



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

TELEPHONE: 020 8464 3333

CONTACT: Steve Wood
stephen.wood@bromley.gov.uk

DIRECT LINE: 020 8313 4316

DATE: 7 July 2020

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 virtual meeting of the Committee will take place on **15th July at 6.30 pm.**
Joining details have been sent to Committee members, and a supplementary document will be published on the Council website with the agenda which will detail the joining instructions.

Please note the start time of the meeting.

MARK BOWEN
Director of Corporate Services

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

A G E N D A

- 1 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 DECLARATIONS OF INTEREST**
- 3 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 26TH FEBRUARY 2020--EXCLUDING MINUTES CONTAINING EXEMPT INFORMATION (Pages 5 - 14)**
- 4 QUESTIONS TO THE CHAIRMAN OF THE AUDIT SUB COMMITTEE**

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 Thursday 9th July.**

5 QUESTIONS ON THE INTERNAL AUDIT REPORTS PUBLISHED ON THE COUNCIL WEBSITE

The link to the audit reports published on the website is:

<https://cds.bromley.gov.uk/ieListDocuments.aspx?CId=559&MId=7008&Ver=4>

The published reports are:

- Pension Administration 2019 to 2020
- Review of St Olave's Grammar School
- Review of the Care Act (Information, Advice and Guidance)
- Review of Nursing Care Audit for 2018 to 2019
- Review of the More Homes Bromley LLP Scheme
- Review of Registrars
- Treasury Management 2019 to 2020
- Review of Contracts Coming to an End
- Review of Looked After Children

6 EXTERNAL AUDIT PLAN FOR 2019--2020 (Pages 15 - 100)

7 ANNUAL GOVERNANCE STATEMENT 2019/2020 (Pages 101 - 134)

8 ANNUAL INTERNAL AUDIT REPORT (Pages 135 - 150)

9 INTERNAL AUDIT PROGRESS REPORT (Pages 151 - 210)

10 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

11 INTERNAL AUDIT FRAUD, INVESTIGATION AND EXEMPT ITEMS REPORT (Pages 211 - 250)

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

12 EXEMPT MINUTES OF THE MEETING HELD ON 26TH FEBRUARY 2020 (Pages 251 - 254)

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

information)

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 2020

Present:

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

Also Present:

25 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

No apologies were received

26 DECLARATIONS OF INTEREST

There were no declarations of interest.

27 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 17th OCTOBER 2020--EXCLUDING EXEMPT INFORMATION

The Minutes of the meeting held on 17th October 2020 were agreed and signed as a correct record.

28 QUESTIONS TO THE AUDIT SUB COMMITTEE

No questions were received.

29 MATTERS OUTSTANDING FROM THE LAST MEETING-PART 1

CSD 20027

The Committee noted the report on matters outstanding. A Member referred to the matter pertaining to the audit that had taken place regarding Starters and Leavers. He asked if the status of the matter (marked as 'completed') was correct. The Head of Audit and Assurance explained that the matter was complete in that it had been flagged for the attention of the Chief Executive and that he had requested that Directors and Heads of Service deal with the recommendations as a priority. The Head of Audit and Assurance advised that follow up work would be undertaken to ensure that the recommendations were being implemented.

A query was raised in relation to progress being made concerning the objections to the Council's accounts. It was noted that in this regard, work was still being undertaken by KPMG.

RESOLVED that the Matters Outstanding report is noted.

30 QUESTIONS ON THE AUDIT REPORTS PUBLISHED ON THE BROMLEY COUNCIL WEBSITE

No questions had been received regarding the internal audit reports that had been published on the Council website.

31 ANNUAL INTERNAL AUDIT PLAN 2020-2021

FSD 20025

Members were presented with the draft Annual Internal Audit Plan for noting and approval. The processes undertaken to draft the Plan were outlined by the Head of Audit and Assurance. The Plan and Charter would be considered as part of a peer review in 2021. It was noted that an updated Internal Audit Charter had also been submitted for comment and approval. The Internal Audit Charter highlighted that as the reporting line for insurance matters was now through the Head of Audit and Assurance, it set out safeguards to preserve independence.

The Chairman referenced the planned audit of FOI and Subject Access Requests. He wondered how effective LBB was in managing demand. The Head of Audit and Assurance replied that a review of the arrangements in place would be undertaken, along with an identification of weaknesses.

The Chairman highlighted that following the introduction of the Criminal Finances Act, HMRC required a risk assessment to be undertaken to look at controls in place to prevent tax evasion by individuals, as well as corporate tax offences. All companies were required to undertake this risk assessment, and this had been requested by the Chief Accountant. LBB's Tax Advisors would be running a half day course on this.

The Chairman referred to the proposed audit of the Virtual School which fell under the remit of the Children's Social Care Division. It was noted that the former Head had now retired and that her replacement needed time to settle in. A meeting had taken place with Children's Services which had been useful, and they were keen for this audit to take place.

A Member asked a question regarding the monitoring of Environmental Services Contracts. It was clarified that Internal Audit would not be looking at all ECS contracts, but would be looking at a sample. A qualitative review of the contract monitoring information would be undertaken.

A Member enquired if an audit could be undertaken solely of the Carefirst system. The Head of Audit and Assurance answered that a designated project

team had been assigned to deal with the replacement for Carefirst. Some of the current problems associated with Carefirst usage related to user error, others to system design. It was envisaged that these issues would be factored into the new system design.

A Member made a comment with respect to the monitoring of contracts. He said that in the industry that he had been working in previously, a contractor had to deliver on time every time, otherwise the supplier would lose the contract. He expressed the view that it was a waste of time and money to keep monitoring contracts. The Head of Audit and Assurance responded that in his experience it was necessary to undertake in-house monitoring of contracts. In certain fields there was not always adequate competition to easily exit contracts.

A Member congratulated the Head of Audit and Assurance on a good Internal Audit Plan. He also referenced the Merit Award Scheme which was included in the plan and commented that in other organisations he had seen such schemes being abused.

A discussion took place regarding the Essential Car User Scheme, and what sort of checks should be undertaken.

A Member raised the matter of succession planning and asked if this could be audited. The Head of Audit and Assurance acknowledged the importance of succession planning and said that this was partly covered in the Workforce Planning audit carried out last year. It was an issue that could be looked at as part of the Transformation Programme.

A Member stated that he would appreciate if an update on the Mortuary Contract could come back to the Committee after the audit had been completed.

RESOLVED that

- 1) The 2020/2021 Audit Plan is approved.**
- 2) The Internal Audit Charter is approved.**
- 3) An update is provided to the Committee in due course regarding the audit of the Mortuary Contract.**

32 INTERNAL AUDIT PROGRESS REPORT

Members were appraised regarding progress made concerning the previous 4 Priority 1 recommendations that had been made with respect to Strategic Property. The Head of Audit and Assurance said that three out of the previous four recommendations had been implemented. However, the target to hit £1m savings via the Income Generation Plan had not been reached. The Head of Asset and Investment Management attended the Committee to update on this matter and to answer any questions that Members wished to ask.

The Head of Asset and Investment Management explained that a report had gone to the Executive, Resources and Contracts Committee in November 2019, whereby Cushman and Wakefield (C&W) had estimated that they had achieved savings up to that point of £850k. It was explained that C&W were contractually not entitled to any incentive payments unless they had achieved real savings of £1m or more.

The Head of Asset and Investment Management expressed the view that some of the savings that had been claimed by C&W had been achieved prior to out sourcing. He said that eight areas where C&W had claimed to have made savings were invalid. This meant the £850k figure would reduce. Resultantly, no incentive payment had been paid to C&W. It was reported that C&W had not been providing support to local teams on site, and had been penalised for this. The Head of Asset and Investment Management expressed the view that the £1m target would not be achieved.

A Member referred to the figure of eight cases where the savings outlined were likely to be invalid. He asked what this meant in percentage terms. Mr Watkins answered that the list of savings/income generation received from C&W contained a total of 70-80 items, and so the percentage was in the region of 10%. The £1m income generation target was over a three year period. It was explained that the total value of the eight cases being removed from the list relating to income generation would account for income in the region of £77k. If this figure was therefore deducted from the £850k figure claimed by C&W, it would mean that in real terms C&W would need to produce in the region of another £225k in savings to hit the income generation target.

Members were presented with the Internal Audit Progress Report which updated Members of recent audit activity across the Council and provided updates on matters that had arisen from previous meetings of the Committee. Members were being asked to note and comment on the report. They were also being asked to note the list of Internal Audit Reports that had been published on the Council's website.

Members were informed that the audit of the Transformation Programme had gone well and the audit opinion was 'Substantial'.

The Head of Audit and Assurance appraised Members regarding the Council Tax audit, the purpose of which was to review governance and mitigate risk. The audit had resulted in two Priority 2 recommendations and one Priority 3 recommendation. The Audit opinion was 'Reasonable'. It was noted that a new Revenues Monitoring Officer had been appointed who would monitor the timeliness of the authorisation of write off batches.

The Head of Audit and Assurance summarised the main issues arising from the audit of **Deferred Payments**. He said that the Policy Agreement needed to be reviewed and reported that there were inconsistencies with the way that data was entered into the Carefirst system. Letters to service users were in

some cases not clear and some contained errors. There had also been delays in the processing of the deferred payment applications. A Member hoped that the current problems being experienced around Carefirst would be eradicated when the replacement system was operational.

A Member expressed the view that the approach taken by Internal Audit was process driven rather than people driven. He asked if this was going to change. The Head of Audit and Assurance responded that the Internal audit Team was also concerned with customer impact and customer experience. They hoped that their audits would result in outcomes that would enhance customer experience. He added that these cases often involved people with complex situations and other auditors were mindful of other factors that had to be dealt with like staff turnover. Internal Audit was keen to ensure that people were receiving a good service.

A Member asked if process maps were used. The Head of Audit and Assurance responded said that process maps were used in some cases, and in cases where they were available they were helpful to Internal Audit.

The Audit opinion for Deferred Payments was '**Reasonable**'. Six recommendations had been made, four of these were Priority 2 recommendations, and two were Priority 3 recommendations.

An update was provided on the audit of **Emergency Planning and Business Continuity**. The Head of Audit and Assurance expressed the view that Mr David Tait (LBB Lead for Business Continuity and Emergency Planning) was doing a good job. Mr Tait had commented that the audit report had been helpful. At the time of the audit it had been found that not all of the Business Continuity Plans were ready. However, this was no longer the case, and all departments now had business continuity plans in place.

A Member asked if plans were in place to deal with a possible expansion of Coronavirus infections. It was noted that Public Health were leading on this. He also asked if plans were in place to deal with the possibility of social workers being infected which would affect the support that they provided to those who were vulnerable or in need of help and support in some way. The Head of Audit and Assurance responded that plans were in place, and that a co-ordinated response was being led by Public Health England but he was not sure what the precise plans were with respect to social workers.

The Committee heard that the audit of **Procurement Cards** had caused some cause for concern and consequently three new Priority 1 recommendations had been made. At the time of the audit, the signed contract with the bank could not be found, but it had been produced subsequently. The audit had identified that controls were either not in place or had not been working properly. Cards had been used to purchase meals for individuals and teams and the appropriateness of this had been questioned. This had the knock on effect of possible tax and national insurance issues which resulted in a separate report on this being issued.

It had also been identified that a large number of procurement transactions had not been submitted and/or approved in a timely manner. It was reported that since the audit was undertaken, a number of the identified issues had been addressed by management. The audit had resulted in three Priority 1 recommendations and seven Priority 2 recommendations. The Audit opinion was 'Limited'.

An update was provided on the matter of **Tax and National Insurance** payable as a result of the use of procurement cards for things like a 'thank you' meal for officers at the end of a long project, or for a celebration meal to acknowledge long service. In other cases, merit awards had been paid to agency staff and contractors. In both of these areas, Tax and National Insurance should have been paid to HMRC but was not. LBB had applied retrospectively to HMRC for permission to pay any amounts outstanding, together with any penalties. Fresh guidance had been issued, along with Managers' briefings and there would be a follow up audit regarding tax and NI contributions in the next financial year.

In this case, Internal Audit did not provide an audit opinion as they had not assessed the full range of controls in this area.

The Chairman enquired if certain types of transactions could be blocked by the card provider. The Head of Audit and Assurance said that this was possible. It was pointed out that in some cases, cash was required. Cash was normally used by the Trading Standards Team when undertaking test purchases. If there was an emergency type situation (like Grenfell) then access to cash would probably be required.

The Chairman queried the payment of merit awards to agency staff. The Head of Audit and Assurance responded that the guidance from Human Resources was that agency staff had the right to be treated the same way as permanent staff in this regard. It was expected that a clear policy would be developed.

An update was provided on the audit of the **Main Accounting System and General Ledger for 2019/2020**. Controls were operating effectively in a number of areas and cost centres and account codes were being created following the correct procedures. A Member queried if staff could 'miscode' to keep within budget. The Head of Audit and Assurance responded that this should not happen as it should be picked up by the Budget Manager.

There were several areas where management attention was required and the Audit opinion was 'Reasonable'. One Priority 2 recommendation was made, along with two Priority 3 recommendations.

The Committee received an update regarding the audit of the **SFT (Schools' Finance Team)**. The SFT was previously an in house department, but had been out-sourced as part of the Exchequer Services Contract. The Council staff had been working in the LBB SFT had been TUPE transferred across.

The Audit opinion was 'Reasonable' for the Exchequer contractor, but was 'Limited' with respect to the way the Council was managing the contract. A new Priority 1 recommendation had been raised with regard to contractual reporting.

Members were updated regarding the audit of **Insurance**. It was noted that in this case, to avoid a possible conflict of interest, the audit was undertaken by Mazars, and this was reported back to the Director of Finance. The Head of Audit and Assurance commented that the appointment of an Insurance and Risk Manager had proved invaluable.

A brief discussion took place regarding the possibility of insuring in house.

It was noted that there were two areas where management attention was required and consequently one Priority 2 recommendation was made, along with one Priority 3 recommendation. The Audit opinion was 'Reasonable'.

An update was provided regarding the follow up work undertaken subsequent to the **Leaving Care Audit of October 2018**. A new Head of Service had been appointed and new reconciliation procedures had been introduced. Resultantly, audit testing could only be undertaken for transactions carried out during December 2019. A follow up would be undertaken prior to the June 2020 meeting of the Committee.

Members were pleased to note that significant improvement had been made with respect to the management of the **Arboricultural Services contract**.

An update was provided on the follow up audit regarding **No Recourse to Public Funds**. Members were pleased to note that working practices had changed and these were supported by procedure notes. There had also been some redesign of services which had enabled the consolidation of a central point of responsibility to be facilitated. It was too early to conduct an effective audit to give assurance that the Priority 1 recommendation had been fully implemented. However, Internal Audit was able to confirm that satisfactory progress was being made.

The Head of Audit and Assurance updated Members with progress being made to implement the Priority 1 update for the audit of **Domiciliary Care Contract Management**. All three providers had now been contacted in an effort to complete the sign off of the extension letters. In one case this had been successful, and in another case the documentation had not been returned. In the third case, the LBB Head of Service had made contact with the Company Director, and the extension document had been signed and returned. It was reported that this provider had subsequently requested an uplift to their rates.

The Head of Audit and Assurance summarised by saying that the recommendation would remain open until Internal Audit were satisfied that the new procedures and checks were fully implemented, and that all of the

providers in the original audit had completed and returned all the relevant documentation.

It was noted that the Priority 1 recommendation regarding **Creditors** had been implemented.

Members received an update regarding progress that had been made since the **Starters and Leavers** audit. Managers had been instructed by the Chief Executive to follow the procedures. Although some improvement had been made, further work was required and so at the time of the meeting the recommendation was still in progress.

Members were briefed that it was too early to say if the recommendations relating to the audit of **Highways Maintenance** had been implemented. Internal Audit would review the information provided by management and report back to the next meeting.

33 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.

34 INTERNAL AUDIT FRAUD, INVESTIGATION & EXEMPT ITEMS REPORT

FSD20021

Members noted the Part 2 report that dealt with matters relating to internal audit fraud, investigations and other matters relating to exempt information.

The record of these minutes are noted in the Part 2 section of the minutes.

35 MATTERS OUTSTANDING--PART 2

CSD 20028

Members noted matters outstanding (Exempt Information) from the previous meeting.

RESOLVED that the Matters Outstanding Report (Exempt Information) is noted.

36 EXEMPT MINUTES OF THE MEETING HELD ON 17th OCTOBER 2020

Members noted the minutes (Exempt Information) of the meeting that took place on 17th October 2019.

RESOLVED that the minutes (Exempt Information) of the meeting that took place on 17th October 2019 be agreed and signed as a correct record.

The meeting ended at 9.17 pm

Chairman

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Report No.
FSD 20057

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 15 July 2020**

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

Title: **EXTERNAL AUDIT PLANS 2019-20**

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

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

Review of the External Auditor's annual plan arrangements for 2019-20

2. **RECOMMENDATION(S)**

2.1 **Members are asked to note the External Auditor's arrangements for the Audit Plans 2019-20.**

2.2 **Members are asked to consider and review. The External Auditor is requesting that Members confirm their understanding of, and agreement to, the materiality and reporting levels.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: The plan makes reference to Ofsted inspection and progress made since then by Children's services.
-

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £244,506 for the authority and £22,600 for the Pension Fund.
 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 Auditor is required to perform its 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 (PSAA) Statement of Responsibilities. The audit includes the following key objectives, requiring them to audit/review and:
- Give an opinion on the Council's financial statements
 - Conclude on whether or not the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion).
- 3.2 Members are asked to review and consider the External Auditor's arrangements for the Audit Plans for 2019-20 comprising the main Statement of Accounts audit and the separate audit of the Pension Fund. The plans set out the External Auditor's approach, scope of work, materiality levels and audit fees.
- 3.3 Members should note the details of the audit fees set out in the plans. As the Council has opted in to arrangements managed by PSAA for the appointment of its external auditor, audit fees are set using fee scale guidance published annually the PSAA. However, this process also recognises that the audit fee may vary from the scale fee where it becomes clear that more work is required than envisaged by the scale fee, for example owing to increased audit risk or complexity.
- 3.4 For the main Statement of Accounts audit, the external auditor has stated that it is not yet in a position to propose a fee as it has not yet had the opportunity to discuss the fee with officers, and also that the 2018/19 audit remains incomplete. In due course, the external auditor will provide more detail to the audit committee on the proposed fee. The scale fee set by PSAA for 2019/20 is £91,689. Materiality has been set at £5.49m (2018/19: £9.59m). This lower level of materiality reflects the level of risk introduced by the impact of Covid-19, prior year misstatements on asset valuations and outstanding elector objections.
- 3.5 In relation to the Pension Fund, the external auditor has indicated a base fee of £21,170 (2018/19: £16,170), though for this period an additional fee (as yet unspecified) will be levied in respect of work that will be undertaken on the triennial valuation of the fund. This compares with the scale fee set by PSAA for 2019/20 of £16,170. Materiality has been set at £10.39m (2018/19: £9.67m).
- 3.6 Members should note the materiality limits within the plans and note that they are asked to confirm their understanding of, and agreement to, the materiality and reporting levels.
- 3.7 Members should note the value for money arrangements set out in the plan.
- 3.8 Members should note the areas of focus and significant risk that are set out in the plans. These include the various ways in which the Covid-19 pandemic could have an impact on the financial statements and the external auditor's proposed response.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The contents of the External Auditor's plan could have implications for both adults and children in respect of the work undertaken.

5. POLICY IMPLICATIONS

None.

6. FINANCIAL IMPLICATIONS

6.1 There is a cost in auditing the accounts for 2019-20. The total fee is expected to be a minimum of £91,689 for the Council Statement of Accounts and £21,270 for the Pension Fund.

7. PERSONNEL IMPLICATIONS

None.


8. LEGAL IMPLICATIONS

8.1 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

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

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



**London Borough of
Bromley**
**Draft Audit planning
report**

Year ended 31 March 2020

01 July 2020



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

01 July 2020

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, which has been given delegated responsibility by the General Purposes and Licensing Committee, with a basis to review our proposed audit approach and scope for the 2019/20 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 Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks. I draw your attention to page 10, where I set out our risk categorisation of the audit as "close monitoring", the rationale and responses required.

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

We welcome the opportunity to discuss this report with you at the Audit Sub-Committee on 15 July 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

Janet Dawson
Associate Partner

For and on behalf of Ernst & Young LLP

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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 London Borough of Bromley 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 London Borough of Bromley 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 London Borough of Bromley for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



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Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

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

Risk / area of focus	Risk identified	Change from PY	Details
Misstatements due to fraud or error	Fraud risk	No change in risk or focus	<p>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.</p> <p>As management is in a unique position to manipulate accounting records directly or indirectly by overriding controls that otherwise appear to be operating effectively, we have identified capitalisation of revenue expenditure and accounting adjustments made in the movement in reserves statement as the key areas at risk of manipulation.</p>
Incorrect capitalisation of revenue expenditure	Fraud risk	No change in risk or focus	Linking to our fraud risk above we have considered the capitalisation of revenue expenditure on Property, Plant and Equipment as a specific way in which management override may manifest itself, given the extent of the Council's capital programme.
Asset Valuations	Significant Risk	Change in risk or focus	The fair value of Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet. In 2018/19 we identified some fundamental and pervasive issues with the valuations resulting in prior period adjustments and full revaluations to correct these. These amendments have been agreed as part of the closure of the 2018/19 audit. An increased area of focus in 2019/20 valuations is the possible impact of Covid-19 on asset valuations with a number of valuers disclosing 'material uncertainty' clauses in their valuation reports. Given the scale of the errors identified in the prior year asset valuations, their pervasiveness and also the potential for greater uncertainty in asset valuations arising from Covid-19 in 2019/20, we have classified asset valuations as a significant risk.

Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit 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	Change from PY	Details
Pensions Valuations and disclosures	Significant Risk	Change in risk or focus	<p>The current pension fund deficit is both a material and a sensitive item. The accounting for this scheme requires material judgement and estimation techniques to calculate relevant valuations and disclosures. In 2019/20 there are also a number of additional areas of focus. These include:</p> <p>McCloud and Sargeant judgements concerning the introduction of career average revalued earnings (CARE) pension schemes.</p> <p>The Pension scheme triennial valuation. This is an important milestone as the data points; contribution rates and deficit recovery plans set at this stage will impact the defined benefit liability for the next 3 years.</p> <p>Covid-19. Volatility in the financial markets is likely to have an impact on financial assets and therefore net liabilities.</p> <p>Given these issues we have classified Pensions valuations and disclosures as a Significant Risk in 2019/20.</p>

Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit 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

Area of focus	Change from PY	Details
Implementation of new accounting standard	To note - postponed	Implementation of IFRS 16 will be delayed due to Covid-19. It will now be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2021/22.
Going Concern compliance with ISA 570	New area of focus	The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee. We note that the Council has already undertaken an assessment of going concern for 2019/20.
Impact of Covid-19	New area of focus	The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Due to the significant uncertainty about the duration and extent of disruption, at this stage we have not identified specific risks related to Covid-19, but wish to highlight the wide range of ways in which it could impact the financial statements.

Overview of our 2019/20 audit strategy

Materiality

Planning
materiality
£5.49m

Materiality has been set at £5.49 million, which represents 1% (PY 1.8%) of the prior years gross expenditure on provision of services plus financing and investment expenditure. This basis is consistent with that applied in the prior year. Our assessment of materiality takes into account our view of the risks of material misstatement of the accounts, including:

- The Council does not have complex finances such as joint ventures, Housing Revenue Account, or a group structure, however,
- There have been a number of changes to the finance team since the production of the 2018/19 accounts. In addition, we consider the impact of working arrangements as a result of C19 may increase the risks of misstatement in those accounts.
- We note a number of areas from the 2018/19 audit on page 10 which increase our assessment of misstatement risk, including the manual nature of the closedown process, and areas of material misstatement identified during the audit.

Performance
materiality
£2.75m

Performance materiality has been set at £2.75 million, which represents 50% (PY 75%) of materiality.

Audit
differences
£0.28m

We will report all uncorrected misstatements relating to the primary statements (comprehensive income and expenditure statement, balance sheet, movement in reserves statement and cash flow statement) greater than £0.28m. Other misstatements identified will be communicated to the extent that they merit the attention of the Audit Committee.

