line – monitoring controls, e.g. the policy or system owner / sponsor
- ▶ Third line – independent assurance

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Sub-Committee on how effectively the first and second lines of defence have been operating.

**Figure 2 – 3 Lines of Defence Model**



Risk management is an important element of the system of internal control at Bromley Council. It is based on a process designed to identify, prioritise and control the risks to achieving Bromley’s policies, aims and objectives.

The Corporate Risk Register is a key document in the Council’s approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the ‘Building a Better Bromley’ vision. It also provides a context through which high level risks are identified and is used to inform decision making about business planning and service delivery. Chief Officers assume the lead role for Strategic Risks affecting their own service areas with the Corporate Risk Register reviewed at least annually. The Corporate Risk Management Group takes the lead in championing and co-ordinating the Council’s approach to risk management, and ensures that effective risk management processes are fully embedded.

The current Corporate Risk Register can be viewed via following the link

[Corporate Risk Register](#)

## 8. Looking Back on 2017/18

Governance Issue	Action	Progress
<p><b>Finance</b> Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2018/19 without a detrimental impact on key services. There are savings/income generating options required for 2019/20. However, there are significant challenges for 2020/21 and beyond</p> <p><b>(Director of Finance)</b></p>	<p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2018/19 budget and update on Council's financial strategy 2019/20 to 2021/22 report to Executive on 10<sup>th</sup> January 2018 identified the 'One Council' approach.</p> <p><a href="#">Draft 2018/19 Budget and update on Council's Financial Strategy 2019/20 to 2021/22</a></p>	<p>Draft 2019/20 budget and update on Council's financial strategy 2020/21 to 2022/23 report to Executive on 16<sup>th</sup> January 2019 identified the 'One Council' approach and new arrangements for a Transformational Review and Core Statutory Minimum Requirements review to explore further budget choices.</p> <p>Work is ongoing to explore options to address the future year's budget gap through the four year forward planning arrangements.</p> <p><a href="#">Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</a></p>
<p><b>Contract Management</b> Contract issues have been identified across the organisation in the last two years which have identified the need for strengthened control and management oversight</p> <p><b>(Director of Commissioning)</b></p>	<p><b>Contract Database</b> Authorisation system for tendering/change control</p> <p><b>Document Management System</b> Holds all contracts electronically and also Minutes of meetings, Change Control Notices (CCN), Waivers</p> <p><b>Training</b> Has been identified as a mandatory requirement for 'commissioners of services'. It consists of four modules (3 hours per module) with compulsory attendance on all four to complete the course.</p> <ul style="list-style-type: none"> <li>• Module 1 – Commissioning</li> <li>• Module 2 – Contracting process, engaging with the market (procurement)</li> <li>• Module 3 – Tender &amp; evaluation process</li> <li>• Module 4 – Award (Governance)</li> </ul> <p><b>Restructuring of the Commissioning Team</b> To improve Governance and Quality Assurance</p>	<p><b>Contract Database</b> Manual authorisation system updated with templates and guidance available. Monitoring of the authorisation process through the Commissioning Board. Managing the authorisation process through the Database is in development with expected roll out in early 2019.</p> <p><b>Document Management System</b> The Database is fully in place and embedded through the organisation. Regular data quality checks and follow up actions are in place.</p> <p><b>Training</b> The first suite of training has been completed (now five modules). Sessions are being repeated in the first half of 2019.</p> <p><b>Restructuring of the Commissioning Team</b> Restructure carried out. Structure to be reviewed in context of Transformation agenda.</p>
<p><b>Performance Management</b> Further work is required to ensure a comprehensive understanding of the strengths and weaknesses of services provided; effective use of</p>	<p>We will be launching an Adults Performance Framework during 2018/19 to compliment the new Children's Performance Management Framework launched in 2017/18. The Council will also be improving performance management</p>	<p>The Adults Performance Framework was launched in June 2018. Implemented through a phased approach, there are ongoing improvements to management oversight.</p>