We also identify areas where misstatement at a lower level than our overall materiality level might influence the reader and develop an audit strategy specific to these areas, including:

- ▶ Remuneration disclosures including councillor allowances: we will agree all disclosures back to source data, and councillor allowances to the agreed and approved amounts.
- ▶ Related party transactions we will test the completeness of related party disclosures and the accuracy of all disclosures by checking back to supporting evidence.

Overview of our 2019/20 audit strategy

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 London Borough of Bromley give a true and fair view of the financial position as at 31 March 2020 and of the income and expenditure for the year then ended; and
- Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

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, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

Overview of our 2019/20 audit strategy

Audit scope (continued)

Designation of the audit as close monitoring

The London Borough of Bromley audit has been designated as close monitoring by EY in 2019/20 due to the following risk factors:

- The 2018/19 financial statements are not yet signed due to pervasive errors found during the audit of PPE valuations. In addition, the systems and processes that supported the audit process for 2018/19 did not support data analytics well, were manual in design and relied heavily on a small and over stretched team. Changes in the finance team since the 2018/19 audit increase the risk to the Council that knowledge of those processes has been lost, which may make the closedown process more difficult and the risk of error greater. We also need to work closely with officers to ensure that current audit regulatory reporting requirements to those charged with governance are understood and met, thereby allowing effective communication of audit findings and recommendations for improvements.
- Outstanding objections relating to procurement from prior years. KPMG are yet to conclude their work regarding objections in 2016/17 and 2017/18. Therefore, it is unclear if the issues being reviewed relate only to procurement or potentially identifies a wider management issue. As a result, we have been unable to conclude our work on the value for money conclusion for 2018/19.

Audit Response

- Allocate a Partner as Engagement Lead, with support from a Senior Manager and Manager
- Allocate a Partner as an engagement quality reviewer
- Identification of specific risk areas and the areas where we need to engage relevant EY specialists to support the engagement team
- Reduce our planning materiality and tolerable error level for the audit to 1% of gross revenue expenditure and 50% of planning materiality respectively

Communication with Those Charged with Governance

- We will communicate to those charged with governance any significant changes to our audit strategy since our communication about risk factors that led to or contributed to the close monitoring designation, and the reasons for those changes
- We will also communicate any new risk factors we identify and consider significant that warrant the attention of those charged with governance



02

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*

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error due to management override of internal controls.

As identified in ISA (UK and Ireland) 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.

For London Borough of Bromley, we have assessed that this risk is not specific to any section of the financial statements, but could manifest in:

- Inappropriate journal entries; specifically manual journals posted by management in the preparation of the financial statements.
- Significant unusual transactions entered into by management that are outside of the normal scope of business of the Council.
- Management bias in key accounting estimates and judgements.

What will we do?

We will undertake the following:

- ▶ Identify fraud risks during the planning stages.
- ▶ Inquire of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understand the oversight given by those charged with governance of management's processes over fraud.
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud.
- ▶ Determine an appropriate strategy to address those identified risks of fraud.
- ▶ Perform mandatory procedures regardless of specifically identified fraud risks, including testing of journal entries and other adjustments in the preparation of the financial statements.
- ▶ Evaluate the business rationale for significant unusual transactions.
- ▶ Consider if management bias is present in the key accounting estimates and judgements in the financial statements.

Our response to significant risks (continued)

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.

Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure*

Financial statement impact

We have assessed that the risk of fraud in revenue and expenditure recognition is most likely to occur through the inappropriate capitalisation of revenue expenditure. This would have the impact of reducing revenue expenditure and increasing additions of Property, Plant and Equipment.

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

The Council is under financial pressure to achieve budget and maintain reserve balances above the minimum approved levels. Manipulating expenditure is a key way to achieve these targets.

We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure, as there is an incentive to reduce expenditure which is funded from Council Tax.

What will we do?

We will:

- ▶ Test PPE additions to ensure that the expenditure incurred and capitalised is clearly capital in nature;
- ▶ Test REFCUS, if material, to ensure that it is appropriate for the revenue expenditure incurred to be financed from ring fenced capital resources; and
- ▶ Seek to identify and understand the basis for any significant journals transferring expenditure from revenue to capital codes on the general ledger at the end of the year.

Our response to significant risks (continued)

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.

Valuation of Land and Buildings

What is the risk?

The fair value of land and buildings in Property, Plant and Equipment (PPE) and Investment Properties (IP) represent significant balances in the Council's accounts and are subject to valuation changes, impairment reviews and depreciation charges. Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

What will we do?

We will:

- ▶ Consider the work performed by the Council's valuers, including the adequacy of the scope of the work performed, their professional capabilities and the results of their work;
- ▶ Challenge the assumptions used by the Council's valuer by reference to external evidence and our EY valuation specialists (as necessary - such as significant or unusual movements in valuation, difficult to value specialist assets, etc.);
- ▶ Sample testing key asset information used by the valuers in performing their valuation (e.g. building areas to support valuations based on price per square metre);
- ▶ Consider the annual cycle of valuations to ensure that assets have been valued within a 5 year rolling programme as required by the Code for PPE and annually for IP. We will also consider if there are any specific changes to assets that have occurred and whether these have been communicated to the valuer;
- ▶ Review assets not subject to valuation in 2019/20 to confirm that the remaining asset base is not materially misstated;
- ▶ Consider changes to useful economic lives as a result of the most recent valuation; and
- ▶ Test accounting entries have been correctly processed in the financial statements.

Our response to significant risks (continued)

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.

IAS 19 - Valuations

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Liberata.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2019 this totalled £83 million.

What is the risk? (Cont'd)

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the Pension Fund. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates. There are 3 additional areas of audit focus impacting 2019/20 pension valuations and disclosures:

- McCloud and Sargeant judgements concerning the introduction of career average revalued earnings (CARE) pension schemes.
- The Pension scheme triennial valuation. This is an important milestone as the data points; contribution rates and deficit recovery plans set at this stage will impact the defined benefit liability for the next 3 years.
- Covid-19: Volatility in the financial markets is likely to have an impact on financial assets and therefore net liabilities.

What will we do?

We will:

- ▶ Obtain assurances over the information supplied to the actuary in relation to the Council;
- ▶ Assess the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PWC - Consulting Actuaries commissioned by the National Audit Office for all Local Government sector auditors, and considering any relevant reviews by the EY actuarial team; and
- ▶ Review and test the accounting entries and disclosures made within the Council's financial statements in relation to IAS19. This work will assess the assumptions applied concerning the McCloud and Sargeant judgements and also an assessment of the impact arising from Covid-19 on the net liability.
- ▶ Using outturn information is available at the time we undertake our work we will use this to inform our assessment of the accuracy of estimated information included in the financial statements and whether any adjustments are required.

Audit risks

Other areas of audit focus

We identify 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 and therefore may be key audit matters we will include in our audit report. We set out below the one area of financial reporting that has been changed as a result of Covid-19.

What is the risk/area of focus?

IFRS16 - leases

IFRS 16 Leases was issued by the IASB in 2016. Its main impact is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as “pay as you go” arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Implementation of IFRS 16 will be included in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) for 2020/21. This Code has yet to be published, but in July 2019 CIPFA/LASAAC issued ‘IFRS 16 leases and early guide for practitioners’.

What will we do?

The adoption of IFRS 16 by CIPFA as the basis for preparation of Local Authority financial statements has been deferred to 2021/22. The Authority will therefore no longer be required to undertake an impact assessment, and disclosure of the impact of the standard in the financial statements does not now need to be financially quantified.

We therefore no longer consider this to be an areas of audit focus, but will feedback to you any relevant observations from our discussions with the Authority earlier in the year.

Other areas of audit focus

What is the risk/area of focus?

Going Concern Compliance with ISA 570

This auditing standard has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after.

The revised standard is effective for audits of financial statements for periods commencing on or after 15 December 2019, which for the Council will be the audit of the 2020/21 financial statements. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Audit Committee.

The CIPFA Guidance Notes for Practitioners 2019/20 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

What will we do?

The revised standard requires:

- ▶ auditor's challenge of management's identification of events or conditions impacting going concern, more specific requirements to test management's resulting assessment of going concern, an evaluation of the supporting evidence obtained which includes consideration of the risk of management bias;
- ▶ greater work for us to challenge management's assessment of going concern, thoroughly test the adequacy of the supporting evidence we obtained and evaluate the risk of management bias. Our challenge will be made based on our knowledge of the Authority obtained through our audit, which will include additional specific risk assessment considerations which go beyond the current requirements;
- ▶ improved transparency with a new reporting requirement for public interest entities, listed and large private companies to provide a clear, positive conclusion on whether management's assessment is appropriate, and to set out the work we have done in this respect. While the Council are not one of the three entity types listed, we will ensure compliance with any updated reporting requirements;
- ▶ a stand back requirement to consider all of the evidence obtained, whether corroborative or contradictory, when we draw our conclusions on going concern; and
- ▶ necessary consideration regarding the appropriateness of financial statement disclosures around going concern.

The revised standard extends requirements to report to regulators where we have concerns about going concern. Please also see page 18 for further consideration of going concern as a result of Covid-19.

Other areas of audit focus (continued)

Impact of Covid-19

The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Council to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements will need to reflect the impact of Covid-19 on the Council's financial position and performance. Due to the significant uncertainty about the duration and extent of disruption, at this stage we have not identified specific risks related to Covid-19, but wish to highlight the wide range of ways in which it could impact the financial statements and the work we are required to do in response. These may include, but not be limited to:

- ▶ **Going concern** - management's assessment of whether the Council is a going concern will need to consider the impact of the current conditions on the Council's future performance. Additional narrative disclosure will be required, including on the future principal risks and uncertainties, including the impact on operations for 2020/21 and beyond.
- ▶ **Revenue recognition** - there may be an impact on income collection (Council and Business rates) if businesses and residents are unable to work and earn income due to the lockdown and restriction of movement due to COVID-19.
- ▶ **Tangible assets** - there may be impairment of tangible assets if future service potential is reduced by the economic impact of the virus. The Council may also have already incurred capital costs on projects where the economic case has fundamentally changed.
- ▶ **Pensions** - volatility in the financial markets is likely to have a significant impact on pension assets, and therefore net liabilities.
- ▶ **Receivables** - there may be an increase in amounts written off as irrecoverable and impairment of year-end balances due to the increased number of businesses and residents unable to meet their financial obligations.
- ▶ **Holiday and sickness pay** - the change in working patterns may result in year-end staff pay accruals which are noticeably different to prior years.
- ▶ **Government support** - any Covid-19 specific government support is likely to be a new transaction stream and may require development of new accounting policies and treatments.
- ▶ **Annual Governance Statement**- the widespread use of home working is likely to change the way internal controls operate. The Annual Governance Statement will need to capture how the control environment has changed during the period and what steps were taken to maintain a robust control environment during the disruption. This will also need to be considered in the context of internal audit's ability to issue their Head of Internal Audit opinion for the year, depending on the ability to complete the remainder of the internal audit programme.

We will provide an update on the impact of Covid-19 on the Council's financial statements, and how we have responded to the additional risks of misstatement, later in our audit.

In addition to the impact on the financial statements themselves, the disruption caused by Covid-19 may impact on management's ability to produce the financial statements and our ability to complete the audit to the planned timetable. For example, it may be more difficult than usual to access the supporting documentation necessary to support our audit procedures. There will be additional audit procedures we have to perform to respond to the additional risks caused by the factors noted above.



03

Value for Money Risks





Background

We are required to consider whether the London Borough of Bromley has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

For 2019/20 this is based on the overall evaluation criterion:

"In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people"

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

"A matter is significant if, in the auditor's professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public"

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work. We consider business and operational risks insofar as they relate to proper arrangements at both sector and organisation-specific level. Our risk assessment considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. We will consider the Council's progress on savings in 2019/20 to date, the medium term financial plan and the Council's history of delivery against such plans. We will also consider the impact of Covid-19 on the financial plans and resilience of the Council.

We are yet to complete our work on the arrangements in place for 2018/19 due to objections raised in the prior year 2016/17 and 2017/18 accounts that have not yet been concluded, and which may impact on the arrangements for working with third parties on contract management. Therefore, we have also not yet completed our full risk assessment for 2019/20. We will report to those charged with governance once the objections have been completed and we are able to conclude our 2018/19 work on VFM and complete our risk assessment for 2019/20.





04

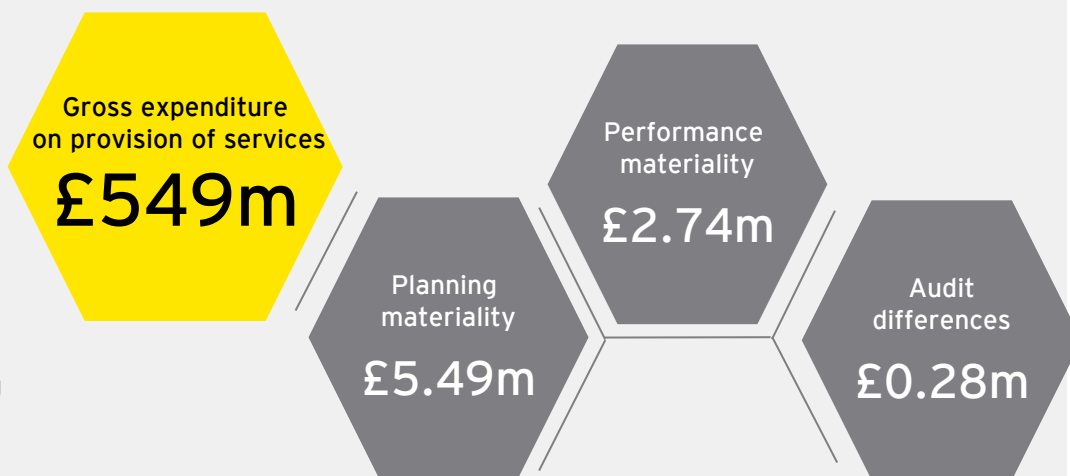
Audit materiality



Audit materiality

Materiality

For planning purposes, we have set materiality for 2019/20 at £5.49m. This represents 1.0% of the Council's prior year gross expenditure on provision of services. We have applied a lower percentage than potentially available on the basis that the Council meets the Local Audit & Accountability Act 2014 criteria for a major local audit based on its size. We have also considered its overall risk profile and public interest in comparison to other councils. We will reassess materiality throughout the audit. We have provided supplemental information about audit materiality in Appendix C.



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We request that the Audit Sub-Committee confirm 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 £2.74m which represents 50% of planning materiality.

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, balance sheet, housing revenue account, & collection fund financial statements 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 General Purposes and Licensing Committee, or are important from a qualitative perspective.

Specific materiality - We may set a materiality lower than that specified for specific accounts for e.g. remuneration disclosures, related party transactions, and exit packages which reflects our understanding that an amount less than our materiality would influence the economic decisions of users of the financial statements in relation to this. If this is the case we will confirm this in our Audit Results Report.



05

Scope of our audit



Our Audit Process and Strategy

Objective and Scope of our Audit scoping

Under the Code of Audit Practice our principal objectives are to review and report on the Council's financial statements and arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK).

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.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement; and
- Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO

2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

Our Audit Process and Strategy (continued)

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 2019/20 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 General Purposes and Licensing Committee.

Internal audit:

We will regularly meet with the Head of 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.



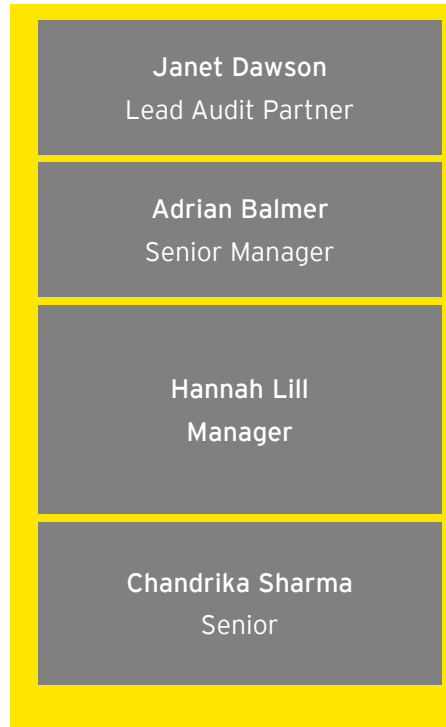
06

Audit team



Audit team

Audit team structure:



Working together with the Pension Fund

We are working together with officers on communication and processes for the 2019-20 audit.

We will continue to keep our audit approach under review to streamline it where possible.

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
Valuation of Land and Buildings	<p>Management specialist: Montagu Evans - RICS Registered Valuers</p> <p>We will also consider any valuation aspects that require EY valuation specialists to review any material specialist assets and the underlying assumptions used.</p>
Pensions disclosure	<p>Management specialist: Mercer</p> <p>EY third party specialist: PWC Pensions</p> <p>EY specialist: EY Pensions</p>

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 Council'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.



07

Audit timeline





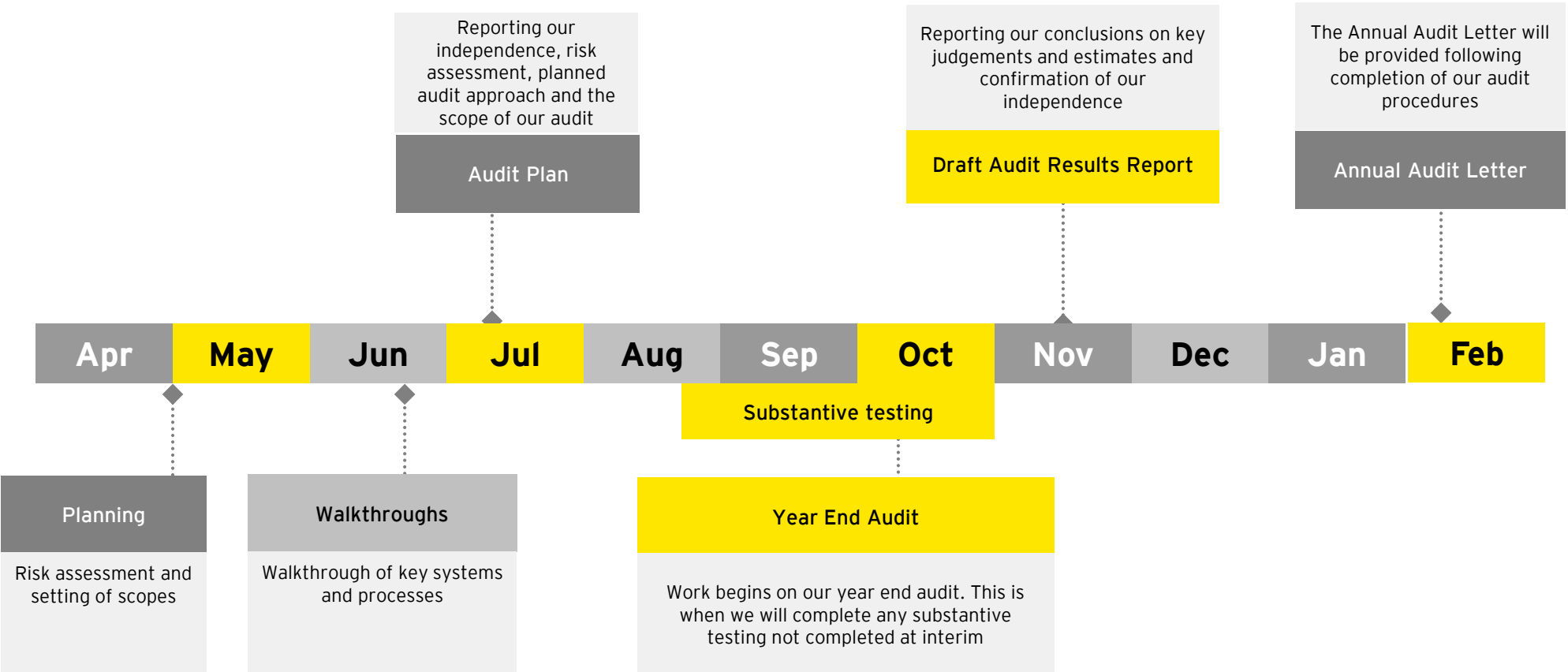
Indicative Audit timeline

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 2019/20.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Audit Committee Chair as appropriate. We will also provide updates on corporate governance and regulatory matters as necessary.





08

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 Janet Dawson, 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 Council. 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 audit fees is not permitted to exceed 70%.

At the time of writing, we do not complete any non-audit work. 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 Council. 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.

Other communications

EY Transparency Report 2019

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 30 June 2019 and can be found here:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)

New UK Independence Standards

The Financial Reporting Council (FRC) published the Revised Ethical Standard 2019 in December and it will apply to accounting periods starting on or after 15 March 2020. A key change in the new Ethical Standard will be a general prohibition on the provision of non-audit services by the auditor (and its network) which will apply to UK Public Interest Entities (PIEs). A narrow list of permitted services will continue to be allowed.

Summary of key changes

- Extraterritorial application of the FRC Ethical Standard to UK PIE and its worldwide affiliates
- A general prohibition on the provision of non-audit services by the auditor (or its network) to a UK PIE, its UK parent and worldwide subsidiaries
- A narrow list of permitted services where closely related to the audit and/or required by law or regulation
- Absolute prohibition on the following relationships applicable to UK PIE and its affiliates including material significant investees/investors:
 - Tax advocacy services
 - Remuneration advisory services
 - Internal audit services
 - Secondment/loan staff arrangements
- An absolute prohibition on contingent fees.
- Requirement to meet the higher standard for business relationships i.e. business relationships between the audit firm and the audit client will only be permitted if it is inconsequential.
- Permitted services required by law or regulation will not be subject to the 70% fee cap.
- Grandfathering will apply for otherwise prohibited non-audit services that are open at 15 March 2020 such that the engagement may continue until completed in accordance with the original engagement terms.
- A requirement for the auditor to notify the Audit Committee where the audit fee might compromise perceived independence and the appropriate safeguards.
- A requirement to report to the audit committee details of any breaches of the Ethical Standard and any actions taken by the firm to address any threats to independence. A requirement for non-network component firm whose work is used in the group audit engagement to comply with the same independence standard as the group auditor. Our current understanding is that the requirement to follow UK independence rules is limited to the component firm issuing the audit report and not to its network. This is subject to clarification with the FRC.

Next Steps

We do not provide any non-audit services which would be prohibited under the new standard.



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Appendices



Appendix A

Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the indicative 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.

We have set out more detail on the factors affecting the planned fee for 2019/20 on pages 38 and 39. We have not yet had the opportunity to discuss the breakdown of the fee for 2019/20 with officers, as we have yet to conclude the 2018/19 audit at the time of writing. We will provide the Audit Committee with more details of the proposed fee once those discussions have taken place.

	Planned fee 2019/20	Scale fee 2019/20	Final fee 2018/19
	£	£	£
Total Fee - Code work	TBC**	91,689	TBC*
Total audit	TBC**	91,689	TBC*
Non-audit services (Housing Benefits)	TBC	N/A	
Non-audit services (Teacher's Pensions)	TBC	N/A	
Total other non-audit services	TBC	N/A	N/A
Total fees	TBC**	91,689	TBC*

All fees exclude VAT

The 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 Council; and
- ▶ The Council 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 Council 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.

*Given the extensive delays in the certification and completion of the 2018/19 audit we are unable at the date of this report to confirm the final fee for 2019/20. In line with protocols in effect any additional fee will need to be agreed with PSAA.

** please see pages 38- 39 for more detailed explanation

Appendix A

**Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity, nor reflect the additional work now required to meet regulatory auditing standards. For an organisation such as the London Borough of Bromley the extent of audit procedures now required mean it will take over 2,800 hours to complete a quality audit.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit.
2. **Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

Fees

Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.

We will therefore be discussing with management to agree the fair fee required to perform an ISA compliant audit for the Council, as a result of a range of factors set out above. This will result in a significant increase in the fee in comparison with the indicative fee set by PSAA Ltd. This discussion will take into account the recurring audit risks as set out within this audit plan.