<p>performance management information and robust quality assurance arrangements across the Council, building on the work undertaken in Children's Services</p> <p><b>(Assistant Director, Strategy, Performance and Business Support)</b></p>	<p>arrangements more broadly across the Council.</p> <p><a href="#">Performance Reporting - Children's Services - covering report</a></p> <p><a href="#">Performance Index</a></p>	<p><a href="#">Performance Management Framework - Adults Services</a></p> <p>In regards to the Children's Performance Management Framework it is noteworthy that the Ofsted inspection in December 2018 highlighted the following:- 'Performance Information has substantially improved since the last inspection and it can now be relied on to help leaders and managers to identify and understand important areas of risk and to prioritise actions. Senior Leaders, including the Chief Executive and Lead Member, have a clear understanding of frontline practice and they interrogate performance information effectively in order to continue to improve. The use of performance information is embedded throughout Children's Services and is accessible to all managers. Improved accountability means that there is sharp analysis and challenge ensuring that issues are tackled as they arise'.</p>
<p><b>Code of Corporate Governance</b> The Council's Code of Corporate Governance has not been updated to reflect the 2016 CIPFA /Solace guidance</p> <p><b>(Director of Corporate Services and Monitoring Officer)</b></p>	<p>A review of the Code will be undertaken to ensure that it reflects recommended practice</p>	<p>A draft code has been produced reflecting the CIPFA/Solace guidance. This will accompany the Annual Governance Statement through the Audit Sub-Committee, General Purposes and Licensing Committee approval process.</p>
<p><b>General Data Protection Regulations (GDPR)</b> Significant changes were required to ensure that the Council is compliant with the General Data Protection Regulations 2016 (GDPR) when introduced on the 25<sup>th</sup> May 2018.</p> <p><b>(Director of Corporate Services)</b></p>	<p>Following an independent review which provided a data protection compliance review and initial gap analysis, a project plan was created with actionable tasks for working towards GDPR compliance. Additional staff support and investment have been secured. The 25<sup>th</sup> May 2018 was not a finish line and work is continuing on the project plan.</p> <p><a href="#">GDPR Regulations Executive Report 6<sup>th</sup> December 2017</a></p>	<p>Work was undertaken and prioritised in terms of risk to ensure that the Council met and continues to meet its data protection obligations. Risk impact assessments were conducted to ensure that Council processes are actioned giving consideration to adequate technical and organisational measures. Significant structures have been put in place to ensure the organic inclusion of privacy by design and by default that ensures robustly embedded in security. The evolution of this work is the delivery of the progressive Information Management strategy with work currently being carried</p>

		out to implement and transition it into operation throughout the Council to support the IT Transformation project.
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[Zurich Information Governance Health Check Report November 2018](#)

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year and remain fit for purpose.

We propose to take steps over the coming year to address the Significant Governance Issue defined on Page 3 to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....

Signed.....

Interim Chief Executive

Leader of the Council

Date.....

Date.....

## Appendix 1 – Links to Documents

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<a href="http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley">http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley</a>	
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<a href="https://cds.bromley.gov.uk/documents/s50064768/Adult%20Care%20and%20Health%20Portfolio%20Plan%202018-2022%20Update%20-%20Quarter%202%20201819.pdf">https://cds.bromley.gov.uk/documents/s50064768/Adult%20Care%20and%20Health%20Portfolio%20Plan%202018-2022%20Update%20-%20Quarter%202%20201819.pdf</a>	
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<https://cds.bromley.gov.uk/documents/s50064769/App.%20to%20Adult%20Care%20and%20Health%20Portfolio%20Plan%202018-2022%20Update%20-%20Quarter%202%20201819.pdf>

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**Education, Children and Families Portfolio Plan 2018/22 – Quarter Two update covering report (October 2018)**

<https://cds.bromley.gov.uk/mgConvert2PDF.aspx?ID=50063955&ISATT=1#search=%22portfolio%20plan%2022>

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**Education, Children and Families Portfolio Plan 2018/22 – Quarter Two update on progress (October 2018)**

<https://cds.bromley.gov.uk/mgConvert2PDF.aspx?ID=50063956&ISATT=1#search=%22portfolio%20plan%2022>

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**Renewal, Recreation and Housing Portfolio Plan 2018/19 - Quarter Two update covering report (January 2019)**

<https://cds.bromley.gov.uk/documents/s50065860/Renewal%20Recreation%20and%20Housing%20Portfolio%20Plan%20-%20Quarter%20Two%20UpdatePART%201%20REPORT%20TEMPLATE.pdf>

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**Public Protection and Enforcement Performance Overview 2018/19 (January 2019)**

[https://cds.bromley.gov.uk/documents/s50066154/Copy%20of%2019.01.30%20PPE%20Portfolio\\_RAG\\_Report%202018\\_vFINAL\\_21.01.19.pdf?CT=2](https://cds.bromley.gov.uk/documents/s50066154/Copy%20of%2019.01.30%20PPE%20Portfolio_RAG_Report%202018_vFINAL_21.01.19.pdf?CT=2)

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**Environment and Community Services Performance Overview 2018/19 (January 2019)**

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**Draft 2019/20 Budget and Update on Council's Financial Strategy 2020/21 to 2022/23**

<https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf>

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<https://cds.bromley.gov.uk/documents/s50066150/Executive%20160119%20Draft%202019-20%20Budget%20Report%20Final%20Version.pdf>

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# Code of Corporate Governance 2018/19

## **DRAFT**

**18<sup>th</sup> March 2019**

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## 1. Introduction

The Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (Solace) 'Delivering Good Governance in Local Government' Framework requires each authority to maintain, as best practice, a Code of Corporate Governance.

The Framework defines the principles that should underpin the governance of each local government organisation. It provides a structure to help individual authorities with their approach to governance. Whatever form of arrangements are in place, authorities should test their governance structures and partnerships against the principles contained in the Framework by:

- ▶ Reviewing existing Governance arrangements
- ▶ Developing and maintaining an up to date local code of governance, including arrangements for ensuring ongoing effectiveness
- ▶ Reporting publicly on compliance with their own code on an annual basis and on how they have monitored the effectiveness of their governance arrangements in the year and on planned changes.

To achieve good governance, each local authority is required to demonstrate that its governance structures comply with the core and sub principles contained within the Framework. The London Borough of Bromley has adopted the CIPFA/Solace Framework as its Code of Corporate Governance.

Bromley Council is committed to applying these principles and is satisfied that it already has a well established and robust Constitution and other good governance documents and arrangements in place. Bromley's Constitution sets out how the Council operates, how decisions are made and the procedures followed to ensure that decision making is efficient, transparent and accountable to local people. Some of the procedures are required by law such as the Code of Conduct for Councillors, while others are a matter for the Council.

The key policies and processes that underpin the Council's compliance with these principles are set out in Appendix A.

### 1.1 Annual Governance Statement

The Council conducts an annual review of its governance arrangements, including the system of internal control. The purpose of the review is to provide assurance from a number of sources including Members, Chief Officers, internal and external audit, other review agencies and inspectorates that corporate governance arrangements are adequate and operating effectively; or where gaps are revealed, action is planned that will ensure effective governance in future.

The outcome of the review is detailed in the Annual Governance Statement which is published with the annual Statement of Accounts.

## 2. What is Corporate Governance?

### 2.1 Definition

The CIPFA International Framework 'Good Governance in the Public Sector' defines governance as:-

*'The arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved'*

It also states that:-

*'To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times'*

*'Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders'*

Governance is about how local government bodies ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with, and where appropriate, provide leadership to their communities.

Effective corporate governance and the capacity to lead and manage change are essential to meet the ever increasing challenges for the public sector. Good governance is important to all involved in local government and a key responsibility of the Chief Executive, the Leader of the Council and other statutory governance Chief Officers.