The issues we have identified at the planning stage which will impact on these fee discussions include:

- The procedures required to address the audit risks presented in this audit plan, which include the specific fraud risks of incorrect capitalisation of expenditure, valuation of assets and also pensions valuations and disclosures together with the other inherent risks set out.
- The need to engage EY specialists for material accounting estimates concerning property and land values and pension liabilities.
- The additional actions we are required to take to address our assessment of the audit as “close monitoring”, as set out on page 10.
- The additional risks which may arise as a result of the Covid-19 considerations set out on page 18.

We will continue to discuss the impact of these factors with management and the impact on the final 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
Required communications	What is reported?	When and where
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 to be presented to the July 2020 Audit Sub-Committee
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Draft Audit results report to be presented to the General Purposes and Licensing Committee at the conclusion of the audit in December 2020

Appendix B

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





Our Reporting to you

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"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Actual or suspected non-compliance with laws and regulations identified relevant to the General Purposes and Licensing Committee ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	<p>Audit planning report to be presented to the July 2020 Audit Sub-Committee; and draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee</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	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the General Purposes and Licensing Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report to be presented to the December 2020 General Purposes and Licensing Committee

Appendix B




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

 Our Reporting to you		
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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence 	<p>Audit Planning Report presented to the July 2020 Audit Sub-Committee and draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee</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
External confirmations	<ul style="list-style-type: none"> ▶ Management’s refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ 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 ▶ 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 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee

Appendix B

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

Our Reporting to you

Required communications	 What is reported?	 When and where
Representations	Written representations we are requesting from management and/or those charged with governance	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Auditors report	<ul style="list-style-type: none"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	Draft Audit results report to be presented to the December 2020 General Purposes and Licensing Committee
Certification work	Summary of certification work undertaken	Certification report to be presented to the first available Committee after the audit opinion is issued

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 Council'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 Council 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.

Additional audit information (continued)

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.

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**Bromley Pension
Fund**

Audit planning report

Year ended 31 March 2020

June 2020

June 2020



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 of the Bromley Pension Fund ('the Fund'). Its purpose is to provide the Audit Sub-Committee with a basis to review our proposed audit approach and scope for the 2019/20 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 Committee's 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 Audit Sub-Committee and management, and is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss this report with you on 17 July 2020 as well as understand whether there are other matters which you consider may influence our audit.

Yours faithfully

A handwritten signature in black ink, appearing to read 'S Patel', written in a cursive style.

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 in 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.



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Overview of our 2019/20 audit strategy



Overview of our 2019/20 audit strategy

The following 'dashboard' summarises the significant accounting and auditing matters outlined in this report. It seeks to provide the Audit Sub-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	Change from PY	Details
Misstatements due to fraud or error (management override): Posting of investment journals	(Significant) Fraud risk	No change in 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. We have determined that the way in which management could override controls is through the manipulation of the journal entries which record the investment income and changes to investment valuations.
Valuation of investments under Level 2 Fair Value hierarchy	(Area of focus) Inherent risk	No change in focus	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 inputs are not appropriate and valuation could therefore be misstated.
Covid-19	(Area of focus) Inherent risk	No new area of focus for 2019/20	The ongoing disruption to daily life and the economy as a result of the Covid-19 virus will have a pervasive impact upon the financial statements. Understandably, the priority for the Pension Fund to date has been to ensure the safety of staff and the delivery of business critical activities. However, the financial statements will need to reflect the impact of Covid-19 on the Pension Fund's net assets statement and fund account. Due to the significant uncertainty about the duration and extent of disruption, at this stage we have not identified specific risks related to Covid-19, but wish to highlight the wide range of ways in which it could impact the financial statements.

Overview of our 2019/20 audit strategy

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

Materiality

Planning materiality	Performance materiality	Audit differences
Our planning materiality represents 1% of the prior year's net assets, consistent year on year.	Performance materiality represents 75% of planning materiality and is the top of our range, consistent year on year.	We will report all uncorrected misstatements relating to the primary statements (net asset statement and fund account) greater than £0.519m. We will communicate other misstatements to the extent that they merit the attention of the Committee
£10.39m	£7.79m	£0.519m

Overview of our 2019/20 audit strategy (continued)

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 transactions of the pension fund during the year ended 31 March 2020 and the amount of disposition of the fund's assets and liabilities as at 31 March 2020.

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, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Pension Fund.

In addition to the above, we also perform procedures in relation to the IAS 19 report for London Borough of Bromley audit purposes. Our work specifically focuses on gaining assurance that the data submitted to the actuary agrees to the Pension Fund's systems. For 2019/20 we will carry out some additional procedures on the data submitted to inform the actuary's triennial review of the Fund. These additional procedures include:

- Obtaining a detailed membership data submitted to the actuary and ensuring that the controls are in place during the generation of the data.
- Verification of the accuracy of the information in the detailed membership data through discovery sample selection.

Page 73 Taking the above into account, and as articulated in this Audit Plan, our professional responsibilities require us to independently assess the risks associated with providing an audit opinion and undertake appropriate procedures in response to that. Our Terms of Appointment with PSAA allow them to vary the fee dependent on "the auditors assessment of risk and the work needed to meet their professional responsibilities". PSAA are aware that the setting of scale fees has not kept pace with the changing requirements of external audit with increased focus on, for example, pensions obligations and management judgements. Therefore to the extent any of these or any other risks are relevant in the context of Bromley Pension Fund's audit, we will discuss these with management as to the impact on the scale fee.



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):
Posting of investment journals

Financial statement impact

We have assessed that the risk of manipulation of investment income and valuation through management override of controls as most likely to affect investment income and assets in the year, specifically through journal postings.

Net return on investments
(2018/19) : £80,574,000

Total net assets of the Fund
available (2018/29) :
£1,038,990,000

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 and Ireland) 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.

The risk arise due to the susceptibility of the investment income and valuation journals to manipulation which may result to material misstatement of the year-end investment asset value and/or investment income.

What will we do?

Our approach will focus on testing the appropriateness of manual journal entries recorded in the general ledger related to investments. We will be:

- ▶ Undertaking a review of reconciliations to the fund manager and custodian reports and investigating any reconciling differences.
- ▶ Re-performing the detailed investment note using the reports we have acquired directly from the custodians or fund managers, including the agreement of investment additions and disposals in the year.
- ▶ Testing the appropriateness of manual journal entries recorded in the general ledger related to investment income and valuation and ensuring that:
 - ▶ The amount is consistent with the fund manager/custodian report;
 - ▶ Correct authorisations have been obtained;
 - ▶ The transactions are in the normal course of business or, if they are outside of the normal course, the business rationale will be requested and assessed for reasonableness.

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>Valuation of investments under Level 2 fair value hierarchy</p> <p>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.</p> <p>There is a risk that the comparable inputs are not appropriate and valuation could therefore be misstated.</p> <p>As at 31 March 2019, the investments valued under Level 2 fair value hierarchy amounted to £392.451 million.</p>	<p>Our approach will focus on the verification of the valuation of investments under Level 2 fair value hierarchy. We will be:</p> <ul style="list-style-type: none">▶ Identifying the relevant inputs and additional assumptions used in valuing the investments under Level 2▶ Determining the observable inputs such as bid price in the market for similar instruments and recalculating the value of the investments using the determined observable inputs.▶ Performing analytical procedures and checking the valuation input and output for reasonableness against our own expectations.



03

Audit materiality



Materiality

Materiality

For planning purposes, we have set materiality for 2019/20 at £10.39 million. This represents 1% of the Fund's prior year audited net assets and is consistent with the prior year. Our use of 1%, which is at the lower end of our range, because we recognise the Fund as a major local audit under the Local Audit and Accountability Act 2014 and deem that the accounts are of interest to the users of the accounts - trustees and fund members. We will reassess materiality throughout the audit process. We have provided supplemental information about audit materiality in Appendix C.



We request that the Audit Sub-Committee confirm 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 £7.79m which represents 75% of planning materiality.

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 pension fund account net asset statement. This was calculated as 5% of planning materiality, which is consistent year on year.

Other uncorrected misstatements, such as reclassifications misstatements, incomplete disclosures, and corrected misstatements will be communicated to the extent that they merit the attention of the Audit Sub-Committee, 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 to the extent required by the relevant legislation and the requirements of the Code.

Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland). 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.

Procedures required by the Code

- Reviewing, and reporting on as appropriate, other information published with the financial statements.

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 2019/20 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 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 Committee.

Internal audit:

We will meet regularly with the Head of Internal Audit, and review internal audit plans and the results of the team's work. We will reflect any findings in our audit plan, where they raise issues that could have an impact on the financial statements.



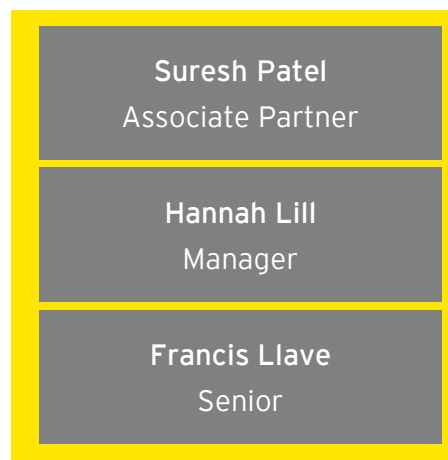
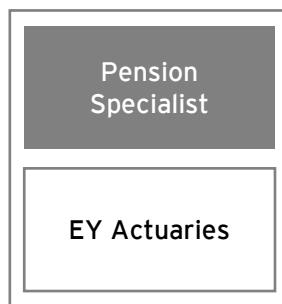
05

Audit team



Audit team

Audit team structure:



Working together with the Pension Fund

We are working together with officers on communication and processes for the 2019/20 audit.

We will continue to keep our audit approach under review to streamline it where possible.

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 - The Fund's Actuary

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 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





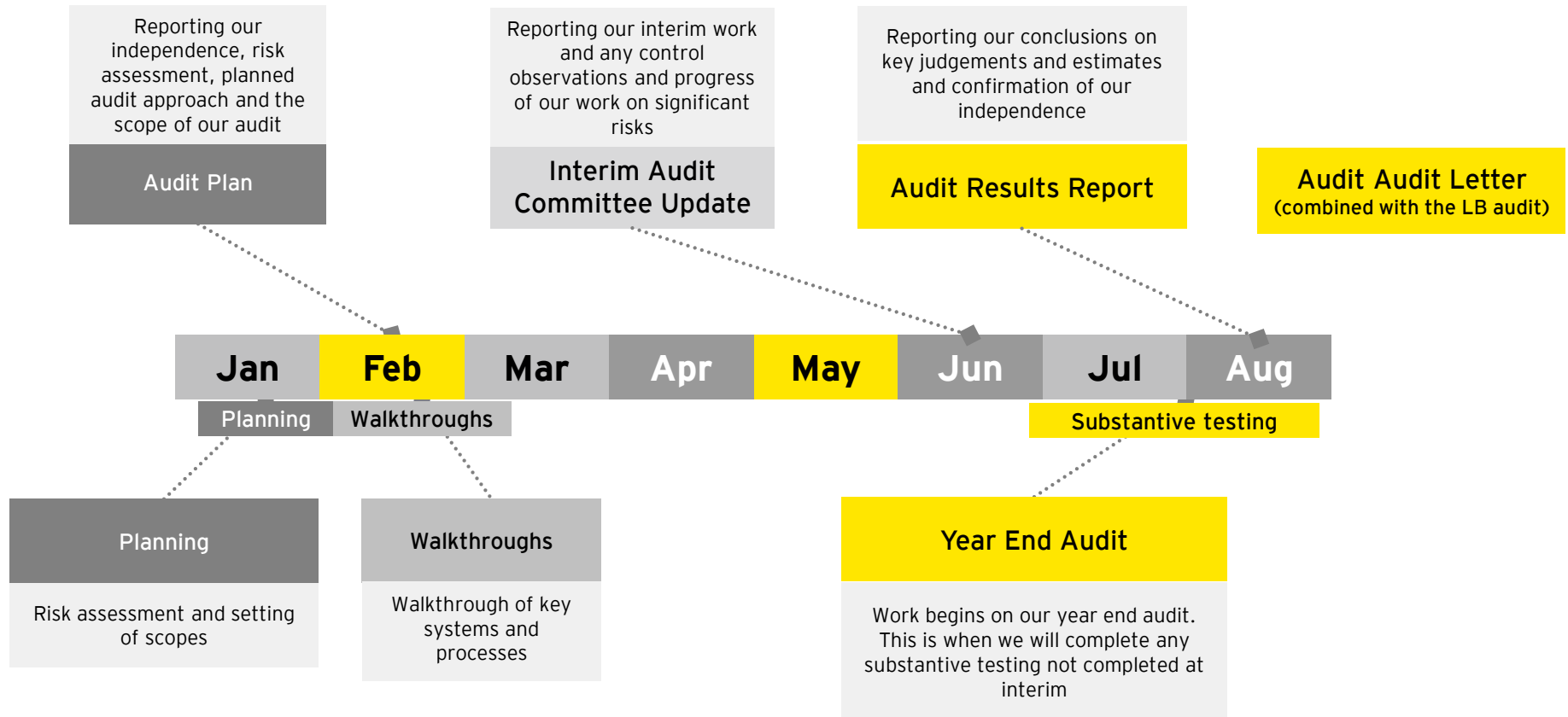
Audit timeline

Indicative timetable of communication and deliverables

Indicative timeline

Below is an indicative timetable showing the key stages of the audit and the deliverables we will aim to provide to you through the audit cycle in 2019/20. The timeline will be agreed with the officers at the earliest convenience.

From time to time matters may arise that require immediate communication with the Audit Sub-Committee as delegated by the General Purpose and Licensing Committee and we will discuss them with the General Purpose 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.





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	Final stage
<ul style="list-style-type: none"> ▶ Any principal threats 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. 	<ul style="list-style-type: none"> ▶ In order for you to assess the integrity, objectivity and independence of the firm and your audit team, we must 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 consider relationships with the Council, its directors and senior management, its affiliates, and its connected parties and any threats to integrity or objectivity, including those that could compromise independence. We are also required to disclose any safeguards that we have, 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 for them; ▶ Written confirmation that all team members 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.

During the audit, we must communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of any necessary safeguards, 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.

We ensure that the total amount of fees that EY and our network firms have charged for the provision of services during the reporting period 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 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 audit fees is not permitted to exceed 70%. At the time of writing, there are no non-audit services provided by us to Pension Fund.

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 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.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise. There are no other threats at the date of this report.

Other communications

EY Transparency Report 2019

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 end 30 June 2019:

[https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/\\$FILE/ey-uk-2019-transparency-report.pdf](https://www.ey.com/Publication/vwLUAssets/ey-uk-2019-transparency-report/$FILE/ey-uk-2019-transparency-report.pdf)



08

Appendices



Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant 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 NAO Code, the financial reporting requirements set out in the Code of Practice on Local Fund Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

	Planned fee 2019/20	Final Fee 2018/19
	£	£
Scale Fee - Code work (1)	16,170	16,170
Additional fee for IAS 19 assurance to the auditor of LB Bromley	5,000	-
Additional fee for work on the 2019 triennial valuation of the Fund (2)	TBC	-
Total indicative Pension Fund fee	TBC	16,170

- In addition, we are in an unprecedented period of change. A combination of pressures are impacting Local Audit and has meant that the sustainability of delivery is now a real challenge. As an illustration, 85 organisations within the PSAA regime had not yet received their 2018/19 audit opinion as at the end of January 2020.
- This in combination, is requiring us to revisit with PSAA the basis on which the scale fee was set. The factors behind this are explained in more detail on the following pages.

The agreed fee presented is based on the following assumptions:

- Officers meeting the agreed timetable of deliverables;
- Our accounts opinion 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 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.

All fees exclude VAT

1. For 2019/20 the scale fee may be impacted by a range of factors (see page 6), which we will update the Committee on, as the audit progresses
2. For 2019/20 we will need to undertake some further work to gain assurance over the 2019 triennial valuation of the Fund. The triennial valuation informs both the assessment of the IAS19 liabilities in the Council's financial statements and the actuarial present value of promised retirement benefits in the Pension Fund financial statements. We will update the Committee with further details of the additional fee in due course.

Fees

We do not believe the existing scale fees provide a clear link with both a public sector organisation's risk and complexity. For an organisation such as Bromley Pension Fund the extent of audit procedures now required mean we estimate it will take over 630 hours to complete a quality audit, bringing the audit fee to £54,273. Current commercial benchmarks for audits of this size and complexity would be in excess of £100 per hour.

Summary of key factors

1. **Status of sector.** Financial reporting and decision making in local government has become increasingly complex, for example from the growth in commercialisation, speculative ventures and investments. This has also brought increasing risk about the financial sustainability / going concern of bodies given the current status of the sector.
 - To address this risk our procedures now entail higher samples sizes of transactions, the need to increase our use of analytics data to test more transactions at a greater level of depth. This requires a continual investment in our data analytics tools and audit technology to enhance audit quality. This also has an impact on local government with the need to also keep pace with technological advancement in data management and processing for audit
2. **Audit of estimates.** There has been a significant increase in the focus on areas of the financial statements where judgemental estimates are made. This is to address regulatory expectations from FRC reviews on the extent of audit procedures performed in areas such as the valuation of land and buildings and pension assets and liabilities.
 - To address these findings, our required procedures now entail higher samples sizes, increased requirements for corroborative evidence to support the assumptions and use of our internal specialists.
3. **Regulatory environment.** Other pressures come from the changing regulatory landscape and audit market dynamics:
 - Parliamentary select committee reports, the Brydon and Kingman reviews, plus within the public sector the Redmond review and the new NAO Code of Audit practice are all shaping the future of Local Audit. These regulatory pressures all have a focus on audit quality and what is required of external auditors.
 - This means continual investment in our audit quality infrastructure in response to these regulatory reviews, the increasing fines for not meeting the requirements plus changes in auditing and accounting standards. As a firm our compliance costs have now doubled as a proportion of revenue in the last five years. The regulatory lens on Local Audit specifically, is greater. We are three times more likely to be reviewed by a quality regulator than other audits, again increasing our compliance costs of being within this market.

Fees

Summary of key factors (cont'd)

4. As a result Public sector auditing has become less attractive as a profession, especially due to the compressed timetable, regulatory pressure and greater compliance requirements. This has contributed to higher attrition rates in our profession over the past year and the shortage of specialist public sector audit staff and multidisciplinary teams (for example valuation, pensions, tax and accounting) during the compressed timetables.
 - We need to invest over a five to ten-year cycle to recruit, train and develop a sustainable specialist team of public sector audit staff. We and other firms in the sector face intense competition for the best people, with appropriate public sector skills, as a result of a shrinking resource pool. We need to remunerate our people appropriately to maintain the attractiveness of the profession, provide the highest performing audit teams and protect audit quality.
 - We acknowledge that local authorities are also facing challenges to recruit and retain staff with the necessary financial reporting skills and capabilities. This though also exacerbates the challenge for external audits, as where there are shortages it impacts on the ability to deliver on a timely basis.





Next steps

- In light of recent communication from PSAA, we have quantified the impact of the above to be able to accurately re-assess what the baseline fee is for the Pension Fund should be in the current audit environment, which is the £54,273 disclosed above. Please note this is before considering the impact of COVID-19 which is uncertain at the time of writing this report. We are then in a position to be able to discuss at a more detailed level with you and with PSAA.

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
Required communications	 What is reported?	  When and where
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. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	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
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"> ▶ A declaration of independence ▶ The identity of each key audit partner ▶ The use of non-member firms or external specialists and confirmation of their independence ▶ The nature and frequency of communications ▶ A description of the scope and timing of the audit ▶ Which categories of the balance sheet have been tested substantively or controls based and explanations for significant changes to the prior year, including first year audits ▶ Materiality ▶ Any going concern issues identified ▶ Any significant deficiencies in internal control identified and whether they have been resolved by management ▶ Actual or suspected non-compliance with laws and regulations identified relevant to the General Purposes and Licensing Committee ▶ The valuation methods used and any changes to these including first year audits ▶ The scope of consolidation and exclusion criteria if any and whether in accordance with the reporting framework ▶ The identification of any non-EY component teams used in the group audit ▶ The completeness of documentation and explanations received ▶ Any significant difficulties encountered in the course of the audit ▶ Any significant matters discussed with management ▶ Any other matters considered significant 	<p>Audit planning report 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	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Corrected misstatements that are significant ▶ Material misstatements corrected by management 	Audit results report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Audit Sub-Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ A discussion of any other matters related to fraud 	Audit results report
Related parties	<ul style="list-style-type: none"> ▶ Significant matters arising during the audit in connection with the entity's related parties including, when applicable: ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	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
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"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <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"> ▶ Relationships between EY, the Pension Fund and senior management, its affiliates and its connected parties ▶ Services provided by EY that may reasonably bear on the auditors' objectivity and independence ▶ Related safeguards ▶ Fees charged by EY analysed into appropriate categories such as statutory audit fees, tax advisory fees, other non-audit service fees ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ 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 ▶ Details of any contingent fee arrangements for non-audit services ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Audit Committee should also be provided an opportunity to discuss matters affecting auditor independence 	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"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ 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 ▶ 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 	Audit results report
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	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"> ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report
Fee Reporting	<ul style="list-style-type: none"> ▶ Breakdown of fee information when the audit plan is agreed ▶ Breakdown of fee information at the completion of the audit ▶ Any non-audit work 	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 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

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

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ED None

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Report No.
FSD 20052

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 15 July 2020**

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

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). The statement must be published with the Statement of Accounts.

2. **RECOMMENDATION(S)**

1. **To comment on the 2019/20 Annual Governance Statement, attached as Appendix A.**
2. **To agree the 2019/20 Annual Governance Statement subject to any changes made as a result of Recommendation One.**

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: £541k 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: 940 audit days were proposed to be spent on the original 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 Manager 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 & Assurance's 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 A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with

prudent financial management, but there remains a “budget gap” of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the COVID- 19 pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council’s financial forecast projections.

3.5.4 Valuation of Fixed Assets

3.5.5 Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council’s 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council’s assets.

3.5.6 Impact of COVID-19 pandemic on service delivery

3.5.7 The COVID-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society. This pandemic is causing a significant impact on Local Government and the Council has had to adapt to this changing landscape. There are risks to service delivery; for example an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services. In common with many organisations, the Council has shifted to employees working from home and adopted new operating models to continue business. It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council’s Transformation Programme 2020-23, and its ability to close the Council’s budget gap of £16.9m by 2023/24.

3.6 Looking back on 2018/19

3.6.1 Page 19 of the statement outlines the progress made on issues identified in the 2018/19 statement.

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

Non-Applicable Sections:	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 2019/20

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1. Executive Summary

The Leader of the Council and 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, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley

[Building a Better Bromley](#)

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 31st March 2020 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 2018/19 Annual Governance Statement is detailed on pages 19 to 22.

Three areas, detailed overleaf, have been identified as requiring further work during 2020/21:

Governance Issue	Action	Lead Officer
<p>Finance</p> <p>A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with prudent financial management, but there remains a “budget gap” of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the Covid 19 Pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council’s financial forecast projections.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of around £100m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government placing severe reductions in the level of grant support, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2020/21 Budget and update on the Council’s Financial Strategy 2021/22 to 2023/24</p>	<p>Director of Finance</p>
<p>Valuation of Fixed Assets</p> <p>Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council’s 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council’s assets.</p>	<p>The agreed sample of assets for the 19/20 Valuation was undertaken by a new external valuation team – meeting the valuation deadline for 31 March 2020. Valuation methodology has been shared with the external auditors. Recommendations as to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations have been made as part of the Transforming Property to a Corporate Landlord proposals which will see the Council recruiting a Registered Valuer, agreeing methodology statements and enhancing its data sets and source data/record keeping for Asset Valuations during 2020.</p>	<p>Assistant Director, Strategic Property</p>
<p>Impact of COVID-19 pandemic on service delivery</p> <p>The Covid-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society.</p> <p>This pandemic is causing a</p>	<p>The Government has provided additional grant funding. To aid cash flow, the Government made up front payments of grants, including pre-COVID-19 business rates relief compensation and support grant. The Government announced that councils would also be allowed to defer business rates central share payments due to the Government over the next three months and</p>	<p>Chief Executive and Corporate Leadership Team</p>

significant impact on Local Government and the Council has had to adapt to this changing landscape.