#### **Bromley Council recognises that:**

- ▶ Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for residents and service users
- ▶ Good governance enables an authority to pursue its vision effectively, as well as underpinning that vision with appropriate mechanisms for control and management of risk
- ▶ All authorities should aim to meet the standards of the best and governance arrangements should not only be sound, but also be seen to be sound



## 2.2 The Principles

### Principle A – Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

#### Behaving with Integrity

- Ensuring Members and Officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation
- Ensuring Members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the Seven Principles of Public Life (the Nolan Principles)
- Leading by example and using the above standard operating principles or values as a framework for decision making and other actions
- Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively

#### Demonstrating strong commitment to ethical values

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance
- Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation and embedding these in agreed codes of conduct
- Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values
- Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation

#### Respecting the Rule of Law

- Ensuring Members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations
- Creating the conditions to ensure that the statutory officers, other key post holders, and Members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders
- Dealing with breaches of legal and regulatory provisions effectively
- Ensuring corruption and misuse of power are dealt with effectively

## Principle B – Ensuring openness and comprehensive stakeholder engagement

### Openness

- Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness
- Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided
- Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear
- Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action

### Engaging comprehensively with institutional stakeholders

- Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably
- Developing formal and informal partnerships to allow for resources to be used more effectively
- Ensuring that partnerships are based on:
  - Trust
  - A shared commitment to change
  - A culture that promotes and accepts challenge among partners,and that the added value of partnership working is explicit

### Engaging with individual citizens and service users effectively

- Establishing a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes
- Ensuring that communication methods are effective and that Members and officers are clear about their roles with regard to community engagement
- Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs
- Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account
- Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity

- Taking account of the impact of decisions on future generations of tax payers and service users
- Behaviours and actions that demonstrate good governance in practice are illustrated in the bullet points

## Principle C – Defining outcomes in terms of sustainable economic, social and environmental benefits

### Defining Outcomes

- Having a clear vision, which is an agreed formal statement of the organisation’s purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation’s overall strategy, planning and other decisions
- Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer
- Delivering defined outcomes on a sustainable basis within the resources that will be available
- Managing service users’ expectations effectively with regard to determining priorities and making the best use of the resources available

### Sustainable economic, social and environmental benefits

- Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision
- Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation’s intended outcomes and short-term factors such as the political cycle or financial constraints
- Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs
- Ensuring fair access to services

## Principle D – Determining the interventions necessary to optimise the achievement of the intended outcomes

### Determining Interventions

- Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided
- Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts

### Planning Interventions

- Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets
- Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered
- Considering and monitoring risks facing each partner when working collaboratively, including shared risks
- Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances
- Establishing appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured
- Ensuring capacity exists to generate the information required to review service quality regularly
- Preparing budgets in accordance with objectives, strategies and the medium term financial plan
- Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy

### Optimising achievement of Intended Outcomes

- Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints
- Ensuring the budgeting process is all inclusive, taking into account the full cost of operations over the medium and longer term
- Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage
- Ensuring the achievement of 'social value' through service planning and commissioning

## Principle E – Developing the Entity’s capacity including the capability of leadership and the individuals within it

### Developing the Entity’s Capacity

- Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness
- Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently
- Recognising the benefits of partnerships and collaborative working where added value can be achieved
- Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources

### Developing the capability of the Entity’s Leadership and other Individuals

- Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objective is maintained
- Publishing a statement that specifies the types of decision that are delegated and those reserved for the collective decision making of the Governing Body
- Ensuring the Leader and the Chief Executive have clearly defined and distinctive Leadership roles within a structure whereby the Chief Executive leads in implementing strategy and managing the delivery of services and other outputs set by Members and each provides a check and a balance for each other’s authority
- Developing the capabilities of Members and Senior Management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:-
  - Ensuring Members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
  - Ensuring Members and Officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
  - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external
- Ensuring that there are structures in place to encourage public participation
- Taking steps to consider the Leadership’s own effectiveness and ensuring Leaders are open to constructive feedback from Peer Review and Inspections
- Holding staff to account through regular performance reviews which take account of training or development needs
- Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

## Principle F – Managing risks and performance through robust internal control and strong public financial management

### Managing Risk

- Recognising that Risk Management is an integral part of all activities and must be considered in all aspects of decision making
- Implement robust and integrated Risk Management arrangements and ensuring that they are working effectively
- Ensuring that responsibilities for managing individuals are clearly allocated