There are risks to service delivery; from for example an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services.

In common with many organisations the Council has shifted to employees working from home and adopted new operating models to continue business

It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m Million by 2023/24

social care grants would all be paid in April 2020 rather than monthly in April, May and June.

The Council is doing remarkable work to address the challenges brought by COVID-19.

Strategic and Tactical Coordination Groups have been established to mitigate the impact on the Council's services:

- Meeting and reporting structures are in place
- Decision making processes have been streamlined
- Action has been taken to mitigate surge in identified critical services
- Effective partnership working has taken place to collectively mitigate risks
- Overarching command and control structure for London Local authorities are in place
- Effective communications strategy and delivery are in place
- Mutual aid agreement is in place across the South East Boroughs
- Adoption of financial relief measures offered by Government
- HR processes refined and in place to support

The Council will development and implement a recovery strategy

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 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
<ul style="list-style-type: none"> • Having regard for the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership
<ul style="list-style-type: none"> • Being accountable for decisions to the public and co-operating fully with whatever scrutiny is appropriate to one’s office
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Adherence to ethical values and respect for the rule of law
<ul style="list-style-type: none"> • 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
<ul style="list-style-type: none"> • Ensuring transparency of decisions supported by an effective scrutiny and challenge process

- Consulting with residents during the budget setting process for 2020/21 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 1st April 2019 to 31st March 2020 but it should remain up to date until the accounts are approved and audited.

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.

In response to the Covid 19 pandemic the Council considered as a matter of urgency a number of amendments to its governance processes in order to ensure that effective decision making could continue whilst democratic accountability was preserved during the coronavirus pandemic.

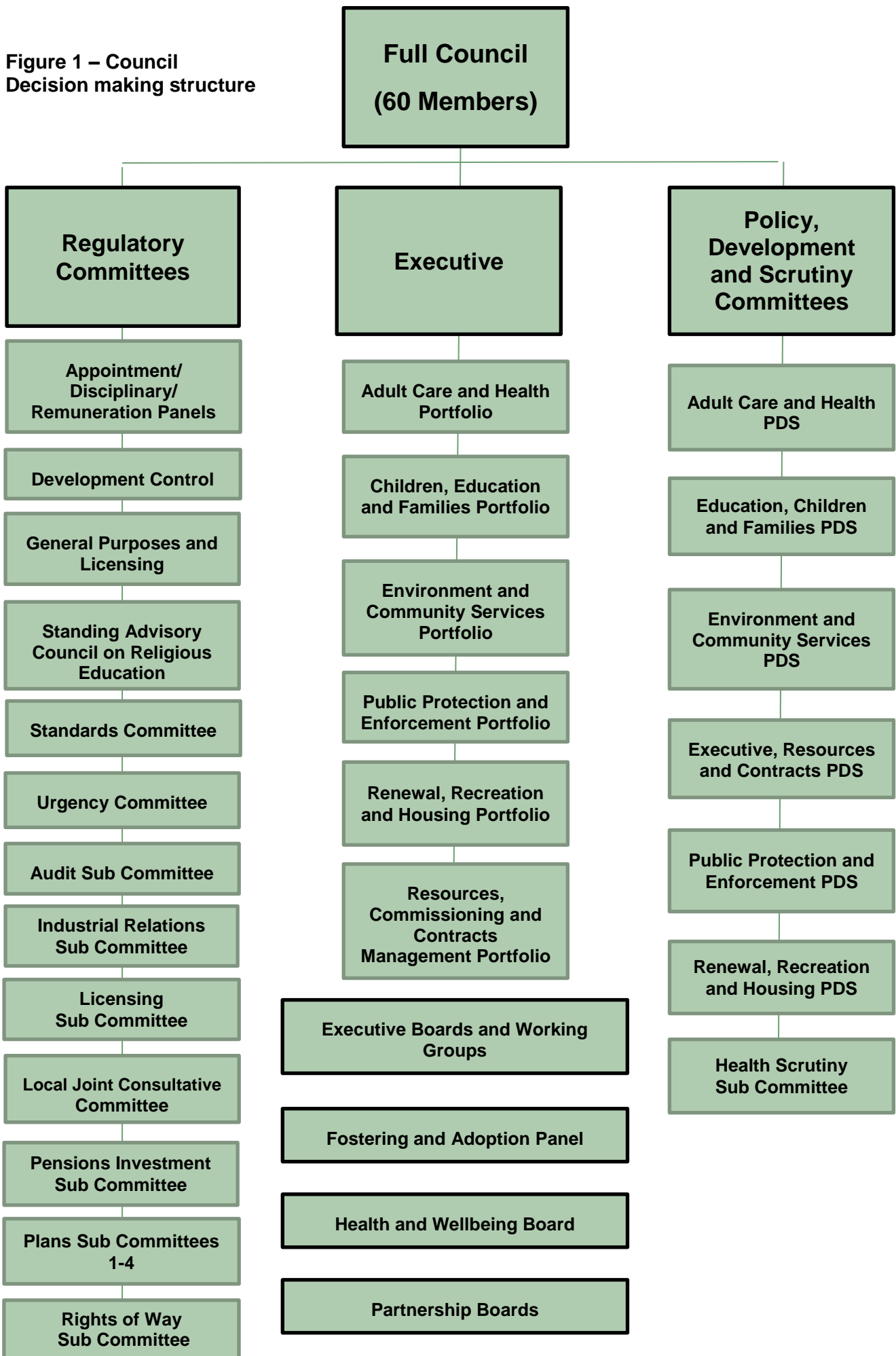
The measures were designed to help the Council redeploy its resources to deal with the pandemic and ensure essential business continued whilst upholding democratic principles and protecting the health and safety of Members, officers and the public in line with official public health guidance.

This included:

- ▶ The rules and protocols for virtual meetings
- ▶ The programme of meetings was suspended with the exception of Executive, Resources and Contracts PDS Committee, Development Control Committee, Planning Sub-Committees and Licensing Sub-Committee meetings.
- ▶ The Chief Executive with the agreement of the Mayor and the Leader was authorised to reinstate the meeting programme as soon as possible.
- ▶ During the period that the meeting programme was suspended the Mayor or the Chairman of a relevant committee or sub-committee can require that a meeting of Council or a relevant committee is called.
- ▶ Where a non-executive matter (save for a licensing or planning decision) was not reserved to Members the Chief Executive with the agreement of the Mayor or the relevant committee Chairman may make that decision.
- ▶ Attendance at a virtual meeting would count towards attendance under the 6 month rule.
- ▶ There would be a regular review of the arrangements as and when the advice/approach from the Government changes. In any event there should be a review of the arrangements no later than the end of June 2020.

The established decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



5. Outcomes and Value for Money

5.1 Building a Better Bromley

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 to 2022 - 2019/20 refresh](#)

[Children, Education and Families Portfolio Plan 2018 to 2022 - 2019/20 refresh](#)

[Environment and Community Services Portfolio Plan 2019/20](#)

[Public Protection and Enforcement Portfolio Plan 2019/20](#)

[Housing, Regeneration and Planning Portfolio Plan, January 2020 refresh](#)

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

[Adult Care and Health Portfolio Plan update - Quarter Two covering report \(November 2019\)](#)

[Adult Care and Health Portfolio Plan - Quarter Two update on progress \(November 2019\)](#)

[Children, Education and Families Portfolio Plan 2019/20 Update \(October 2019\)](#)

[Environment and Community Services Performance Overview \(January 2020\)](#)

[Public Protection and Enforcement Performance Overview - Quarter Three update on Progress \(February 2020\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three covering report \(January 2020\)](#)

[Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three update on progress \(January 2020\)](#)

5.3 Managing our Resources (Value for Money)

The Accounts and Audit Regulations 2015 require the Statement of Accounts to be considered and approved by resolution of a Committee or Full Council. Following approval, the Statement of Accounts must be signed and dated by the person presiding at the meeting at which that approval was given. Before the Committee is able to approve, the Director of Finance must re-confirm on behalf of the authority that he is satisfied that the Statement of Accounts presents a true and fair view of the financial position of the authority at the end of the financial year and of the authority's income and expenditure for that year.

Prior to the Accounts and Audit (Coronavirus) (Amendment) Regulations 2020, in which statutory deadlines for 2019/20 accounts have been extended, with draft accounts requiring approval by 31st August 2020, the regulations stated that, following approval, but no later than 31st July, the authority must publish the Statement of Accounts together with any audit certificate or opinion, the Annual Governance Statement and the Narrative Statement. Where an audit of accounts has not been concluded before the 31st July the authority must publish a notice stating that it has not been able to publish the Statement of Accounts and its reasons for this. The Statement of Accounts must then be published "as soon as reasonably practicable after the receipt of any report from the auditor which contains the auditor's final findings from the audit".

2018/19 was the second year of the new accelerated accounts closure timetable implemented under the Accounts and Audit Regulations 2015. The draft accounts were approved by the Director of Finance on 31st May 2019 and were published on the Council's website. The audit commenced on 3rd June 2019.

The audit had not progressed as smoothly or quickly as planned and a 'Notice of Delayed Audit' was published on the Council's website on 31st July 2019.

Ernst & Young LLP (EY) have not yet been able to conclude their audit of the Council's main accounts due to issues relating to asset valuations. In all other respects the audit is now substantially complete. Officers discussed with the Valuation Contractor a timetable for this work to be completed to avoid any further impact which could, in turn, result in delays in producing the 2019/20 accounts.

The external auditors, EY, have issued their report on the main financial statements and accounts for 2018/19 and the pension fund accounts. These reports include the findings from the interim and final audits and recommendations for improvement. As the audit for the main accounts is not yet concluded, both the audit report and the management representation letter are in draft form at this stage. The auditors are required to report all uncorrected audit differences, other than those that they believe are clearly trivial, to those charged with governance. They are also required to report any material misstatements which have been corrected and which they believe should be communicated to the relevant Committee to assist in fulfilling governance responsibilities. A number of amendments will be required to correct for the material errors in the valuation of the Council's long term physical assets in both the current and previous year accounts. A number of other amendments have been made to the financial statements as a result of the audit work which the auditors do not consider to be significant. None of these matters have an impact on the Council's revenue accounts or general fund balance. There are no non-trivial audit differences which remain uncorrected on either the pension fund or the financial statements.

The auditors are required to inform the General Purposes and Licensing Committee of any significant findings from the audit and other matters if they are significant to their oversight of the Council's financial

reporting process. There are no matters that the auditors wished to draw to the attention of the Committee other than those highlighted in the auditor's report.

The auditor's report also reviews accounting systems and systems of internal control as part of an assessment of the control environment. They are required to report to this Committee any significant deficiencies in internal control. They have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in the financial statements. They have, however, identified three areas where internal control should be improved. There are a further two recommendations arising from the valuation of land and buildings.

Value For Money (VFM) Conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'. For 2018/19 this is based on the overall evaluation criterion "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people". At the planning stage, the auditors identified no significant risks relating to the Council's arrangements. As part of their year-end programme of work they have updated their understanding of the Council's arrangements including consideration of the financial outturn and remain satisfied that there are no significant risks. As a result they expect to issue a conclusion that they are satisfied the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of the resources for the year ended 31st March 2019.

The Council's Accounts and related records were made available for public inspection for 30 working days between 3rd June 2019 and 12th July 2019. This is a requirement of the Regulations and must take place prior to the completion of the audit.

An elector in the Bromley borough has raised an objection to the 2018/19 accounts. The objection was submitted on 6th July. The objections to the 2016/17, 2017/18 and 2018/19 accounts are from the same elector. As a result of these objections the audit for these years cannot be formally concluded and an audit certificate issued.

The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 15th January 2020. Forward financial planning and financial management is a key strength at Bromley and this has been recognised previously by our external auditors. This report continues to forecast the financial prospects for the next 4 years and includes the outcome of the Provisional Local Government Finance Settlement 2020/21. It is important to note that some caution is required in considering any projections for 2021/22 to 2023/24 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. Since writing this the impact of the Covid 19 pandemic has begun to be felt and therefore along with all organisations this will have a significant impact on the Council's Financial Strategy which cannot be fully assessed at this stage

[Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24](#)

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 2020-21.

Two round table meetings for representatives of the Borough's residents' associations were held at the Civic Centre. These meetings were attended by 44 people from 28 associations, out of the 161 associations invited from across the Borough. Background information was uploaded to the Council's website and distributed to the residents' association representatives. 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 more in order to maintain our Borough as the great place it is in which to live, work, do business, as well as relax.

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 can be found in Appendix 9 (page 116 onwards) of the Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24.

[Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24](#)

6. How do we know our arrangements are working?

6.1 The Role of Management

The senior officer forum is the Chief Officer's Executive (COE). Membership includes the Chief Executive and his senior leadership team:

- Chief Executive
- Director of Children's Services
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources and Customer Services

The purpose of the Chief Officer's Executive (COE) is:

- ▶ High-level officer decision making: COE is the highest officer forum for high-level decision making to facilitate the effective working of the organisation.
- ▶ Discussion of governance issues / review of the Council's Forward Plan: COE is the officer forum for the discussion of any key governance issues and review's the Council's Forward Plan on a regular basis to ensure smooth and timely decision making
- ▶ Information sharing: an opportunity for Directors to provide high-level updates of activity in their respective service areas in an informal environment
- ▶ Review progress of COE sponsored working groups reporting to Corporate Leadership Team (CLT): CLT working groups will report into COE for advice and guidance prior to reporting back to CLT
- ▶ Overview of the delivery of the Transforming Bromley agenda: COE Transformation Board is an extension of COE and meets fortnightly to oversee the successful delivery of the Transformation Programme and the key principles of the Transforming Bromley Roadmap.

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 & Assurance in its membership, oversees the Council's governance arrangements and delivery of the Annual Governance Statement.

Each Director retains responsibility for the Risks and Controls within their division, with Internal Audit coordinating the Risk Management process via the Corporate Risk Management Group and Audit Sub Committee.

Formal scrutiny of the Risk Registers was undertaken by the Corporate Risk Management Group on 30th January 2020 and the Gross 'High' (Red) rated risks for the respective areas falling under PDS Committee remit presented to their meetings.

The Standards Committee of 12 March 2020 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standard issues including the revised Code of Conduct, Complaints, Dispensations granted by the Monitoring Officer and Members' Gifts and Hospitality Register entries.

[Monitoring Officer's General Report 12th March 2020](#)

[Appendix 1 \(Member/Officer Protocol\)](#)

[Appendix 2 \(Gifts and Hospitality Declarations\)](#)

[Appendix 3 \(Work Programme and Matters Outstanding\)](#)

[Appendix 4 \(Code of Conduct for Councillors and Co-opted Members\)](#)

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.

6.3 Our Governance Framework

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

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

6.4 Annual Governance Assurance Statement

Each member of the COE 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 and the Care Quality Commission (CQC) joint local area SEND inspection in Bromley (16th – 20th September 2019)

[Joint Local SEND Inspection in Bromley \(Ofsted Letter 8th November 2019\)](#)

[Joint Local SEND Inspection in Bromley \(Press Release 23rd December 2019\)](#)

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. The latest updates to the Charter were approved by the Audit Sub Committee on the 26 February 2020.

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 & Assurance 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 2019/20, 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. The work undertaken as part of reviewing the evidence for this statement further demonstrates that governance, risk and control systems meet the best practice framework.

The Covid-19 pandemic has had disruptive and unprecedented effects on Local Government and the Council has had to adapt to this changing landscape. There are risks to service delivery; from for example, an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services. The Council adopted new operating models to continue its work and deliver new initiatives. It has approached this ensuring that appropriate, proportionate controls and financial stewardship have been considered and adopted where needed.

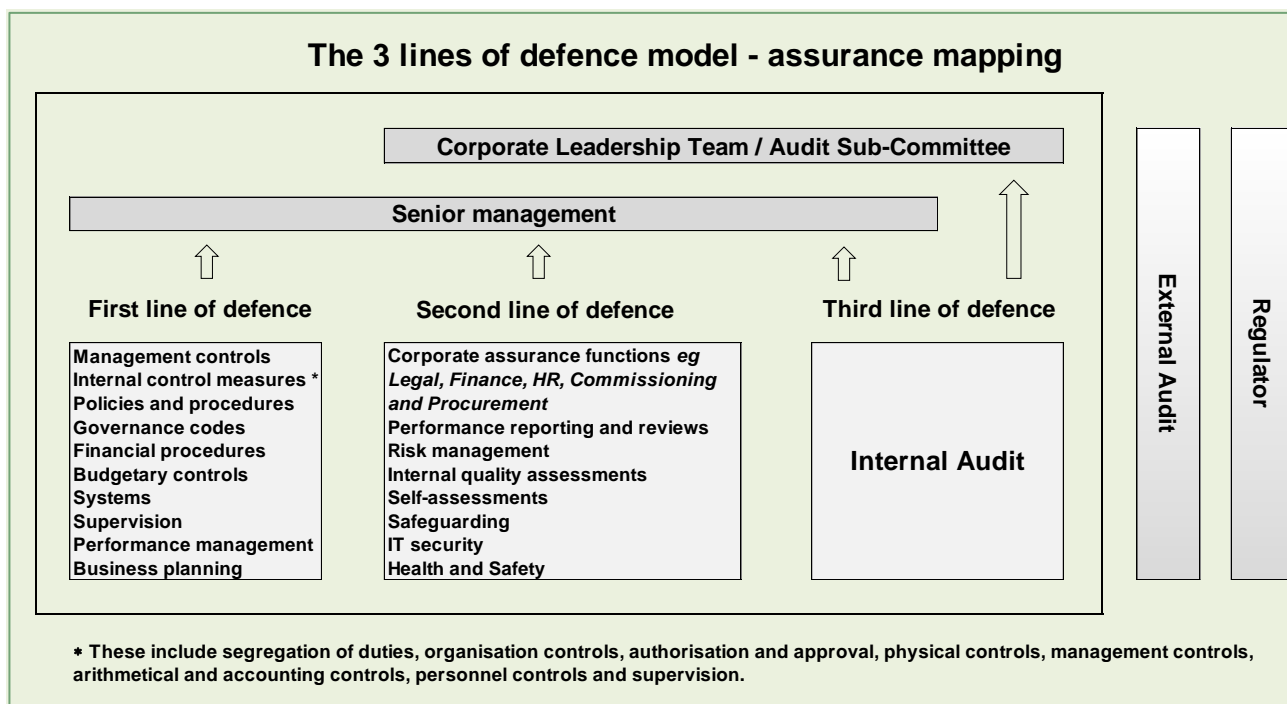
7. Our Strategic Risks

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 published Corporate Risk Register can be viewed via following the link

[Corporate Risk Register](#)

8. Looking Back on 2018/19

Governance Issue	Action	Progress
<p>Finance 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 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.</p> <p>Draft 2019/20 Budget and update on Council's Financial Strategy 2020/21 to 2022/23</p>	<p>The Council has achieved a balanced budget in 2019/20 and a combination of an improved local government financial settlement in 2020/21 combined with identifying savings and income opportunities as well as continuing with prudent financial management has resulted in a balanced budget (pre Covid-19) in 2020/21 and there remains a "budget gap" of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. It is not clear whether the significant additional costs/loss of income from Covid 19 would be fully met from Government funding which could have an impact on the Council's finances in 2020/21 as well as potentially future years. The projections (pre Covid-19) from 2021/22 had to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited.</p>
<p>Health and Safety/Fire Safety Compliance Strengthen the Health and Safety Management systems and processes across the Council ensuring compliance with good practice.</p>	<p>Health and Safety Risk Assessments 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>Fire Safety Risk Assessments 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"> • 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 	<p>Health and Safety Risk Assessments. Each department was asked to identify four risk areas within their departments and then were subsequently asked to carry out a risk assessment for each of them. Due to the current circumstances with COVID-19, there has been a delay in receiving some risk assessments, however Corporate Health and Safety are keeping a record of all risk assessments received and have been starting to follow up again to remind departments to carry out those that remain outstanding, whilst taking into the account the additional workload many departments are facing currently. As many departments identified lone working as one of their risks an external officer was commissioned</p>

	<p>externally, to ensure that responsible personnel are enabled to carry out their duties correctly and with confidence.</p>	<p>to carry out a risk assessment for lone working which has now been completed and sent out to all departments. Other risk assessments were also completed by an external officer for areas across the Council, such as the North Block Reception Area. Actions that need to be carried out by departments are specified in their risk assessments. Due to the current circumstances, there has been a delay in carrying out these action plans, however meetings regarding carrying the actions out should still be going ahead.</p> <p>Fire Safety Risk Assessments</p> <p>i) Corporate Health and Safety has received a list of fire responsible people for buildings that are overseen by Environment and Public Protection. HR is currently in the process of identifying who would be best placed to be the fire responsible people for all other buildings, and where required training will be commissioned. Additionally, the list of fire wardens has been updated with a view to ensuring that there are a sufficient number of fire wardens in the right places. The corporate health and safety group agreed to review the list twice a year to take account of staff movement and resignation in particular. The training record of fire wardens is also being updated and a refresher training is being commissioned by Workforce Development.</p> <p>ii) Amey holds copies of all fire risk assessments carried out on their Concept Database, which can be provided to LBB on request.</p> <p>iii) Research has been carried out regarding the virtual training options available. Training will be commissioned for all the people identified as requiring it.</p>
<p>Contract Management and Monitoring Strengthen control arrangements and effectiveness of Contract Management.</p>	<p>i) Clarify and communicate to all staff their roles and responsibilities in respect of the management of key contracts.</p> <p>ii) Monitor compliance against Contract Procedure Rules Contract Monitoring</p>	<p>i) Clarification and communication of roles and responsibilities</p> <ul style="list-style-type: none"> • Regular communications and Practice / Guidance notes to staff • Updating of Contract

	<p>requirements, identifying any issues for action to be taken through the Chief Officers' Executive/Corporate Leadership Team.</p> <p>iii) 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>iv) 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>Procedure Rules to improve clarity of roles and responsibilities</p> <ul style="list-style-type: none"> • Quarterly Contract Owners meeting in place, a workshop to discuss Procurement and Contract Management issues with key topics at each meeting <p>ii) Monitoring compliance against Contract Procedure Rules</p> <ul style="list-style-type: none"> • Regular review of Contracts Database • Improved engagement with Procurement team for advice and guidance • Feedback to CLT • Specific action taken in relation to guidance issued on Contract Monitoring requirements and reporting to Members <p>iii) Via the Procurement Board, periodically review contract management and contract monitoring issues for key contracts</p> <ul style="list-style-type: none"> • Procurement Board is in place, meets regularly and monitoring of key contracts is standard part of agenda <p>iv) Embed learning and best practice for contract management</p> <ul style="list-style-type: none"> • Practice Notes regularly issued as required • Quarterly Contracts Owners meeting in place <p>While there are no specific issues for which action is required, all these actions (and others) need to be repeatedly communicated and reviewed on an ongoing basis to ensure they remain embedded within the organisation.</p>
<p>Valuation of Fixed Assets Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council's 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council's</p>	<p>The Council's Assistant Director, Strategic Property, is working with our external real estate property advisors/valuers to ensure that this work is completed within a timescale to allow restatement of the Council's accounts prior to the end of the current financial year.</p>	<p>A significant exercise was undertaken to ensure the Council's asset base was re-valued and reviewed prior to the end of the financial year using methodology agreed with by the external auditors real estate team. However, the external auditors have and continue to raise various queries as to the detail in how assets valuations have been</p>

assets.		<p>calculated, which have not impacted on the valuations themselves, but has taken the Council's external real estate property advisors/valuers time to answer. The availability of external auditor resource combined with the continued request for further clarifications from the Council's external real estate property advisors has meant that the restatement of the Council's assets was not delivered prior to the end of the financial year.</p> <p>The need for the Council to employ a Registered Valuer and to agree valuation methodology together with source data/record keeping for Asset Valuations was made clear during this exercise. The Assistant Director of Strategic Property will be making recommendations to rectify these issues.</p>
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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 pages 3 and 4 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.....

Chief Executive

Leader of the Council

Date.....

Date.....

Appendix 1 – Links to Documents

Page 2	Building a Better Bromley
http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley	
Page 3	Draft 2020/21 Budget and Update on Council's Financial Strategy 2021/22 to 2023/24
https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf	
Page 10	Adult Care and Health Portfolio Plan 2018 to 2022 - 2019/20 refresh
https://cds.bromley.gov.uk/documents/s50071795/2019%20ACH%20Portfolio%20Plan%20Refresh.pdf	
Page 10	Children, Education and Families Portfolio Plan 2018 to 2022 - 2019/20 refresh
https://cds.bromley.gov.uk/documents/s50078269/CEF%2019015%20CEF%20Portfolio%20Plan%202019-20%20Covering%20Report%20October%202019.pdf	
Page 10	Environment and Community Services Portfolio Plan 2019/20
https://cds.bromley.gov.uk/documents/s50070209/Appendix%201%20Environment%20Community%20Services%20Portfolio%20Plan%20draft.pdf	
Page 10	Public Protection and Enforcement Portfolio Plan 2019/20
https://cds.bromley.gov.uk/documents/s50061439/appendix%201%20draft%20PPE%20PP.pdf	
Page 10	Housing, Regeneration and Planning Portfolio Plan, January 2020 refresh
https://cds.bromley.gov.uk/documents/s50078061/2019-20%20Housing%20Regeneration%20and%20Planning%20Portfolio%20Plan%20Q3%20update.pdf	
Page 10	Adult Care and Health Portfolio Plan update - Quarter Two covering report (November 2019)
https://cds.bromley.gov.uk/documents/s50075116/ACH19012%202019%2011%2019%20ACH%20Portfolio%20Plan%20Q2%20update%20report.pdf	

Page 10	Adult Care and Health Portfolio Plan - Quarter Two update on progress (November 2019)
https://cds.bromley.gov.uk/documents/s50075117/ACH19012%202019%20ACH%20Portfolio%20Plan%20Q2%20Update.pdf	
Page 10	Children, Education and Families Portfolio Plan 2019/20 Update (October 2019)
https://cds.bromley.gov.uk/documents/s50078270/CEF%2019015%20CEF%20Portfolio%20Plan%202019-20%20update%20October%202019.pdf	
Page 10	Environment and Community Services Performance Overview (January 2020)
https://cds.bromley.gov.uk/documents/s50078245/ECS%20Performance%20Overview.pdf?CT=2	
Page 11	Public Protection and Enforcement Performance Overview - Quarter Three update on Progress (February 2020)
https://cds.bromley.gov.uk/documents/s50078363/PPE%20Performance%20Overview.pdf	
Page 11	Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three covering report (January 2020)
https://cds.bromley.gov.uk/documents/s50078060/RRH%20PDS%20210120%20-%20Portfolio%20Plan%20-%20Quarter%203%20-%20report.pdf	
Page 11	Renewal, Recreation and Housing Portfolio Plan 2019/20 - Quarter Three update on progress (January 2020)
https://cds.bromley.gov.uk/documents/s50078061/2019-20%20Housing%20Regeneration%20and%20Planning%20Portfolio%20Plan%20Q3%20update.pdf	
Page 12	Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24
https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf	
Page 13	Draft 2020/21 Budget and update on the Council's Financial Strategy 2021/22 to 2023/24
https://cds.bromley.gov.uk/documents/s50077894/Executive%20150120%20Draft%20Budget%20Report.pdf	
Page 14	Monitoring Officer's General Report 12th March 2020

https://cds.bromley.gov.uk/documents/s50080472/MONITORING%20OFFICERS%20GENERAL%20REPORT%20ART%20REPORT%20TEMPLATE.pdf	
Page 14	Appendix 1 (Member/Officer Protocol)
https://cds.bromley.gov.uk/documents/s50080473/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 14	Appendix 2 (Gifts and Hospitality Declarations)
https://cds.bromley.gov.uk/documents/s50080474/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 14	Appendix 3 (Work Programme and Matters Outstanding)
https://cds.bromley.gov.uk/documents/s50080475/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 14	Appendix 4 (Code of Conduct for Councillors and Co-opted Members)
https://cds.bromley.gov.uk/documents/s50080477/Appendix%20for%20MONITORING%20OFFICERS%20GENERAL%20REPORT.pdf	
Page 14	Audit Sub Committee Meetings (Agendas, Papers, Minutes)
http://cds.bromley.gov.uk/ieListMeetings.aspx?CId=135&Year=0	
Page 16	Joint Local SEND Inspection in Bromley (Ofsted Letter 8th November 2019)
https://files.ofsted.gov.uk/v1/file/50136815	
Page 16	Joint Local SEND Inspection in Bromley (Press Release 23rd December 2019)
https://www.bromley.gov.uk/press/article/1569/bromley_welcomes_publication_of_send_report	
Page 18	Corporate Risk Register
https://cds.bromley.gov.uk/documents/s50064510/Appendix%20A2%20-%20Corporate%20Risk%20Register.pdf?CT=2	

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

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Report No.
FSD 20041

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 15 July 2020**

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

Chief Officer: Director of Finance

Ward: (All Wards)

1. Reason for report

This report informs the Audit Sub Committee of Internal Audit activity in 2019/20. 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 and Assurance's opinion on the internal control environment.

2. **RECOMMENDATION**

Members are asked to note the report and the Head of Audit and Assurance'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: £541K 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: 2019/20 940 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 Assurance 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 2019/20 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;
- providing advice for officers on governance and controls, 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 2019/20 activity and use of resources

3.4.1 The 2019/20 Audit plan identified a total of 59 separate tasks. 5 tasks were transferred to the 20/21 plan (Feb Audit Committee). 3 were cancelled. In addition, 9 audits were carried forward from 2018/19 and finalised in the year and 1 new task was added. By the end of the year work was either completed or in progress on a total of 57 projects, including carried forwards. 3 of those audits which have had some work undertaken will be combined with work identified in the revised 20/21 plan. 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 Impact of Covid 19 and associated Lockdown

3.4.3 In mid-March the country moved from the containment stage to the delay stage of the Covid-19 pandemic. The Council adopted principles, which included agile working from home, minimising public footfall, cancelling unnecessary gatherings and accelerating the use of tools for working from home. This was followed by full lockdown. This caused disruption to all services including Internal Audit. Traditionally the first 2 months of the new financial year includes time spent completing old year tasks, finalising reports and agreeing with management the action required to implement the audit recommendations.

- 3.4.4 Internal Audit has concentrated on enabling the Council to deliver front line services with resources redirected to anti-fraud work and supporting service delivery. This has resulted in most routine audits being suspended.
- 3.4.5 The support work included giving advice on new controls, processes, governance and financial procedures being put in place temporarily across the Council to reflect new ways of working, including home working and greater use of IT, as well as new responsibilities being placed on the Council.
- 3.4.6 Four members of staff were redeployed to services including Operation Shielding and processing of business support grant payments.
- 3.4.7 Auditors were separately carrying out checks to identify any instances of fraud and irregularity in schemes to distribute emergency funding and grants. It also liaised with government and sector counter fraud organisations to share intelligence reports, counter fraud tools and best practice in response to risks arising from those using the pandemic to commit fraud.
- 3.4.8 Risk Management continued to operate as normal with some focus given to risks and controls rising from Covid-19. Counter Fraud work continues although all face to face interviews under caution have been postponed. Currently the court is only accepting new prosecutions where there is a statutory requirement to do so. This enables the Council to submit cases to the court where the time limit is due to expire. In all other cases the Courts requested not to submit further matters for a set period. All cases currently in the system are being held in abeyance until the set period has expired and will then be considered and allocated dates as appropriate.
- 3.4.9 This meant that finalising some audits and reports and agreeing with management the action required to implement the audit recommendations have been delayed. More of the year's tasks are currently "work in progress" or cancelled/deferred than would have been the case without the disruption. However a sufficient number of audits have been completed to allow the Head of Audit and Assurance opinion to be formed. As we move into the restore phase of our strategic recovery plan draft reports will, when finalised, be reported to the next meeting of the Committee.
- 3.4.10 The days allocated to Departments is set out in Table 1 with a comparison to 2018/19

Table 1

Department	Actual Days 18/19	Department	Actual Days 19/20
Corporate	264	Corporate	215
Chief Executive's	180	Chief Executive's	277
Education Care and Health Services including Public Health	198	People	231
Environment and Community Services	153	Place	97
Anti-Fraud and Investigations	79	Anti-Fraud and Investigations	61
	N/A	Covid 19 including Advice & Assistance	51
Total	874		936

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 2019/20	59
Included in next year's plan at Feb Committee (5), cancelled (3), not started and will be considered for revised or future plan (4)	12
Completed tasks including reports at draft stage	39
Work in progress including 3 audits which will be combined with tasks in the new plan	9
Reports carried forward from 2018/19 and issued in 2019/20	9

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 and Assurance's opinion.

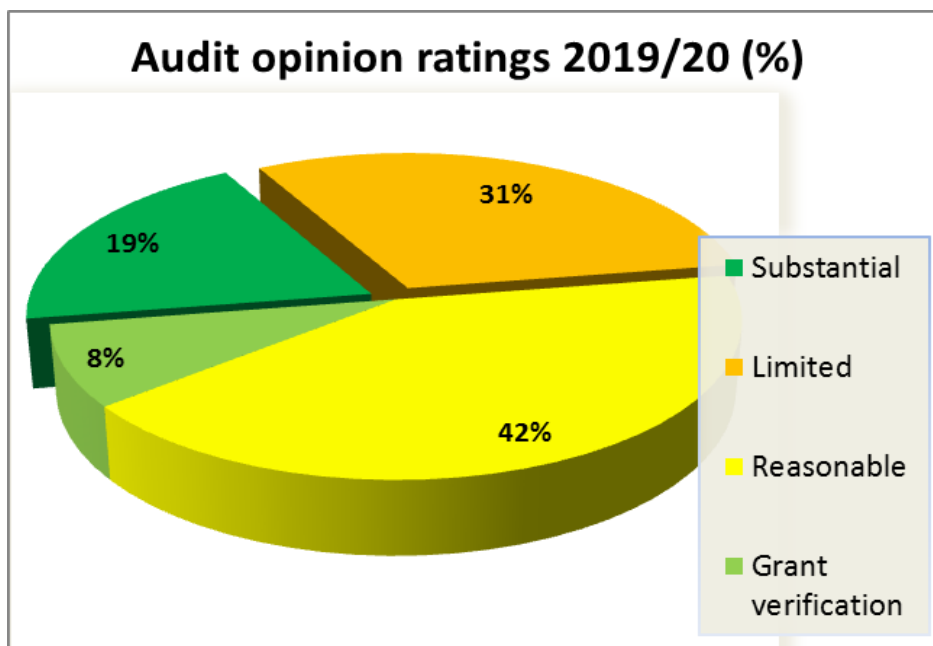
3.5.4 Further analysis is detailed in Appendix A

3.5.5 An Assurance rating was given in respect of 36 reviews at draft or final stage.

Table 3

Substantial Assurance	7
Reasonable Assurance	15
Limited Assurance	11
No Assurance	0
Sufficient evidence to support grant claims requiring Internal Audit verification	3

Chart 1



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

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

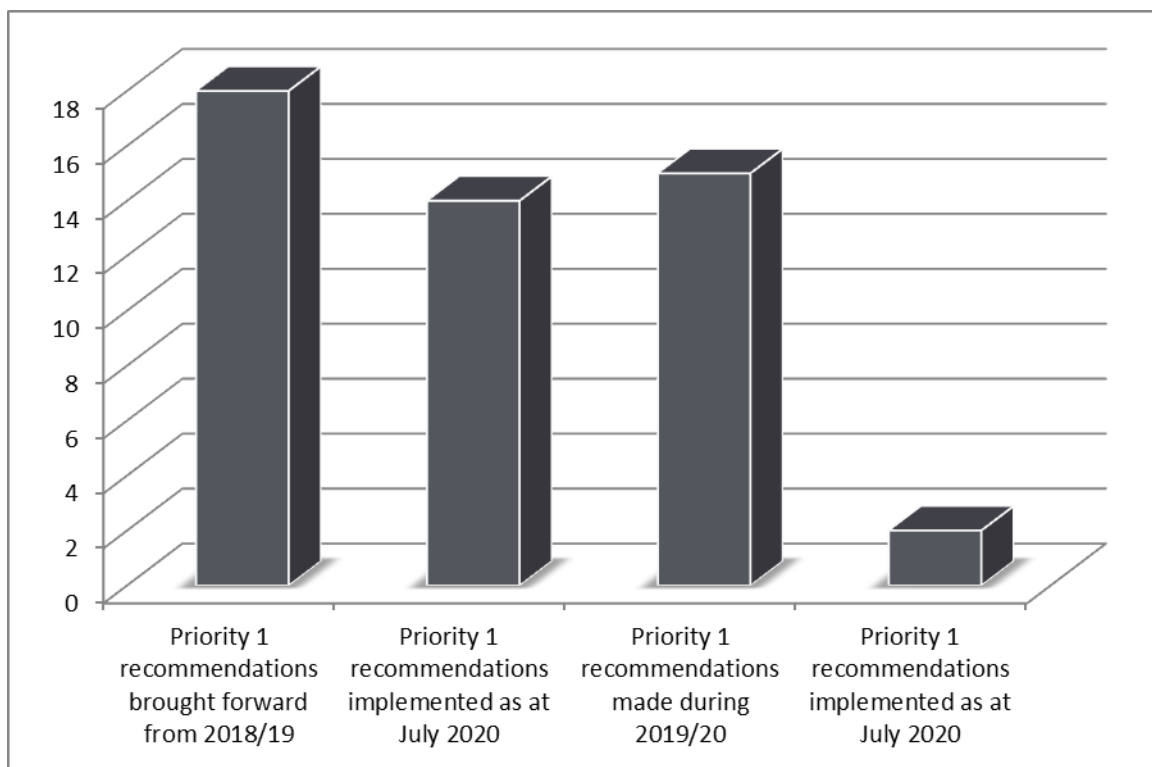
3.5.7 Members will be aware of the assurance categories and definitions for these. In addition there are some claims for external funding such as The Troubled Families Programme, Pothole Action Fund and Disabled Facilities Grant where the Internal Audit of each of the recipient authorities are required 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 June 2019, 18 Priority 1 recommendations were reported to the Audit Committee, brought forward from 2018/19; 14 of these recommendations were implemented during 2019/20. 15 new Priority 1 recommendations were reported during 2019/20 of which 2 were implemented prior to the July 2020 Committee and 17 Priority 1 recommendations have been carried forward to 2020/21.

Chart 2



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 and Assurance’s opinion in Section 3.8.

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, 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 26th February 2020, one key amendment has been made, to the Corporate Risk Register, by way of the addition of a risk reflecting the ‘Impact of COVID-19 pandemic on service delivery’.

3.6.3 At the Executive, Resources and Contracts PDS meeting of 5th 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. 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 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 2019 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
- Internal Audit's review of the supporting evidence for the Annual Governance Statement

3.8.2 The opinions on work completed to draft or final stage shows that 69% were classified as either substantial or reasonable assurance, or received a positive assurance that the terms of specific grants were met, with 31% receiving a limited assurance rating and no nil ratings. 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 1 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 2020/21 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 1 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 2019/20, 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 1 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 A potential balanced budget for next year has been achieved through identifying savings, generating income, an improved financial settlement from Government and continuing with prudent financial management, but there remains a "budget gap" of £0.8m in 2021/22 rising to £16.9m per annum in 2023/24. The projections from 2021/22 have to be treated with some caution, particularly as the Government's next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented from 2021/22 – the outcome, including the impact on individual councils, is still awaited. The impact of the Covid 19 Pandemic is yet to be fully assessed but is expected to have a significant effect on Public Services, including the Council's financial forecast projections.

3.8.8 **Valuation of Fixed Assets**

Issues have been identified relating to the methodology used for the valuation of fixed assets for reporting in the Council's 2018/19 Statement of Accounts. It is clear that a revised approach is necessary which will require significant work relating to a full re-valuation of the Council's assets.

3.8.9 **Impact of COVID-19 pandemic on service delivery**

The Covid-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society. This pandemic is causing a significant impact on Local Government and the Council has had to adapt to this changing landscape. There are risks to service delivery; from, for example, an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services. In common with many organisations the Council has shifted to employees working from home and adopted new operating models to continue business. It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m Million by 2023/24

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 245 referrals from 01/04/2019 to 31/03/2020. These are detailed in Appendix B of the Fraud Report on the agenda. Since last year's annual report, 61 cases were successfully prosecuted of which 58 cases related to Blue Badge misuse, 2 prosecutions were for Council Tax Fraud and 1 case of Business Rate Fraud.

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.

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

Audit	Status	Assurance rating
C/F from 2018/19 Plan		
Cyber Security Gap Analysis	Final	Reasonable
BT Contract Management	Final	Substantial
Mitigation of ICT Systems failures	Final	Reasonable
Creditors	Final	Limited
New Starters and Leavers	Final	Limited
Capital schemes for ECHS	Final	Reasonable
Domiciliary Care Contract management arrangements	Final	Limited
Extra Care Housing	Final	Limited
Highways Maintenance major works contract management	Final	Limited
2019/20 Plan		
Council's Transformation Strategy	Final	Substantial
Information Governance and General Data Protection Regulations (GDPR)	Clear desk review planned in March. Not started due to Covid-19	
Business Continuity and Emergency Planning	Final	Limited
Procurement Control Framework Compliance	Agreed to cancel as analysis from Procurement had not been completed	
Provision for investigations into irregularities	Progress reports to all meetings of Audit Sub Committee	Ongoing
Consultancy and advice to directorates	Ongoing	Completed
National Fraud Initiative 2019	Investigations carried out and co-ordination	Completed

	with relevant departments/ authorities	
Follow up and implementation of higher priority recommendations	Progress reports to all meetings of Audit Sub Committee	Individual conclusion as to whether recommendations can be considered implemented
Provision of training	Ongoing	Completed
External liaison with other authorities and agencies	Ongoing	Completed
Audit Report and Internal Audit Plan	Audit Report June 2019 Audit Plan Feb 2020	Completed
Risk Management	Regular reports to Audit Sub-Committee, CRMG and PDS Committees.	Complete
Annual Governance Statement	Governance Statement prepared for June 19 and July 20 Committee.	Complete
Delivery of ICT Strategy	Transferred to 2020 plan Feb Audit Committee due to delayed rollout	
CareFirst replacement	Provision of advice on controls required to project team	Ongoing
Treasury Management	Final	Substantial
Pension Administration	Final	Reasonable
Pension Fund	Terms of Reference issued	Work In Progress
Creditors	Not started, previous audit only issued	

	Sept 19.	
Debtors	Terms of Reference issued	Work In Progress
Main Accounting System and General Ledger	Final	Reasonable
Housing Benefit	Terms of Reference/field work will be merged with 2020/21 work	Suspended due to Covid 19 Work in Progress
Business Rates	Terms of Reference/field work Will be adapted to include Business Rates Holidays and added to 2020/21 plan	Suspended due to Covid 19 Work in Progress
Procurement Cards	Final	Limited
Tax Issues Arising from Procurement Cards	Final	New addition to plan, no overall opinion given
Council Tax	Final	Reasonable
Financial Regulations	Review completed	Consultation on revised versions delayed due to Covid 19
Schools Finance Team	Final Contract Management	Limited
Schools Finance Team	Contractor	Reasonable
Insurance	Final	Reasonable
Temporary Accommodation and Housing Rents	Transferred to 2020 Feb Audit Committee as new IT system introduced	
Registrars	Final	Substantial
Review of governance and contract documentation	Draft	Limited
Review of a sample contracts coming to an end	Final	Substantial
Payroll to include Staff overtime, allowances and expenses, including	Terms of Reference/	Suspended due to Covid 19. Will be merged with

mileage	Fieldwork	audit in 20/21 with revised Terms of Reference.
Engagement and use of consultants	Not started and suspended due to Covid 19	
Health & Social Care Integration	Final	Reasonable
Care Act	Final	Reasonable
Integration and Better Care Fund: The Disabled Facilities Capital Grant (DFG) determination 2018-19 [31/3337]	Final	Positive assurance that the conditions of the grant determination have been met
Mental Health Service Agreements and Section 117	Not started and suspended due to Covid 19	
Deferred Payments	Final	Reasonable
Appointeeship and Deputyship	Terms of Reference issued	Delayed due to Covid 19
Discharge to Assess	Transferred to 20/21 Feb Audit Committee due to change in service model	
Riverside school	Final	Reasonable
St Olaves	Final	Limited
SEND Reforms	Transfer to 20/21 Feb Audit Committee due to Recent Inspection	
Looked After Children	Final	Limited
Direct Payments for Children	Final	Reasonable
Youth Offending Team	Some fieldwork undertaken. Suspended	

	due to Covid 19 and possible inspection of service. Some advice provided to Management.	
Troubled Families Claim	Final	Positive assurance that the conditions of the grant determination have been met
Substance Misuse Services	Final	Substantial
More Homes for Bromley LLP – Residential Property acquisitions	Final	Reasonable
Care Pathway – Service Overview	This was a consultancy project Cancelled due to Covid 19	
Street Lighting	Terms of Reference and initial meetings held/Delayed due to Covid 19	Work in Progress
Local Transport Capital Block Funding (Integrated Transport and Highway maintenance) Specific grant determination (2018/19): NO 31/3224	Final	Positive assurance that the conditions of the grant determination have been met
Licencing	Final	Reasonable
Mortuary and Coroners Service	Agreed with management to transfer to 2020 Feb Audit Committee	
Fixed Penalty Notices and Park Security	Agreed with management to cancel due to low levels of service activity	
Contract Implementation process for the new Environmental Services Contracts (LOT1, LOT2, LOT3, LOT4 and LOT5)	Fieldwork and proactive advice issued. Suspended	Work in Progress

	and delay due to Covid 19 will be merged with 20/21 audit	
Section 106 contributions	Terms of Reference Suspended and delay due to Covid 19	Work in progress
Post Implementation review of Libraries contract	Final	Substantial

Report No.
FSD20042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 15 July 2020**

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

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

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

- Audit Activity (Key Findings)
- Impact of COVID-19
- Audit Activity (Priority 1 Commentary)
- Audit Report Summaries
- Audit Activity (Other work)
- Publication of Internal Audit Reports
- Risk Management
- Waivers
- Update on the Statement of Accounts and Objections

2. **RECOMMENDATION(S)**

- a) Note the Progress Report and comment on matters arising
- b) Note the list of Internal Audit Reports published on the Council's website

Impact on Vulnerable Adults and Children

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

Corporate Policy

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

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Internal Audit
 4. Total current budget for this head: £541k including Internal Audit and External Audit, Fraud Partnership, Insurance Management and Claims handling
 5. Source of funding: General Fund/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: 2020/21 – 940 days are proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich investigators' time.
-

Legal

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

Procurement

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

Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 100, including Chief Officers, Heads of Service, 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 Internal Audit Progress

3.1.1 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 provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation:

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

3.1.2 In simple terms, this assurance will assess whether risks are being appropriately managed. This will help the organisation to; avoid surprises, establish whether activities are being delivered as expected and ensure opportunities are delivered in an efficient way. This provides accountability to our stakeholders and establishes priorities for managers where further action is required.

3.2 Audit Activity (Key Findings)

3.2.1 Impact of COVID-19

3.2.2 The COVID-19 pandemic has had disruptive and unprecedented effects on individuals, businesses, governments and society. This pandemic is causing a significant impact on Local Government and the Council has had to adapt to this changing landscape. There are risks to service delivery; from, for example, an increase in staff absence rates amongst employees and contractors. At the same time there have been increased workloads, in key defined critical services.

3.2.3 In common with many organisations, the Council has shifted to employees working from home and adopted new operating models to continue business. It faces a possible reduction in Council funds through significant falls in income and additional costs. These bring the risk of an impact upon delivering statutory responsibilities, an impact on the delivery of the Council's Transformation Programme 2020/23, and its ability to close the Council's budget gap of £16.9m by 2023/24. It has changed the profile of risk within Council services.

3.2.4 The Government has provided additional grant funding. To aid cash flow, the Government made up front payments of grants, including pre-COVID-19 business rates relief compensation and support grant. The Government announced that councils would also be allowed to defer business rates central share payments due to the Government and social care grants would all be paid in April 2020 rather than monthly in April, May and June.