### Managing Performance

- Monitoring service delivery effectively including planning, specification, execution and independent post implementation review
- Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook
- Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible
- Providing Members and senior management with regular reports on service delivery plans and progress towards outcome achievement
- Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)

### Robust Internal Control

- Aligning the Risk Management Strategy and policies on internal control with achieving objectives
- Evaluating and monitoring risk management and internal control on a regular basis
- Ensuring effective counter fraud and anti-corruption arrangements are in place
- Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor
- Ensuring an audit committee or equivalent group/function, which is independent of the Executive and accountable to the Governing Body:
  - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment
  - That its recommendations are listened to and acted upon

## Managing Data

- Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data
- Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies
- Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring

## Strong Public Financial Management

- Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance
- Ensuring well developed financial management is integrated at all levels of planning and control, including management of financial risks and controls

## Principle G – Implementing good practices in transparency, reporting, and audit to deliver effective accountability

### Implementing good practice in transparency

- Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate
- Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand

### Implementing good practices in reporting

- Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way
- Ensuring Members and senior management own the results reported
- Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the Annual Governance Statement)
- Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate
- Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations

### **Assurance and effective Accountability**

- Ensuring that recommendations for corrective action made by external audit are acted upon
- Ensuring an effective Internal Audit service with direct access to Members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon
- Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations
- Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the Annual Governance Statement
- Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met



**Key Policies/Processes in our Governance Framework include:**

**Appendix A**

<p><b>Core Principles</b></p> <p><b>Key Policies/ Procedures</b></p>	<p><u>Principle A</u></p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p><u>Principle B</u></p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	<p><u>Principle C</u></p> <p>Defining outcomes in terms of sustainable, economic, social and environmental benefits</p>	<p><u>Principle D</u></p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p><u>Principle E</u></p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p><u>Principle F</u></p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p><u>Principle G</u></p> <p>Implementing good practices in transparency, reporting, and audit, to delivery effective accountability</p>
<p><a href="#">Annual Audit Letter 2017/18</a></p>						<p>✓</p>	<p>✓</p>
<p><a href="#">Anti Bribery Policy and Procedures - Appendix C (revised January 2019)</a></p>	<p>✓</p>						
<p><a href="#">Annual Governance Statement (Page 116)</a></p>						<p>✓</p>	<p>✓</p>
<p><a href="#">Anti Fraud and Corruption Strategy (revised January 2019)</a></p>	<p>✓</p>					<p>✓</p>	
<p><a href="#">Anti Money Laundering Policy and Procedures - Appendix D (revised January 2019)</a></p>	<p>✓</p>						

<b>Core Principles</b>	<b>Principle A</b>	<b>Principle B</b>	<b>Principle C</b>	<b>Principle D</b>	<b>Principle E</b>	<b>Principle F</b>	<b>Principle G</b>
<b>Key Policies/ Procedures</b>	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable, economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to delivery effective accountability
<a href="#">Audit Sub Committee</a>	✓				✓	✓	✓
<a href="#">Building a Better Bromley</a>		✓	✓	✓		✓	
<a href="#">Capital Strategy 2019 to 2023 Covering Report</a>							
<a href="#">Capital Strategy Appendices</a>			✓			✓	
<a href="#">Capital Strategy Supplementary Request</a>							
<a href="#">Code of Conduct for Members</a>	✓						
<a href="#">Committee Meeting Information</a>	✓	✓					
<a href="#">Committee Reports</a>		✓	✓	✓			
<a href="#">Complaints Procedure</a>	✓	✓					

<b>Core Principles</b>  <b>Key Policies/ Procedures</b>	<u>Principle A</u>  Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<u>Principle B</u>  Ensuring openness and comprehensive stakeholder engagement	<u>Principle C</u>  Defining outcomes in terms of sustainable, economic, social and environmental benefits	<u>Principle D</u>  Determining the interventions necessary to optimise the achievement of the intended outcomes	<u>Principle E</u>  Developing the entity's capacity, including the capability of its leadership and the individuals within it	<u>Principle F</u>  Managing risks and performance through robust internal control and strong public financial management	<u>Principle G</u>  Implementing good practices in transparency, reporting, and audit, to delivery effective accountability
<a href="#">Complaints Procedure - covering report</a>  <a href="#">Procedural guide to handling Complaints in Bromley revised December 2016</a>							
<a href="#">Constitution</a>	✓	✓				✓	✓
<a href="#">Corporate Operating Principles</a>						✓	✓
<a href="#">Executive and Resources Annual PDS Committee Report 2017/18</a>							✓
<a href="#">Financial Strategy 2020/21 to 2022/23</a>						✓	
<a href="#">Forward plan of Key and Private Executive decisions</a>			✓	✓			✓