3.2.5 The Council is doing remarkable work to address the challenges brought by COVID-19. Strategic and Tactical Coordination Groups have been established to mitigate the impact on the Council's services. Meeting and reporting structures are in place and decision making processes have been streamlined. Action has been taken to mitigate surge in identified critical services and partnership working has taken place to collectively mitigate risks. Overarching command and control structures for London Local Authorities, with effective communications strategy and delivery in place. Mutual aid agreement is in place across the South East Boroughs and financial relief measures offered by Government.

- 3.2.6 HR processes have been refined and in are place to support managers and staff and the Council has developed and is implementing a recovery strategy.
- 3.2.7 In the first quarter of 2020/21, Internal Audit has concentrated on enabling the Council to deliver front line services with resources redirected to anti-fraud work and supporting service delivery. This resulted in most routine audits being suspended and whilst this will impact on the delivery of the Audit Plan, it continues to meet statutory obligations including reviewing the Council's governance arrangements through the Annual Governance Statement.
- 3.2.8 In common with most organisations, the internal controls have required modification or been overridden by new controls introduced to adapt to the impact of the COVID-19 outbreak. Changes have been made at pace to respond to a dynamic environment. Remote working has impacted on the ability for some controls to operate as designed. Due to the quick transition, controls may have been changed at pace or not be operating as intended, increasing the risk of fraud and error. There has been operational imperative to deliver more quickly or new activities not previously undertaken by the organisation. The support work from Internal Audit has included giving advice on new controls, processes, governance and financial procedures being put in place temporarily across the Council to reflect new ways of working, including home working and greater use of IT, as well as new responsibilities being placed on the Council.
- 3.2.9 Two members of staff were redeployed to be part of the Operation Shielding team for the first quarter, another member of the team for several weeks. One member of the Team was temporarily redeployed to assist the team checking and processing of business support grant payments.
- 3.2.10 As well as providing advice, guidance and challenge on the system set up, auditors have separately carried out checks to identify any instances of fraud and irregularity in the claims for Business Support Grant payments and Discretionary Business Grants and following up where needed. It has also liaised with government and public sector counter fraud organisations to share intelligence reports, counter fraud tools and best practice in response to risks arising from those using the pandemic to commit fraud.
- 3.2.11 Members of the team also supported our Insurance Service where from 1 April 2020, the Council commenced a new insurance shared claims handling services agreement with the London Borough of Sutton. The transfer of data and set up of IT systems occurred at a time where the IT services of both boroughs were under significant pressure and having to prioritise critical services and new enquiries arose regarding the implications of COVID-19.
- 3.2.12 Risk Management continued to operate as normal with some focus given to risks and controls arising from COVID-19. Counter Fraud work continued although all face to face interviews under caution have been postponed. Currently the court is only accepting new prosecutions where there is a statutory requirement to do so. This enables the Council to submit cases to the court where the time limit is due to expire. In all other cases the Courts requested not to submit further matters for a set period. All cases currently in the system are being held in abeyance until the set period has expired and will then be considered and allocated dates as appropriate.
- 3.2.13 The impact of the pandemic has had a disruptive effect on the Plan agreed at Audit Sub Committee at the last meeting, and the Council's emerging risks and profile have changed significantly in an unprecedented short space of time. As the Council begins to implement its recovery stage, the plan will need to be revised taking into account a number of factors. The scale and nature of the current COVID-19 outbreak and government's response is unprecedented in recent history. The Council has existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to

operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Management will need to consider how long this change in risk appetite is sustainable for. Where internal controls have been implemented or revised, management should consider whether it is sustainable in the longer term for the controls to operate in this way. Management should consider how it can reinstate or strengthen the controls that are in place in order to operate in the current conditions for a sustained period. In the longer term, management should also consider what the desired control environment will look like and how to achieve it, when the outbreak has passed.

3.2.14 A specific area of regularity that is impacted by COVID-19 is the potential for fraud and error in expenditure, which is heightened due to the pace of the COVID-19 response. This risk could manifest in several ways, including:

- procurement risks: new supply chains created at pace not allowing for complete risk assessments or single tender actions with no other options;
- contractor risks: new contractors being used at pace not allowing for appropriate due diligence;
- payments/grants/loans risks: new or expanded support schemes in place to support businesses during the outbreak that may not have appropriate controls in place; and
- cyber security risks: enhanced risk of cyber-attack, leading to fraud or error.

Whilst Internal Audit has advised on controls in some of these areas, given the level of activity and the size of funds to distribute etc. the plan will need to include substantial assurance work in some of these areas. At the time of drafting this report a revised Internal Audit plan, which considers the new emerging risks is being drafted. This will need to be flexible and agile and will be shared with Senior Management for consultation having taken into account advice from professional bodies and colleagues in the sector. It will also need to include the requirements from Government such as in the Test and Trace Support Grant, which includes a condition that the Chief Executive and Chief Internal Auditor are required to sign and return a declaration that grant conditions have been met. When the plan is finalised it will then be shared with the Committee.

3.2.15 The latest list of outstanding Priority 1 recommendations is shown in 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 and these are detailed below.

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

3.2.17 Care Act (Information, Advice and Guidance)

Audit opinion	Reasonable
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3.2.18 This audit focused on the Council’s obligations under the Care Act to provide information, advice and guidance about care and support services.

3.2.19 Controls noted to be in place included the annual production of the ‘Bromley Guide to Independent Living, Support and Care Services’ directory. Additionally, the Bromley Well Service, funded by Bromley Council and the Clinical Commissioning Group, has been

established to provide information, support and guidance about staying well and low level support, for those who do not yet need statutory assistance from the Council.

3.2.20 We have made one Priority 2 recommendation to improve the control environment. This related to reviewing the online information, advice and guidance offer for Adult Social Care; both the individual elements and as a whole; defining ownership and ongoing responsibilities, to ensure that the material published on the Bromley website enables people to make the best decisions about care and support and understand how these may be accessed.

3.2.21 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

3.2.22 Contracts coming to an end

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

3.2.23 The overall objective of the audit was to review the key risks when contracts are coming to an end, are addressed through appropriate controls and procedures.

3.2.24 Controls noted to be in place and working well included the existence of a Procurement Board to oversee procurement and contract management throughout the Council, with a work plan for all contracts and monitoring arrangements in place.

3.2.25 We confirmed that the Contracts Database has a commentary which is completed and maintained for all contracts with a whole life value of over £50,000. Guidance and training is given to all contract owners, emphasising the need to allow sufficient time for tender or contract action to take place. We were also able to evidence that, for the contracts in our sample, officers with the appropriate authority, skills and knowledge had been involved in the re-tendering of the contract.

3.2.26 One recommendation was made to improve the control framework. This relates to the sharing of knowledge, experience and successful outcomes at the end of a contract to help other contract owners managing similar contracts.

	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

3.2.27 Looked After Children - New Priority 1 Recommendations

Audit opinion	Limited
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3.2.28 The overall objective of the audit was to review the controls in place for the assessment and reviews of children looked after in residential placements. To include the procurement of placements and joint funding arrangements with Education and Health.

3.2.29 We have made eight recommendations, one Priority 1 recommendation, six Priority 2 recommendations and one Priority 3 recommendations to improve the control environment. These related to:-

- Contract documentation was found not to always be accurate, complete and readily available
- Placements were found not to have a valid contract in place demonstrating that Financial Regulations and Contract Procedure Rules were not adhered to. A review of all placements will be required to ensure that the relevant contractual documentation is in place. These should be held securely. Service agreements should not be authorised which will result in a payment being made to the provider, until the signed contract accepting the terms and conditions have been accepted.
- Pathway Plans were found in one case, to require formal authorisation on the appropriate documents.
- Weekly costs of placements should be regularly reviewed in order to confirm whether additional support is still required.
- Waivers were found not to be completed, held securely and readily available in some cases.
- Queries were raised with a Split Funded package. Monies were found not to have been recouped as agreed. Information in relation to split funded packages was not readily available. Departments need to work together to share relevant information.
- Funding Decision Sheets (FDS) were found not to have always been fully completed and key information such as potential costs/ details of the proposed providers were not always populated. Completed FDS forms were not always readily available to support decisions taken, completed in a timely manner and suitably authorised.
- The Head of Service (Care and Care Leavers) confirmed that a number of decisions regarding placement choices/ approvals and costs are made outside of panel and instead via email.

3.2.30 The recommendations have all been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	6	6	0
Priority 3	1	1	0

3.2.31 More Homes Bromley LLP scheme

Audit opinion	Reasonable
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- 3.2.32 The overall objective of the audit was to review the governance and controls in place over the operation of the scheme.
- 3.2.33 As at the time of reporting, 360 property purchases had been made, reducing reliance on more costly forms of temporary accommodation. Being an early adopter of the scheme's approach to temporary accommodation acquisition, provision and management, the Council has experienced a steep learning curve and lessons learnt have fed through to a formalising of processes.
- 3.2.34 Recommendations to improve the control environment have been made for the following areas:-
- 3.2.35 Lines of accountability within strategic and operational roles, together with the governance pathway for the scheme, should be defined and formally documented to ensure effective oversight of all areas.
- 3.2.36 Short and long term strategic and operational risks should be identified, prioritised and recorded. The resultant Risk Register should be kept 'live' and under review by the Board to ensure identification, analysis and overall control of those risks which may impact on the workstream's ability to deliver its priorities and objectives.
- 3.2.37 Whilst it is acknowledged that lack of Key Performance data had been identified by the Board and efforts resulted in receipt of a data suite covering January 2018 to October 2019, a process should be put in place to ensure that all data set out in the binding agreements is received in line with the stated timescales and is subject to challenge at the appropriate level.
- 3.2.38 The Business Plan, Financial Model and Management Accounts should be updated in line with the requirements of the Partnership documentation and subject to challenge at the required intervals by the Board, to ensure that gaps and emerging risks are identified and appropriate action taken.
- 3.2.39 The contents of both document repositories currently in use should be reviewed and realigned where appropriate. A complete set of the master Agreement documents should be retained in the Contract Database System to enable continuity of accessibility should personnel on the workstream change.
- 3.2.40 The Council's Board members should satisfy themselves as to the insurance details of the property portfolio, both in terms of range and level of cover as in the event of a claim, lack of recourse to an insurer would increase the scheme's financial exposure.
- 3.2.41 The purchase of each property should be formally authorised prior to commencement of the acquisition process and each stage of the allocation process documented.
- 3.2.42 Whilst the 2018/19 draft accounts had been received by the Board and approved in principle, filing at Companies House took place prior to formal Board sign off.
- 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	6	6	0
Priority 3	2	2	0

3.2.44 Pension Administration

Audit opinion	Reasonable
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- 3.2.45 The overall objective of the audit was to review the arrangements in place for oversight and control over pension administration activity which impact on the reliability of records, integrity of information and compliance with relevant regulations.
- 3.2.46 Controls noted to be in place and working effectively included the implementation of the procedural flow chart, segregation of duties within the key processes and correct provisioning and administration of accounts on the IT system for new starters and scheme leavers.
- 3.2.47 For the members transferring their funds into the Council's pension scheme or transferring out to the new pension provider, all the required forms and correspondence were retained and transfer in calculations had been saved and checked for accuracy by Council's Exchequer Service Contractor's Pensions Team. Refunds had been processed accurately within two years of joining the scheme. Refund calculations had also been checked and signed off by a senior member of the Council's Exchequer Service Contractor.
- 3.2.48 Relevant documentation, including forms, checked calculations and authorised payment requests were available on the IT system. Access rights to the IT system were restricted and only those with agreed high seniority levels were able to make amendments to pension accounts.
- 3.2.49 Consent of members with Additional Pension Contributions (APCs) was obtained, along with declaration of fitness from the member's employer. Death grant payment requests were authorised and paid to the correct beneficiaries. Grant calculations were checked and signed off by the Pensions Manager and then sent for final authorisation to the Chief Accountant or Director of Finance.
- 3.2.50 There are few areas where management attention is required. Reconciliations between the IT system and general ledger accounts are produced on a quarterly basis by Council's Exchequer Service Contractor before being sent to the Council but there is no evidence of Council review or sign-off of these reconciliations.
- 3.2.51 The policy and procedure documents in place outlining the responsibilities of Council staff in the pension's administration process are not centralised, limiting their accessibility and validity to Bromley related processes. Refunds are paid through cheque rather than BACS.

The Council is in the process of transferring over to a BACS payment platform, however, BACS payment runs and BACS refund claim forms have not yet been finalised.

	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	2	2	0

3.2.52 Registrars

Audit opinion	Substantial
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3.2.53 The overall objective of the audit was to review the adequacy and application of the control framework put in place for the cash minimisation programme and to consider the access arrangements to the registrars' offices to ensure that security risks are mitigated. The Head of Service had requested this audit to review the processes following the move to a cashless service in February 2019.

3.2.54 Interviews and testing had been completed in most of the areas identified in the audit work programme but the sample testing for the daily income was not completed due the current COVID-19 crisis. However the walk through tests undertaken for the daily income and monthly reconciliation gave an adequate level of assurance that the controls were working well in both these areas. It was noted that the procedures to reconcile daily income were both manual and labour intensive. The systems administrator (BT) and the Head of Financial Systems indicated that there is reporting functionality in the Registrars IT booking system that could be utilised and developed to record, reconcile and report income. The service advised that they be would be looking to develop this area of the system.

3.2.55 Overall the collection of income, recording, reconciliation and accounting for it is well controlled. Officers demonstrated a good understanding of controls and accountability; a hierarchy of authorisation and separation of duties. The General Office is secured and the latest external review by the Registrars General in July 2018 concluded that “there are good security arrangements in place at the Registers office” it was also noted that “a good emphasis on office security by staff was evident and good administrative procedures”.

3.2.56 The audit raised three Priority 2 recommendations relating to the supporting documentation for refunds and retention of this documentation; collection of income for advertising in the annual brochure and the accurate representation of advance fees in the Authority’s accounts. Two Priority 3 recommendations were raised relating to the coding of income derived from Registrars attending funeral as celebrants to account for VAT and to review and improve procedure notes to include all financial processes.

	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	2	2	0

3.2.57 St Olaves Grammar School – New Priority 1 Recommendations

Audit opinion	Limited
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- 3.2.58 The overall objective of the audit was to review the adequacy and effectiveness of the system of controls surrounding the financial administration of the school, as required by the 1998 School Standards and Framework Act Section 48, paragraph 2(d) and the Authority's Scheme for Financing Schools.
- 3.2.59 The audit followed up the recommendations raised in the previous audit and carried out testing to give assurance for Financial Management, Governance, Safeguarding Assets and Primary Accounting. The audit considered the 12 month period November 2018 to November 2019.
- 3.2.60 Of the 11 recommendations previously raised in the audit report finalised 4th February 2019, 6 had been fully implemented, 2 had been partially implemented and for 3, the original recommendation had been implemented but new findings were identified in the same area (asset register, IR35 and cash flow)
- 3.2.61 The audit acknowledged that the School Business Manager (SBM) and the Finance Manager (FM) have made significant improvements to the authorisation and expenditure processes, including training for all officers and clarifying roles and responsibilities. For the contracts register it was acknowledged that the SBM did not inherit any "paperwork" or supporting documentation from the previous post holder which had taken some time to create and produce. It was also acknowledged that the school had embarked on a number of projects that had necessitated quotations, tendering and management. The SBM and Premises Manager had developed a Project Checklist to support projects undertaken by the school and collate supporting documentation. This is an improvement however audit testing this time identified that there is a need to further development this documentation and associated processes.
- 3.2.62 A Priority 1 recommendation was raised relating to the expenditure process, specifically project management and financial control. Sample testing on payments identified that for one project there was non-compliance to Financial Regulations and poor financial control. The school have completed and are committed to, other large schemes and projects that will need the financial controls that were lacking in the audited example. Expenditure testing identified other examples of non-compliance, specifically use of a waiver, failure to alert the

Finance Manager of committed expenditure and for one payment the VAT had been incorrectly added effecting an overpayment that should have been identified by Finance staff.

- 3.2.63 The second Priority 1 recommendation was raised for financial management. As above, there were multiple issues arising that were combined in one finding and recommendation. Specific issues being that the 2019/20 budget was not signed off by the Chair of Governors, I&E reports showed a deficit balance, the school bank account had been overdrawn, the Finance Manager was not aware of committed expenditure to update the Financial Management System and assurance that information to Governors was accurate and complete and draw down of Foundation funds were informal and used to ease cash flow demands. For financial management and governance the primary concern is that with a balanced budget, as set for 2019/20, the school must evidence timely financial reporting, financial planning and a financial strategy to meet budget pressures in this year and forthcoming years. Although the school has access to Foundation reserves, there was an increased draw on this fund and evidence that it was being used to solve cash flow issues in the school accounts. Similarly the school must evidence that they have completed due diligence and affordability checks before any expenditure is considered, ensuring that the source of income is confirmed and received prior to that spend. The school will need to evidence that they have a long term cash flow analysis.
- 3.2.64 Seven Priority 2 recommendations were raised relating to HMRC (IR35) whereby payment had been made to the individual but the request had been submitted on a company invoice; the IT asset register had been delegated to the IT contractor with no evidence that the school had completed any checks or had been authorised by the Head teacher; the monthly cash flow reports had not been authorised since May 2019, conversely a bank reconciliation had been authorised but not signed off by the initiating officer; a petty cash claims had not been authorised; debtors invoices need to be cross-referenced to the income with a summary report to show the status and lastly the cyber security self-assessment questionnaire that had been left with the school had been delegated to the IT contractor with no evidence of any remedial action taken or ownership by the school.
- 3.2.65 Three Priority 3 recommendations were raised relating to pecuniary interest forms, evidencing an adequate audit trail for procurement card transactions and retaining signed control accounts to evidence timely completion and action taken.
- 3.2.66 This was a protracted audit, exacerbated by the absence of the SBM during and after the site visits and the absence of the FM for the first two planned days on site. Internal Audit has made reference to resilience and business continuity in the light of the issues arising during the audit process.
- 3.2.67 The Head Teacher has agreed and accepted all recommendations raised.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	2	2	0
Priority 2	7	7	0
Priority 3	3	3	0

3.2.68 Treasury Management

Audit opinion	Substantial
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- 3.2.69 The overall objective of the audit was to review the arrangements in place for oversight and control over Treasury Management activities which impact on the reliability of records, integrity of information and compliance with relevant regulations.
- 3.2.70 Controls were noted to be in place and working effectively. Treasury Management Strategy and Investment Strategy for 2019/20 was duly and formally approved by the Executive, Resources, Contracts PDS and the Full Council. Treasury staff have access to a 'Treasury and Banking Procedures' document.
- 3.2.71 The Principal Accountant receives daily updates from the Council's Treasury Advisor and Quarterly Treasury Management meetings are attended by the Principal Accountant, Chief Accountant and Director of Finance.
- 3.2.72 Fixed term investments and money market fund investments were made as per the 'Investment Strategy' for 2019-20 and 'Treasury and Banking Procedures'. Full details of current investments are recorded in an 'Investment and Borrowing Portfolio' and the Principal Accountant maintains a 'Daily Balance' spreadsheet.
- 3.2.73 Principal sums repaid and interests received were recorded on Oracle for the repayments of investments maturing in 2019/20.
- 3.2.74 The Principal Finance Officer carries out a formal reconciliation of the total balance of investments per Oracle with Treasury records for each quarter. These are independently reviewed and certified by the Principal Accountant.
- 3.2.75 The balances on the 'Counterparty List', 'Investment and Borrowing Portfolio' and 'Daily Balance' spreadsheet are reconciled by the Principal Accountant at the end of each day.
- 3.2.76 The Chief Accountant submitted Quarterly Performance Reports relating to Treasury Management activities to the Executive, Resources and Contracts PDS Committee and an Annual report on Treasury Management activities for 2018/19 to the Executive, Resources and Contracts PDS Committee on 3rd July 2019.

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

3.2.77 Troubled Families Claim – March 2020

- 3.2.78 The Troubled Families Programme is a programme of targeted intervention for families with multiple problems, including crime, anti-social behaviour, truancy, unemployment, mental health problems and domestic abuse.
- 3.2.79 It is 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.
- 3.2.80 We analysed a random sample of individual claims for the claim period between 1 October 2019 and 31 March 2020. From our testing we found that there was documentary evidence to support that the individual claims sampled met the employment or significant and sustained criteria, enabling a claim to be made.
- 3.2.81 We also confirmed that the total amount claimed for payment by results for the 383 individual claims submitted between the period 1 October 2019 and 31 March 2020 was £306,400.
- 3.2.82 Head of Service Early Intervention and Family Support confirmed that this marks Bromley achieving in full both the attachment and payment by results target for Phase 2 of the Troubled Families Programme. The target was a total of 1700 families where it could be evidenced that those families have been turned around in line with MHCLG criteria.

3.3 Priority 1 Follow Up

- 3.3.1 The process to follow up the Priority 1 recommendations has been revised for this cycle in the light of the current COVID 19 pandemic. The Corporate Leadership Team were advised that it was acknowledged that in the current environment remedial work would have been severely hampered and that emergency COVID19 work should take precedence. In some cases services have been suspended, responsible officers reassigned and service delivery priorities redefined.
- 3.3.2 Given all the changes and challenges faced by Bromley officers we stated that we would not be completing the usual follow up testing to support progress to implement but we will need to document the current position on these Priority 1 recommendations. As such, Directors were asked to cascade a request to the lead officers that any evidence to progress the Priority 1 recommendations would be considered but at the time we were not expecting officers to prioritise a response.
- 3.3.3 We were not expecting to follow up in the normal way but if officers wanted to volunteer an update this would be reflected in the report.
- 3.3.4 This approach was applied to the 6 audit reports that had been on the Priority 1 list and exceeding the 6 month tolerance. No follow up or update was undertaken for the 6 audit reports that had been finalised since January 2020, these will all be subject to follow up and testing for the next committee. The exception was Business Continuity and Emergency Planning that had been finalised on the 23rd December; (inside of the 6 month tolerance for the original committee date in June) given the direct impact of the current crisis for this lead officer the update will be considered for the November meeting.

3.3.5 Leaving Care Priority 1 update

- 3.3.6 At the previous meeting, Members were informed that two of the six Priority 1 recommendations identified in the Leaving Care Audit finalised in October 2018 had not been fully implemented. These recommendations related to the reconciliation of grant sheets to the

finance records and for the Individual Service User Finance Records to be a comprehensive record of all payments made to that service user.

- 3.3.7 The Finance Monitoring Officer (FMO) had confirmed a new process had been implemented from January 2020 and appropriate training undertaken. At the time of the February update to this Committee, the FMO had completed the backdated reconciliations to December 2019 however this did not provide a sample large enough to test and was therefore not undertaken. Internal Audit commented that the plan to backdate the reconciliation to 2015-16 may not be achievable especially as this task was only being completed by one officer.
- 3.3.8 It was agreed that during the current crisis and additional pressures faced by frontline services, Internal Audit would not complete testing to measure the progress to implement Priority 1 recommendations. Management were asked to provide an update to be reported to Committee.
- 3.3.9 The FMO confirmed that the work to reconcile individual service records is ongoing. Each month, when reconciling the allowance spend for the previous month, backdated spend (to 2016) is updated to the individual finance sheets held on Care Store. Over a period of time the financial record for each young person should be captured and their finance sheet updated. The reconciliation has been extended from just the allowances (Setting Up Home, Clothing, Unit and VFA) to include all spend (travel, utilities, miscellaneous financial support, birthdays, education and food).
- 3.3.10 The Head of Service has confirmed that this will allow the service to track how much has been spent for each young person. It will take some time to complete the task and there will be a need to redirect resources to cover maternity leave and keep this project on track.
- 3.3.11 The two recommendations will remain open until testing can be completed for the next committee meeting in November. However the progress to implement and the commitment of the service to complete the backdated reconciliation of the financial records for service users is acknowledged.
- 3.3.12 Strategic Property – Priority 1 update**
- 3.3.13 The Director of Housing, Planning, Property and Regeneration confirmed that a Part 2 report was going to Executive on the 8th July regarding the current contractual arrangements for Strategic Property.
- 3.3.14 Health and Safety – Priority 1 update**
- 3.3.15 The Health and Safety audit 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.
- 3.3.16 The Director of Human Resources and Customer Services has confirmed that following the audit, each department was asked to identify four risk areas within their departments and subsequently asked to carry out a risk assessment for each of them. Due to the current circumstances with COVID-19, there has been a delay in receiving some risk assessments, however Corporate Health and Safety are keeping a record of all risk assessments received and have been starting to follow up again to remind departments to carry out those which remain outstanding, whilst taking into the account the additional workload many departments are facing currently.
- 3.3.17 As many departments identified lone working as one of their risks, an external officer was commissioned to carry out a risk assessment for lone working which has now been

completed and sent out to all departments. Other risk assessments were also completed by an external officer for areas across the Council, such as the North Block Reception Area and North Lodge. Actions which need to be carried out by departments are specified in their risk assessments. Due to the current circumstances, there has been a delay in carrying out these action plans, however meetings regarding carrying the actions out should still be going ahead.

3.3.18 The recommendation is therefore considered to be implemented.

3.3.19 No Recourse to Public Funds – Priority 1 update

3.3.20 The audit review of NRPF within Children’s Services identified one Priority 1 recommendation relating to the procurement, contractual arrangements and cost of accommodation. Following the audit, the Department liaised with Housing colleagues to provide accommodation options and for the NRPF Team to complete the booking and formalise the accommodation for each family.

3.3.21 At the meeting in February, Members were informed that the NRPF Team had written procedure notes to support the change in working practices and that the new arrangements with Housing were working well; compliance to Contract Procedure Rules and Financial Regulations were now evidenced. Management decided that the Business Support Officers (BSO) in the Referral and Assessment Team should upload the service agreements to CareFirst (the mechanism to pay providers), a task previously undertaken by the Central Placement Team. This change in procedure would need to be embedded and tested, the recommendation therefore remained open. There had also been inaccuracies identified in the information held on CareFirst and to improve accountability the summary CareFirst report would be issued to the Head of Service to review and certify that accommodation and subsistence information for NRPF was correct.

3.3.22 As with all Priority 1 follow ups for this cycle, management were advised that Internal Audit would not be completing any testing but would appreciate any comments to update on the progress to implement.

3.3.23 Since the progress update in February a new Head of Service has been appointed for this area. Internal Audit has liaised with this officer to outline the issues raised by the Priority 1 finding, follow ups and to establish the current position.

3.3.24 The CareFirst report generated on the 1/6/2020 identified 3 NRPF families receiving support for accommodation. The summary spreadsheet received from the service identifies 5 families currently supported and two more that had been placed in accommodation this financial period and should have been shown on the CareFirst report. One of the current cases had been identified in the previous update; a start date of 15/1/2020 and with the service agreement not authorised no payment made to the provider via CareFirst. The Head of Service has confirmed that all cases to be reviewed and advice sought from the Head of Service (Placements and Brokerage) with regard to the service agreements on CareFirst. Support will be offered to the team as required.

3.3.25 The Priority 1 will remain outstanding, testing to be completed for the next cycle. It is acknowledged that this was a new process for the BSO’s to complete, a change in Head of Service and the impact of the enforced current working arrangements would have hampered progress to fully implement the recommendation but, as previously stated, this team had evidenced significant improvements to the controls identified in the original audit finalised in July 2019.

3.3.26 Domiciliary Care Contract Management – Priority 1 update

- 3.3.27 The audit report finalised in September 2019 raised one Priority 1 recommendation relating to the contractual arrangements with three domiciliary care providers. For two providers, extension documents had not been signed and returned and for one provider there was no provision to extend the contract although the expiry date was due.
- 3.3.28 The follow up work undertaken for the update to the February Committee identified that officers had engaged with all three providers but only one had returned the signed contract documentation at the time of reporting. Testing on a new sample of domiciliary care providers was satisfactory and the Department evidenced procedures notes and improved controls including a proposal to spot check contracts from an expenditure report. The recommendation remained opened until the extension documentation for the two original contracts were returned and the new controls had been evidenced.
- 3.3.29 For this update the Department have confirmed that both providers have now signed the contract documents and returned to Bromley. For one the document has not been countersigned by witness given the current lockdown but has been noted and will be completed at a later stage. Both documents will be uploaded to the Contract Database.
- 3.3.30 The Integrated Strategic Commissioner confirmed that she had not yet received the information from Finance to show expenditure coded to the domiciliary care subjective code. A sample of providers detailed on the Finance report was to be checked to the contract database quarterly. Given current circumstances and the seasonal pressures of close down for Finance this quarterly check will be completed at the end of quarter 1.
- 3.3.31 The outstanding issues have been resolved and the Priority 1 is therefore considered closed.

3.3.32 Starters and Leavers – Priority 1 update

- 3.3.33 At the previous meeting Members were informed that there had been progress to implement the Priority 1 recommendation relating to a process notify relevant departments when an employee leaves the Council.
- 3.3.34 The IT solution was to introduce a leaver form with an implementation date of March 2020. The Head of Information Management has confirmed that a provider was engaged via BT to make the necessary changes to the forms. However progress had been slow and the proposal yet to be accepted due to quoted support costs. This piece of work will be tied into the Information Management Transformation project which is now progressing. There will be need to place reliance on the technical environment within SharePoint online being ready to host the new leaver forms.
- 3.3.35 The Head of Information Management confirmed that *“the CCN to has been approved and the project is set to kick off by 16th June with a High level design being drafted. This work is dependent on the Information Management Transformation project that is updating the intranet and supported by the work being carried out by BT on the Active directory and the databases that the forms reference”*.
- 3.3.36 Testing for the February meeting identified 11 leavers still had an active IT account. IT colleagues have reviewed these 11 cases and from the information available, automatic e-mails sent from HR to the IT mailbox were not evidenced as received. IT is liaising with HR colleagues to establish the current status of those employees before disabling the accounts. The IT Contract and Operations Manager confirmed that there is now a monthly report from the HR system which details ‘leavers’ stored in a shared area with the BT Service Desk Manager to action.
- 3.3.37 The Priority 1 recommendation will remain open at this time until the IT solution to develop a leavers’ form is implemented and audit testing can be completed to give assurance that

adequate controls are in place to notify all relevant parties when an officer leaves the Council.

3.3.38 Highways Maintenance – Priority 1 update

- 3.3.39 At the previous meeting Members were informed that management had confirmed progress to implement the 3 Priority 1 recommendations relating to the selection process of highways schemes for major works programme, management of the delivery of agreed highways schemes and controls on reconstruction and widening of vehicle crossovers as part of footway schemes. However at that time Internal Audit had not completed any testing and stated their intention to review the evidence supplied by management to update Members at this meeting.
- 3.3.40 Internal Audit acknowledge that management had submitted three process documents to evidence implementation of two of the Priority 1 recommendations that related to the need for written procedures. Management confirmed that data was now stored on SharePoint and Confirm; a new Confirm Mobile software application has been introduced to allow on site updates and record keeping using an iPad. However management were advised that these procedures would need to be embedded before effective testing by Internal Audit and would therefore the recommendations would remain open at this time.
- 3.3.41 As with all Priority 1 follow ups for this committee cycle, management were advised that no new testing would be completed this time due to the pandemic and the impact on officer time and service delivery. Managers were asked to supply any information to support progress to implement and to establish the current status of Priority 1 recommendations. The Assistant Director (Highways) confirmed that in response to the recommendation relating to the selection process that as at 1st July:-
- 3.3.42 *“The final phase of the capital programme has been approved by the Environment Portfolio Holder and Member’s comments were considered during the consultation process.*
- 3.3.43 *Options for a further network condition survey are still being considered. The technology used for these surveys is changing rapidly, away from walked visual surveys to video surveys using artificial intelligence, which are purported to provide more accurate results as well as a visual record of each site. We were proposing to undertake the survey once the capital programme had been completed, but with the current situation survey companies are not operating, so this is likely to be delayed until spring 2021.*
- 3.3.44 *The previous network survey data has been used to prepare the final phase of the capital programme, with all remaining classified roads in the >3 and 3-5 year categories being inspected by an LBB Engineer. Recommendations have also been provided by the Highway Inspectors. Details and results of the surveys are recorded on SharePoint. The inspections are due to be completed within the next two weeks to allow priorities to be established and the programme prepared for approval”*
- 3.3.45 The three Priority 1 recommendations will remain open at this time.

3.3.46 Business Continuity and Emergency Planning – Priority 1 update

- 3.3.47 Given the direct impact of the current crisis for this lead officer the update will be considered for the November meeting.

3.3.48 Schools Finance Team – Priority 1 update

- 3.3.49 The Priority 1 recommendation is within the 6 month tolerance and will be followed up to report to the next Committee in November.

3.3.50 Procurement Cards – Priority 1 update

3.3.51 The Priority 1 recommendation is within the 6 month tolerance and will be followed up to report to the next Committee in November.

3.3.52 Tax and National Insurance Issues arising from the Procurement Card Audit – Priority 1 update

3.3.53 The Priority 1 recommendation is within the 6 month tolerance and will be followed up to report to the next Committee in November

3.4 Publication of Internal Audit Reports

3.4.1 Since the last cycle of this Committee, we have published 9 redacted final reports, listed in the table overleaf. This includes one report (Nursing Care) from February 19 which was considered by the Committee as a part 2 item at an earlier meeting and was not published at the time due to contractual negotiations at the time which have now completed and the issues referred to in the report resolved. At the request of Members of this Committee, we have included the audit opinion given to each audit. Members are requested to agree exemption for one audit report as detailed in Part 2 of this agenda.

AUDIT	OPINION
Care Act (Information, Advice and Guidance)	Reasonable
Contracts coming to an end	Substantial
Looked After Children	Limited
More Homes Bromley LLP scheme	Reasonable
Pension Administration	Reasonable
Registrars	Substantial
St Olaves Grammar School	Limited
Treasury Management	Substantial
Nursing Care (Feb 2019)	Substantial

3.4.2 For current definitions of audit opinions, see below:-

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.

Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

3.4.3 We have also carried out the following

- Fraud and investigations work – the results of which are reported in Part 2 of this agenda.
- Advice and support – Internal Auditors are available to offer advice and consultation to all officers. The input required from Internal Audit varies; ad hoc enquires will be received by e-mail, phone or in person. Internal Audit also attend working groups to advise on system controls and good practice.
- Monitoring/authorisation role for the Greenwich Fraud partnership.
- Committee work.
- Internal Liaison with the Corporate Leadership Team/Directors' Group; Directorate Management Teams and Corporate Risk Management Group.
- External liaison with the London Audit Group, and our External Auditors

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. Risks marked as 'Red' (High) are presented to every other meeting of the relevant PDS committee for noting.

3.5.2 The Corporate Risk Management Group Meeting of 30th April was postponed. The COVID19 risk was added to the Corporate Risk Register. Additional COVID19 'causes' have been added to the Finance Risk Register. The current risk registers are attached at Appendices B1t to B9.

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 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:-

3.6.3 *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.*

- 3.6.4 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.
- 3.6.5 For this committee cycle the Assistant Director Governance and Contracts (AD G&C) generated a report from the Contract Database to identify contracts that met the criteria for the period October 2019 to March 2020. This information has been checked to the database, supporting documentation and Gateway reports to upload to the standard template shown at Appendix C. The cumulative and annual values have been replaced by the financial information available in the relevant documentation this time.
- 3.6.6 In a report to the Executive through the Leader, the AD G&C sought authorisation to take appropriate procurement action due to the impact of the COVID-19 pandemic.
- 3.6.7 The report set out short to medium term measures for provider financial support and sustainability including direct award of contracts, without competitive tender due to reasons of urgency. This and other variations to contract prompted by the unforeseeable emergency involving disruption to Council services would be at Chief Officer level with agreement from the Directors of Finance and Corporate Services and the relevant Portfolio Holder for modifications where the cumulative value is £100K or higher.
- 3.6.8 The AD G&C reported that in the longer term the Council will need to take suitable procurement action for contracts due to end over the next 18 months. It may not be feasible or recommended to commence a retender process at this time. In practice this will mean extending the contract beyond term using Regulation 72 of the Public Contract Regulations.
- 3.6.9 The Leader's decision dated and implemented on the 24/4/2020 stated that:-
- 3.6.10 *"That delegated authority be granted to chief officers to take appropriate procurement action to manage contracts during and after the current public health measures for six months from 1st April 2020, and specific action to support the sustainability of Adult Social Care Providers be authorised for a period of three months from 1st April 2020."*
- 3.6.11 For this reporting cycle the contracts have been notated if contract procedures have been waived due to the current pandemic; meeting the approval criteria set out in the report "COVID-19 – Procurement Implications approved by the Executive through the Leader". As the period for review is October 2019 to March 2020 this only applies to a few waivers; reporting on COVID-19 decisions will be included in the next cycle.
- 3.6.12 Members are asked to review this list and comment as necessary, preferably prior to the meeting so that officers can extract the details on queried waivers.

3.7 Statement of Accounts

- 3.7.1 The Head of Corporate Finance and Reporting provided an update and confirmed the latest position - there are objections to the accounts for 2016/17, 2017/18 and 2018/19.
- 3.7.2 The Director of Environment and Public Protection responded to the outstanding enquiries by KPMG (previous external auditor for 2016/17 and 2017/18) on 6 May and we are awaiting a response. All of the objections are from the same individual. EY, our current external auditor, will not address the objection to the 2018/19 accounts until it has seen the final responses to the previous year's objections from KPMG. At the moment EY has advised that it will not be able to provide a value for money conclusion for 2018/19 until the objections are closed. Although the audited accounts can be approved and published, EY will also be unable to issue a completion certificate. The same will apply to the 2019/20 accounts if the objections remain outstanding.

2018/19 Accounts

- 3.7.3 Following the work on asset revaluations, a revised statement of accounts for this period has been provided to EY, who are expected to report completion of their audit to the GP&L Committee scheduled for 30 July.

2019/20 Accounts

- 3.7.4 The draft statement of accounts for this period have been approved by the Director of Finance and published on the Council's website on 30 June. The public inspection period, which allows objections to be made, will run from 1 July to 11 August 2020.
- 3.7.5 The external audit fieldwork will start on 10 August and is expected to be complete at the end of September.
- 3.7.6 In terms of reporting to GP&L Committee, subject to the audit progressing smoothly, it is likely that a special GP&L meeting would be required during October to approve the audited statement of accounts and receive the audit findings reports from EY.

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 Adult and Children's Services

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 implications for procurement relating to contract procedure rules, financial regulations and Value for Money issues.

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

Priority 1 list - July 2020

Appendix A

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
ECHS/01/2017/AU Finalised 15th October 2018	Review of Leaving Care	Limited	6 2o/s	Issues arose within the following areas :- 1) Individual service user finance records were found not to be up to date; 2) Grant sheet (Central Log) issues arose with a number of cases;	Director of Children's Services	Assistant Director, Childrens Social Care Head of Service (CLA &Care Leavers)	See Progress Reports for November 2018, February 2019, June 2019, October 2019, February 2020 and July 2020.
ECS/07/2017/AU Finalised 23rd November 2018	Review of the Management of Strategic Property	Limited	4 1 o/s	Validation and Monitoring of £1m Income Generation Plan;	Director of Housing, Planning and Regeneration.	Assistant Director Strategic Property	See Progress Reports for February 2019, June 2019, October 2019, February 2020 and July 2020
ECHS/12/2018/AU Finalised 18th July 2019	Review of No Recourse to Public Funds	Limited	1	The procurement of accommodation for NRPF clients within the Referral and Assessment Team (CSC) did not meet the requirements of Financial Regulations and Contract Procedure Rules. There was no formal contract arrangements with the provider selected. Comparison with Housing indicated that the provider used by the NRPF team did not offer value for money and there was potential for savings.	Director of Children's Services	Assistant Director, Childrens Social Care Head of Service Referral and Assessment	October 2019 See Progress Report February 2020 See Progress Report July 2020 See Progress Repprt
CEX/13/09/2019 Finalised 30th September 2019	Review of Starters and Leavers	Limited	1	The notification process for managers to inform IT and other relevant departments (for the issue of building security passes and procurement cards) of staff who are leaving the Authority, is not operating effectively.	Director of Human Resources and Customer Services Director of Corporate Services (for the IT element)	Head of HR Business, Systems and Reward Head of IT Services/Head of Information management	October 2019 See Progress Report February 2020 See Progress Report July 2020 See Progress Report

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
ECS/2/2018/AU Finalised 2nd October 2019	Review of Highways Maintenance	Limited	3	1) Recommendation of schemes for the Highways Investment Project were not evidenced as compliant to the prioritisation system agreed by the Executive. The rationale for recommendation to the schemes to the Environment PDS was not retained. 2) Management of the delivery of agreed Highways Investment schemes for both carriageway and footways including written procedures, ordering, variations, documentation to support inspections and confirmation to remedy defects before payment. 3) Reconstruction of vehicle crossovers as part of footways schemes should be supported by written procedure notes, documentation for each job including request form, date of instruction and inspection report when completed. Income to be reconciled to reconstructions invoiced.	Director of Environment and Public Protection	Assistant Director Highways	October 2019 See Progress Report February 2020 See Progress Report July 2020 See Progress Report
CORP/03/2019/AU Finalised 23rd December 2019	Review of Business Continuity and Emergency Planning	Limited	2 1o/s	Management should ensure that plan owners are testing their BCP at least annually; produce an action plan for any issues identified; test plans that yet to formalised and to assign ownership and responsibility to ensure the recommended steps are escalated to full implementation	Director of Environment and Public Protection	Assistant Director of Public Protection	See Progress Report New addition to the P1 list
CBX/14/2019/AU Finalised 27th January 2020	Review of Schools Finance Team (SFT)	Limited	1	Formal contract management over the arrangements with Liberata to provide the SFT service should be implemented. Any contract monitoring controls implemented should be risk-based, so enabling checks to be increased if KPI's drop or assurances over activities are not achieved. A periodic update on achievement of the contractual KPI's should be requested from the service provider.	Director of Finance	Head of Finance Children, Education and Families	See Progress Report - New priority 1 recommendation

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
CEX/11/2019/AU Finalised 14th January 2020	Review of Procurement Cards	Limited	3	1) The roles and responsibilities of those involved in the varying tasks of the procurement card system should be clarified. 2) Transactions should be submitted and authorised in a timely manner 3) Reclaimed VAT should be supported by appropriate documentation	Director of Finance	Assistant Director Commissioning & Programmes (Children and Adults) Assistant Director Exchequer Service	See Progress Report - New priority 1 recommendations
CEX/11/2019/AUTAX Finalised 10th December 2019	Tax and National Insurance Arising From the Audit of Procurement Cards	Limited	2	1) Advice should be sought regarding the payment of tax and NIC by the Council to HMRC for gifts and meals purchased by officers. 2) Payment of tax and NIC for merit awards paid to individuals who are not permanent employees of the Council, for current and previous years.	Director of Human Resources and Customer Services	Head of HR Business, Systems and Reward	See Progress Report - New priority 1 recommendations
ECHS/10/2019/AU Finalised 27th February 2020	Review of St Olaves School	Limited	2	1) Processes around project management and spend identified non-compliance to Financial Regulations and poor financial control. Improvements to the expenditure and procurement processes and for project management were recommended. 2) Improvements to the financial management and governance at the school were recommended including timely financial reporting, financial planning and a financial strategy to meet budget pressures in this year and forthcoming years.	Head Teacher	Head Teacher School Business Manager	See Progress Report - New Priority 1 recommendations
CEX/03/2018/AU Finalised 29th May 2020	Review of Controls to Mitigate the Risk of ICT System Failures	Limited	1	Management should ensure that :- -The replacement of the electrical mains and generator control is completed by the TFM contractor as soon as possible - A review of the process to escalate outstanding job requests to Amey in a timely and formal manner is undertaken -The roles and responsibilities with regard to the electrical supply on the Civic Centre site and the need to mitigate the risk of system failure and loss of data is clarified.	Director of Corporate Services	Head of Information System Services Senior Property Manager	See Progress Report - New Priority 1 Recommendation

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
ECHS/12/2019/AU Finalised 5th May 2020	Review of Looked After Children	Limited	1	<p>All residential placements must be supported by a valid contract. This case demonstrates that Financial Regulations and Contract Procedure Rules were not adhered to.</p> <p>A review of all placements will need to be undertaken once the report is available to ensure that the relevant contractual documentation is in place. These should be held securely.</p> <p>Service agreements should not be authorised which will result in a payment being made to the provider, until the signed contract accepting the terms and conditions have been accepted.</p> <p>All residential placements must be supported by a valid contract. This case demonstrates that Financial Regulations and Contract Procedure Rules were not adhered to.</p> <p>A review of all placements will need to be undertaken once the report is available to ensure that the relevant contractual documentation is in place. These should be held securely.</p> <p>Service agreements should not be authorised which will result in a payment being made to the provider, until the signed contract accepting the terms and conditions have been accepted.</p>	Director of Children's Services	Assistant Director, Children's Social Care / Head of Service, Children Looked After (CLA) & Care Leavers	See Progress Report - New Priority 1 Recommendation

The following P1 recommendations have been implemented : Domicillary Care Contract Management one recommendation implemented. See progress report.
Health and Safety one recommendation implemented. See progress report

Risk Assessment Guidance

Likelihood	Almost Certain (5)	5	10	15	20	25	<table border="0"> <tr> <td style="background-color: red; width: 20px; height: 20px; display: inline-block;"></td> <td>High Risk - review controls and actions every month</td> </tr> <tr> <td style="background-color: orange; width: 20px; height: 20px; display: inline-block;"></td> <td>Significant Risk - review controls and actions every 3 months</td> </tr> <tr> <td style="background-color: yellow; width: 20px; height: 20px; display: inline-block;"></td> <td>Medium Risk - review controls and actions every 6 months</td> </tr> <tr> <td style="background-color: lightgreen; width: 20px; height: 20px; display: inline-block;"></td> <td>Low Risk - review controls and actions at least annually</td> </tr> </table>		High Risk - review controls and actions every month		Significant Risk - review controls and actions every 3 months		Medium Risk - review controls and actions every 6 months		Low Risk - review controls and actions at least annually
		High Risk - review controls and actions every month													
		Significant Risk - review controls and actions every 3 months													
		Medium Risk - review controls and actions every 6 months													
		Low Risk - 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