<p><b>Core Principles</b></p> <p><b>Key Policies/ Procedures</b></p>	<p><u>Principle A</u></p> <p>Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law</p>	<p><u>Principle B</u></p> <p>Ensuring openness and comprehensive stakeholder engagement</p>	<p><u>Principle C</u></p> <p>Defining outcomes in terms of sustainable, economic, social and environmental benefits</p>	<p><u>Principle D</u></p> <p>Determining the interventions necessary to optimise the achievement of the intended outcomes</p>	<p><u>Principle E</u></p> <p>Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p><u>Principle F</u></p> <p>Managing risks and performance through robust internal control and strong public financial management</p>	<p><u>Principle G</u></p> <p>Implementing good practices in transparency, reporting, and audit, to delivery effective accountability</p>
<a href="#">Internal Audit Opinion and Annual Report 2017/18</a>							✓
<a href="#">Leader's Foreword and Statement of Accounts 2017/18</a>						✓	✓
<a href="#">Local Development Framework (Local Plan)</a>			✓				
<a href="#">Policy, Development and Scrutiny Committees</a>		✓				✓	✓
<p>Portfolio Plans</p> <p><a href="#">Adult, Care and Health Portfolio Plan 2018/22</a></p> <p><a href="#">Children, Education and Families Portfolio Plan 2018/22</a></p> <p><a href="#">Environment and Community</a></p>			✓	✓			

Core Principles Key Policies/ Procedures	Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	Principle B Ensuring openness and comprehensive stakeholder engagement	Principle C Defining outcomes in terms of sustainable, economic, social and environmental benefits	Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it	Principle F Managing risks and performance through robust internal control and strong public financial management	Principle G Implementing good practices in transparency, reporting, and audit, to delivery effective accountability
<a href="#">Services Portfolio Plan 2018/21</a>  <a href="#">Public Protection and Enforcement Portfolio Plan 2018/19</a>  <a href="#">Renewal, Recreation and Housing Portfolio Plan 2018/19</a>							
<a href="#">Public Consultations/Meetings (Page 91 onwards)</a>		✓					
<a href="#">Raising Concerns (Whistleblowing) Policy and Procedures - Appendix B (revised January 2019)</a>	✓					✓	
<a href="#">Register of Interests (Members)</a>	✓					✓	✓
<a href="#">Risk Registers (page 55 onwards)</a>			✓	✓		✓	

<b>Core Principles</b>  <b>Key Policies/ Procedures</b>	<u>Principle A</u>  Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	<u>Principle B</u>  Ensuring openness and comprehensive stakeholder engagement	<u>Principle C</u>  Defining outcomes in terms of sustainable, economic, social and environmental benefits	<u>Principle D</u>  Determining the interventions necessary to optimise the achievement of the intended outcomes	<u>Principle E</u>  Developing the entity's capacity, including the capability of its leadership and the individuals within it	<u>Principle F</u>  Managing risks and performance through robust internal control and strong public financial management	<u>Principle G</u>  Implementing good practices in transparency, reporting, and audit, to delivery effective accountability
<a href="#">Scheme of Delegation</a>						✓	
<a href="#">Monitoring Officer's General Report (Standard's Committee 22nd January 2019)</a>	✓					✓	
<a href="#">Treasury Management Investment Strategy 2019/20 Covering Report</a> <a href="#">Treasury Management Investment Strategy 2019/20 (Council Report 25th February 2019)</a> <a href="#">Treasury Management Strategy Statement, Annual Investment Strategy and Minimum Revenue Provision Policy Statement 2019/20</a>						✓	✓

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