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)			DATE COMPLETED:	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> The 2020/21 Council Tax report identified the need to reduce the Council's 'budget gap' of £16.9m per annum by 2023/24. Funding changes have been announced in the One Year Local Government Finance Settlement 2020/21. The Government recently announced a delay in the Fair Funding review and devolution of business rates until 2022/23 (delayed a further year). It is likely, therefore, that there may be a one year financial settlement for 2021/22. A one year settlement and the delay in the Fair Funding Review creates greater financial uncertainty relating to the impact on 2022/23 and beyond. A significant challenge to the current year's financial position relates to the impact of COVID-19 and the extent to which the Government funds the net cost to the Council. Examples of the financial impact include: <ul style="list-style-type: none"> (a) Additional costs relating to direct support, enhancements to contract prices during this interim period (where necessary), additional staffing support, provision of new services, mortuary costs etc.; (b) Planned budget savings which cannot be delivered during this period; (c) Loss of income which includes, for example, car parking and enforcement, business rates, council tax collection, rent income from investment properties and treasury management. Although it is not possible to accurately estimate the financial impact, an initial estimate of the total net cost including income losses is expected to significantly exceed the current level of Government funding provided of £16.6m. The main element of financial loss relates to income reductions ranging from car parking to collection of council tax and business rates. It is not clear whether the government will fully compensate councils for any income losses or non-delivery of planned budget savings and there is likely to be resultant financial impact on the Council's four year financial forecast relating to the 'new normal' in future years, which cannot be quantified at this stage. 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). 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. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. The new national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). Local government may be required to take on new funding responsibilities in the future without adequate funding. Impact of welfare reforms and the phased roll out of Universal Credit. 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). <p>Effect(s):</p> <ul style="list-style-type: none"> Increased overspends in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage 	Finance Financial	5	5	25	<ul style="list-style-type: none"> Regular update to forward forecast Early identification of future savings required Transformation options considered early in the four year forward planning period Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost Mitigation of cost pressures including demographic changes Quarterly review of growth pressures and mitigation Apart from 'One Bromley' projects, there are opportunities for the Transformation Reviews and Core Statutory Minimum Reviews 	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
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>Cause(s):</p> <ol style="list-style-type: none"> 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 the Bromley Clinical Commissioning Group) to ensure that funding follows the patient. <p>Effect(s):</p> <ul style="list-style-type: none"> Failure to deliver statutory duties Failure to achieve our Building a Better Bromley priorities. 	Health and Social Care Integration Contractual and Partnership	2	3	6	<ul style="list-style-type: none"> 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 Continued work with health partners to deliver the main transformation programmes e.g. Bromley Well and the transformation of prevention Building on the work already delivered through S75 agreement with Oxias 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. 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) 	2	3	6		Director of Adult Services
4	Corporate Risk	Failure to manage change and maintain an efficient workforce to ensure that BBB priorities are met	<p>Cause(s):</p> <ol style="list-style-type: none"> The on-going need to reduce the size and change the shape of the organisation to secure priority outcomes within the resources available. Having the right people in place by implementing effective recruitment and retention strategies. 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). Disruption while services realigned and staff appointed to new structure. Increasing demands and pressures on remaining staff given increased customer expectation levels, could lead to morale issues. Increased potential for internal controls to be bypassed due to flatter reporting structure. Lack of capacity to lead projects / manage change agenda and consequent ability to respond to change initiatives and the achievement of outcomes and benefits. Potential future shortage of professionally qualified practitioners in key areas, particularly around the Safeguarding agenda. 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. Adverse industrial relations climate with individual and collective grievances including trade disputes with the unions, causing some disruptions to vital Council services. Increasing number of employment tribunal cases causing financial and administrative inconveniences. Having the right buildings and facilities to support fewer, more professional, differently organised staff. 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). Adequacy of consultation on issues that affect residents across the borough i.e. re-organisation of libraries, Biggin Hill expansion. Adverse external audit comment and resulting ratings in relation to 'excellent in the eyes of local people'. <p>Effect(s):</p> <ul style="list-style-type: none"> Skill gaps Deterioration of service quality through loss of experienced staff Disruption while services are realigned Wester internal controls 	Organisational Change Personnel	4	2	8	<ul style="list-style-type: none"> Continuously address the recruitment and retention of key individuals in critical posts. Effective succession planning and grow your own initiatives, and using the Apprenticeship Levy to address recruitment challenges in the medium-long term Ensure the organisation has the HR capacity and employment law expertise to manage change. Address the transformational and transitional capabilities (including leadership) required for a successful commissioning journey/process. Provide adequate resources to support and improve staff engagement and communications. 	4	2	8		Director of Human Resources and Customer Services
5	Corporate Risk	Ineffective governance and management of contracts	<p>Cause(s):</p> <ol style="list-style-type: none"> Ensuring client side staff have the necessary training and skills to manage and monitor contracts. Ensuring effective communication channels between client and provider to ensure contract compliance. Need for monitoring officers to check quality of outsourced services and customer satisfaction levels. Lack of understanding of the contract deliverables. Short cuts in procurement processes e.g. extending contracts rather than retendering. Compatibility of different systems and availability of IT support. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. Potential for operational errors / omissions by contractors (responsibility remains with LBB). Managing customer expectations and dealing with complaints where there are failures. <p>Effect(s):</p> <ul style="list-style-type: none"> 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	3	4	12	<ul style="list-style-type: none"> Contract Procedure Rules and regular Practice / Guidance notes to all Contract Owners Review of contract management and contract monitoring controls including any issues identified by internal audit Contracts Database and Quarterly Contracts Database Report to all relevant Committees Procurement Board oversight Member scrutiny including regular Contract Monitoring Reports for £500k+ contracts Regular programme of training delivery to staff Quarterly Contract Owners meetings 	3	4	12	<ul style="list-style-type: none"> Contract Management guidance on toolkit to be reviewed Review of Contract Procedure Rules Ongoing training delivery Improve compliance with annual Contract Monitoring Requirement 	Service Directors supported by Assistant Director, Governance and Contracts
6	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Need to ensure that Information systems are fit for future business purpose. Capacity and skill within Corporate ICT to maintain and support systems during a period of significant change and in the future. Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service). Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). Adequacy of information governance data protection rules to ensure the confidentiality, integrity and availability of information assets. IT failure impacting on critical operational systems. 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. Transfer of IT contract to new ICT 3rd party supplier. <p>Effect(s):</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

Corporate Risk Register - Appendix B2

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					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING		
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<p>Cause(s):</p> <ol style="list-style-type: none"> Unavailability of Council offices / depots due to explosion, fire flood or police cordons around Council buildings Operational emergencies due to severe weather conditions, fire, or major incident. 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). Loss of key business systems due to power problems or system failure. Inadequate IT disaster recovery arrangements leading to dislocation of Council services. Sustained industrial action affecting key services. Lack of Business Continuity Plan testing. Adequacy of contractor's business continuity plans. Shortage of staff to deliver key services in the event of a flu pandemic or similar <p>Effect(s):</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Business Continuity Plans Emergency Planning procedures 	4	3	12	<p>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.</p> <p>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).</p> <p>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.</p> <p>To continue to provide a resilient out of hours service to Emergency Planning by having Trained contactable volunteers.</p>	Director of Environment and Public Protection
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	<p>Cause(s):</p> <ol style="list-style-type: none"> Local authority response to Bromley's Safeguarding Children's Board following Wood Review. <p>Effect(s):</p> <ul style="list-style-type: none"> Impact on Life chances and outcomes for children 	Children's Social Care Legal, Reputational	3	5	15	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Ofsted validation - report published 7th January 2019 Phase 3 - 'to excellence' plan in development 	Director of Children's Services
9	Corporate Risk	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets	<p>Cause(s):</p> <ol style="list-style-type: none"> Changes in government funding Rising numbers of placements (approx. 20 per month). <p>Effect(s):</p> <ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 of Housing, Planning and Regeneration
10	Corporate Risk	Potential detrimental impact of BREXIT upon service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Uncertainty over final outcome and resultant impact of negotiations Multiple scenarios and associated time frames causing regulatory and legislative issues Uncertainty making planning assumptions difficult <p>Effect(s):</p> <ul style="list-style-type: none"> Scale and impact difficult to assess Impact upon mitigation planning 	Corporate	3	2	6	<ul style="list-style-type: none"> Process in place to monitor potential impacts upon specific key services Monitoring of potential effects with key partners 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	2	6	<ul style="list-style-type: none"> Review of planning assumptions and mitigation once Clarity regarding BREXIT is known 	Brexit Lead - Director of Environment and Public Protection
11	Corporate Risk	Failure to deliver the Transforming Bromley Programme	<p>Cause(s):</p> <ol style="list-style-type: none"> Failure to identify and put forward sufficient transformation proposals to deliver the quantum of savings required by 2022/23 Failure to deliver appropriate mitigation of existing projected growth pressures within the financial forecast Failure to appropriately resource each Transforming Bromley workstream with sufficient project support and subject matter expertise to enable the identification of proposals Insufficient management oversight and governance arrangements to shape the delivery of proposals to enable Member decision making and inform budget setting for each financial year Insufficient consultation and engagement with relevant stakeholders to ensure the successful delivery of proposals. <p>Effect(s):</p> <ul style="list-style-type: none"> Inability to address the Council's budget gap of £16.9m by 2023/24 Unable to meet key commitments of the Medium Term Financial Strategy 	Finance Financial	4	5	20	<ol style="list-style-type: none"> Robust governance process: fortnightly meetings of the Transformation Board, chaired by the Chief Executive and attended by Chief Officers Each Transformation Board workstream attends the Transformation Board twice before proposals are reviewed by Cabinet/Directors, Group, PDS Committees and the Executive. Each Transformation Programme Board has its own Project Manager and additional Transformation Leads are brought in to support the successful delivery of proposals Communications Plan will be in place to enable the successful engagement with Members, staff and partners as needed Where transformation proposals have public law implications, an appropriate assessment will be carried out and stakeholders will be engaged. Each Chief Officer will give an standing item update at their respective PDS Committee(s) on the Transforming Bromley Programme Transformation Fund to support the successful delivery of transformation proposals subject to a suitable business case being provided A review of core statutory minimum service requirements will enable each service area to identify where potential savings could be and to evidence that where discretionary services are delivered, they are done so on a cost-recovery basis and/or they reduce long-term dependency on higher levels of statutory intervention which generate longer term growth pressures for the Council All proposals will be submitted to the Executive to inform budget setting for 2020/21. 	3	5	15	<p>In the event that the Transformation Programme fails to support the successful identification of the required quantum of savings to address the Council's underlying budget gap by 2023/24, the Council will still be legally required to deliver a balanced budget as set out in the Local Government Finance Act 1988.</p> <p>As part of the Transformation Programme, the Chief Executive, the Section 151 officer and the senior leadership team have reviewed the delivery of discretionary services across the organisation and this has informed the development of the Transformation Programme workstreams. They will, therefore, report to Members on this review and other administrative decisions in order to meet the statutory requirement for a balanced budget. If funding reductions remain and growth/cost pressures continue, these decisions are likely to have an impact on the delivery of services to our residents and service users</p>	Chief Executive

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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
1	All	Failure to deliver Financial Strategy	<p>Cause(s):</p> <ul style="list-style-type: none"> - Continual reduction in Central Government funding - Demographic changes - Increased demand for services - Demand led statutory services (c. 80% of operations) which can be difficult to predict - Increasing cost volatility due to rise of complex, high cost families or placements requiring services. - Potential employer liability issues for direct payment users - Impact of COVID-19 pandemic <p>Effect(s):</p> <ul style="list-style-type: none"> - Lower than anticipated levels of financial resource - Failure to achieve a balanced budget - Failure to secure economy, efficiency, and effectiveness of use of resources leading to a Qualified Independent Auditors' Report - Objectives of the service not met - Reputation is impacted - Wider goals of the Council are not achieved 	Financial		5	5			25	<ul style="list-style-type: none"> - Budget monitoring and forecasting - Regular review of medium term strategy - Regular reporting to CLT and Members via the Committee reporting process - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Monitor demographics, economic indicators and develop insight into future demand - Match financial planning to Council priorities - Internal audit framework - Early intervention with service users - Constantly reviewing service operations for potential efficiencies - Developed a series of commissioning plans, with mitigating actions, for Adult Social Care (Mental Health, Learning Disabilities and Older People) including mitigating actions addressing financial pressures - Growth and mitigation discussions - Service strategies in place to mitigate growth 		5	5			25	<ul style="list-style-type: none"> - Delivering commissioning actions in ASC Transformation Board programme. - Process to ensure employer liability insurance is held by direct payment users when appropriate 	Director, Adult Services Kim Carey Director, Public Health (Nada Lemic)
2	Adult Social Care	Failure to deliver effective Adult Social Care services The Council is unable to deliver an effective adult social care service to fulfil its statutory obligations including the safeguarding of Adults	<p>Cause(s):</p> <ul style="list-style-type: none"> - Increasing demand - Above compounded by associated longer waiting lists leading to deteriorating condition and ultimately increased service user/ carer costs - Failure to deliver effective safeguarding arrangements - Failure to comply with statutory requirements including the Care Act - Potential instability in social care workforce - Impact of COVID-19 pandemic <p>Effect(s):</p> <ul style="list-style-type: none"> - Impact on life chances and outcomes for service users - Failure to keep vulnerable adults safe from harm or abuse 	Legal		4	4			16	<p>Care Act - Redesigned processes, including amending forms, and operational procedures in place and Care Act compliance training</p> <p>Improved Better Care Fund - Programme overseen by the Interim Director of Programmes and the CCG</p> <p>Safeguarding - 1. Multi Agency Bromley Adult Safeguarding Board (BSAB) in place. 2. BSAB Training programme (E Learning and Face to Face). 3. Awareness training for vulnerable groups. 4. Care Act compliance training</p> <p>Recruitment - Dedicated HR programme of support in place to recruit social workers to front line posts</p> <p>Performance Monitoring Framework - Review of Performance Management Indicators</p> <p>Procurement and Contract Monitoring - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money</p>		3	4			12	<ul style="list-style-type: none"> - Actions as part of LBB's Adult Social Care Transformation Plan 	Director, Adult Services (Kim Carey)
3	Learning Disability Service	Failure to deliver effective Learning Disability services Failure to assess service users, establish eligibility criteria and carry out the review process.	<p>Cause(s):</p> <ul style="list-style-type: none"> - Failure to identify and meet service users' needs - Provision of service to ineligible clients - Provision of service prior to/without appropriate authorisation - Failure to manage the transition process of service users from Children's Services to Adult Services leading to increased risk of Judicial Review - Potential instability in social care workforce <p>Effect(s):</p> <ul style="list-style-type: none"> - Costs associated with Legal process - Ongoing care package costs as a result of Legal process outcome - Placement predictions leading to financial pressures (cross refer Budget risk) 	Legal		4	4			16	<ul style="list-style-type: none"> - Close monitoring of placements and eligibility criteria - Budget monitoring and forecasting - Regular review of medium term strategy - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Hold provider to account for poor performance - Monitor demographics, economic indicators and develop insight into future demand 		3	4			12	<ul style="list-style-type: none"> - LD Strategy in development - Actions as part of LBB's Adult Social Care Transformation Plan 	Director, Adult Services (Kim Carey)

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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						
4	Adult Social Care	Deprivation of Liberty Failure to prevent unlawful deprivation of liberty	<p>Cause(s):</p> <ul style="list-style-type: none"> - 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 <p>Effect(s):</p> <ul style="list-style-type: none"> - 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) - Failure to comply with Mental Capacity (Amendment) Act 2019 when implemented if preparations not in place. 	Legal		4	4	16	<ul style="list-style-type: none"> - 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. Organisational wide planning and scoping to identify the cases and minimise legal risks before the actual date the amended legislation will come into force. - Implementation of government guidance on remote assessments during COVID-19 pandemic 		2	2	4		Director, Adult Services (Kim Carey)		
5	Adult Social Care	Recruitment and Retention - ASC Failure to recruit and retain key skilled staff with suitable experience/qualifications	<p>Cause(s):</p> <ul style="list-style-type: none"> - 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 <p>Effect(s):</p> <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 - Senior management team in place with 76% permanent staff - Wake up to Care programme to recruit, support the training and oversee the development of care workers in Bromley including LBB staff. 		2	3	6		Director, Adult Services (Kim Carey) Director, Human Resources (Charles Obazuaye)		
6	Education Adult Social Care	Transport - Children and Adults 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	<p>Cause(s):</p> <ul style="list-style-type: none"> - Fluctuating demand year on year - Rising numbers of children meeting criteria for transport provision and associated increase in costs - Ensuring new framework for service in place for September 2020 <p>Effect(s):</p> <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 - Interim arrangements for adult transport in place to cover period from September 2019 to August 2020 		3	4	12	<ul style="list-style-type: none"> - Review of policy - Procurement process underway with award of framework going to Executive for approval in April 2020. 	Director, Education (Jared Nehra) Director, Adult Services (Kim Carey)		
7	Strategy, Performance and Corporate Transformation	Social Care Information System (SCIS) Failure to procure and implement new system	<p>Cause(s):</p> <ul style="list-style-type: none"> - Failure to establish tender specification of need - Failure to procure within budget - Failure to retain Programme Manager and appoint team to manage implementation - Failure to effectively implement and go live <p>Effect(s):</p> <ul style="list-style-type: none"> - Failure to safeguard vulnerable children and adults - Failure to manage children and adult records effectively - Failure to meet government and CQC expectations 	Financial Legal Data		4	5	20	<ul style="list-style-type: none"> - A multi-disciplinary Programme Board in place providing governance - Multi-disciplinary 'SCIS' team appointed and contracts secured. - Procurement strategy agreed, tenders evaluated, programme within budget, award of contract brought forward to May 2020 from July. - SCIS team influencing Transformation work streams to maximise digitalisation opportunities. 		2	2	4	<ul style="list-style-type: none"> - Implementation phase development ongoing – reflective of Covid-19 impact - Go live on schedule for April 2022 	Assistant Director, Strategy, Performance and Corporate Transformation (Naheed Chaudhry)		

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					LIKE LIHO	OD	IMPA	CT	RISK RATI		NG	LIKE LIHO	OD	IMPA	CT			RISK RATI
8	Public Health	Inability to deliver an effective Public Health service The Council is unable to deliver an effective Public Health service to fulfil its statutory obligations	Cause(s): - Reduced budget which has led to funding cuts, reduced service and redundancies. Withdrawal of non-statutory services. - Potential fluctuating medicines market Effect(s): - 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		4		4		16		3		4		12	Plans for further integration of some functions and services with CCG	Director, Public Health (Nada Lemic)
9	Adult Social Care Public Health Strategy, Performance & Corporate Transformation	Business Interruption / Emergency Planning Failure to provide Council services or statutory requirements of mass illness/fatalities scenario following a business interruption or emergency planning event	Cause(s): - 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) Effect(s): - Business interruption - failure to deliver services, loss of customer / resident satisfaction. - Emergency planning - failure to deliver statutory duties.	Personnel		2		5		10		1		4		4	- Business Continuity Plans reviewed annually.	Director, Adult Services (Kim Carey) Director Public Health (Nada Lemic) Director, Strategy, Performance & Corporate Transformation (Naheed Chaudhry)
10	Strategy, Performance and Corporate Transformation	Data Collections Failure to undertake statutory statistical data collections; including key housing and adults' social care information, thereby adversely affecting government grant allocations and performance assessments	Cause(s): - Business Interruption Effect(s): - Failure to commission effectively - Adverse impact on the timing and quality of decision making	Data and Information		3		3		9		1		3		3		Assistant Director, Strategy, Performance & Corporate Transformation (Naheed Chaudhry)

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					LIKE	LIHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LIHO			OD	IMPA	CT	RISK	RATI	NG
1	Children's Services	Failure to deliver Children's Services Financial Strategy	Cause(s): - Continual reduction in Central Government funding - Demographic changes - Increased demand for services - Demand led statutory services (c. 80% of operations) which can be difficult to predict - Increasing cost volatility due to rise of complex, high cost families or placements requiring services. Effect(s): - Lower than anticipated levels of financial resource - Failure to achieve a balanced budget - Failure to secure economy, efficiency, and effectiveness of use of resources leading to a Qualified Independent Auditors' Report - Objectives of the service not met - Reputation is impacted - Wider goals of the Council are not achieved	Financial		5		5		25			4		5		20		-Plans are in place in Children's Social Care for improving sufficiency whilst reducing identified areas of budget.	Director, Children's Services (Janet Bailey) Director, Education (Jared Nehra)			
2	Children's Services	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	Cause(s): - Local authority response to Bromley Safeguarding Children's Partnership following Wood Review. Effect(s): - Impact on life chances and outcomes for children	Legal, Reputational		3		5		15			3		4		12		- Ofsted validation - report published 7 January 2019 and action plan agreed - Phase 3 - 'to excellence' plan is currently being implemented - Annual conversation with Ofsted in November 2019 was very positive - Due to Covid-19, progression of some elements of this work are stagnant.	Director, Children's Services (Janet Bailey)			
3	Children's Services	Recruitment and Retention Failure to recruit and retain key skilled staff with suitable experience/qualifications	Cause(s): - 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 Effect(s): - 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			3		4		12		-As of January 2020 80% permanent staff -Due to Covid-19, it has proved extremely challenging to recruit permanent staff at this time	Director, Children's Services (Janet Bailey) Director, Human Resources (Charles Obazuaye)			
4	Children's Services	Business Interruption / Emergency Planning Failure to provide Council services or statutory requirements of mass illness/fatalities scenario following a business interruption or emergency planning event	Cause(s): - 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) Effect(s): - Business interruption - failure to deliver services, loss of customer / resident satisfaction. - Emergency planning - failure to deliver statutory duties.	Personnel, Reputational		2		5		10			1		5		5		- Business Continuity Plans reviewed annually. BCP reviewed and activated in response to Covid 19	Director, Children's Services (Janet Bailey) Director, Education (Jared Nehra)			

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					LIKE	LIHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LIHO			OD	IMPA	CT	RISK	RATI	NG
5	Education	School Place Planning Failure to meet the statutory requirement to ensure sufficient school places to meet the needs of the population in the area	Cause(s): - 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 Effect(s): - Disruption to the education of children and impact on their life chances	Political, Legal, Professional		3		4		12			4		3		12	Continue to work with DfE on delivery of approved new secondary Free Schools at the earliest possible opening date	Director, Education (Jared Nehra)				
6	Children's Services	Not in Education, Employment or Training (NEET) 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	Cause(s): - Lack of control over Academies Effect(s): - Disruption to Education - Impact on life chances for young people	Professional, Legal		3		2		6			3		2		6		Director, Children's Services (Janet Bailey)				
7	Education Adult Social Care Programmes	Transport - School and Adult Social Care 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	Cause(s): - 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 Effect(s): - 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			3		3		9	- Review of policy - Procurement process underway with award of framework going to Executive for approval in April 2020.	Director, Education (Jared Nehra) Director, Adult Services (Kim Carey)				
8	Education	SEND Reforms Failure to meet expectation of SEND reforms	Cause(s): - 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 Effect(s): - 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			3		3		9	- QA programme for placements in independent schools to be implemented - ASD Joint Strategy in development - Engagement framework in final stages - CYP Participation Officer post extended with workplan agreed - Bromley Teaching Schools leading SEN training collaborative to support school improvement. - Placement planning framework in development for September 2020 and beyond - Additional local placement capacity in development - Options for SEND placement funding review being considered - SEND Reforms Action Plan 2020/21 in development	Director, Education (Jared Nehra)				

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					LIKE	LHO	OD	IMPA	CT		RISK	RATI	NG	LIKE	LHO			OD	IMPA	CT	RISK	RATI	NG
9	Children's Social Care	Youth Offending Failure to deliver effective youth offending services to protect children and young people and reduce their vulnerability	Cause(s): - Increase in youth offending Effect(s): - 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			3	4	12			2	4	8	- 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.	- Readiness for Youth Offending Service inspection is monitored through challenge sessions and Improvement Board meetings - SEF is being completed with story board for inspection - Covid 19 has slowed progression ,inspection also will be delayed	Director, Children's Services (Janet Bailey)						
10	Children's Social Care	Out of Borough Placements (Children and Young People) Inability to reduce reliance on out of borough placements Financial implications	Cause(s): - Failure to provide/commission sufficient local placements for children with disabilities and children in care Effect(s): - Cost implications of out of borough placements (Cross refer Budget risk) - Impact for children's welfare and development	Professional Financial			3	3	9			3	3	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	- 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)						
11	Strategy, Performance and Corporate Transformation	Data Collections Failure to undertake statutory statistical data collections; including pupil census, attainment data and key children's social care information, thereby adversely affecting government grant allocations and performance assessments	Cause(s): - Business Interruption Effect(s): - Failure to commission effectively - Adverse impact on the timing and quality of decision making	Data and Information			3	3	9			1	3	3	- Schedule of statutory returns has been incorporated into the Strategy and Performance 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		Assistant Director, Strategy, Performance and Corporate Transformation (Naheed Chaudhry)						
12	Education	Funded childcare places for two, three and four year olds of working parents The Council is unable to provide sufficient places within the local sector to fulfil its Statutory Duty	Cause(s): - Early Years Provider businesses failing finically as a result of Covid 19 closures and impact on the childcare sector - Insufficient places within local sector resulting in Local Authority failure to meet its statutory duty - Inability to fully implement IT system to support parental registrations, provider contracts and efficient and timely processing of funding claims Effect(s): - Parental dissatisfaction(availability of places or Parental Portal system failures) - Official notification from DfE regarding failure to fulfil statutory duty - Delays in payment to providers, destabilising local businesses and businesses and loss of confidence in LA's processes.	Political, Reputational			2	3	6			2	3	6	-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 - IT funding system resolution rollout underway, weekly contract review meetings, support from IT team to help with technical implementation issues.	-IT solution implementation in progress. - Roll out of Parent Portal delayed to allow for extensive testing programme before parental access -Updated Sufficiency report to be available September 2020	Director, Education (Jared Nehra)						

Children Education and Families Risk Register - Appendix B4

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	IMPACT		LIKE	LIHO	OD	IMPACT				
																RISK RATING	
13	Education	Speech and Language Therapy Failure to provide appropriate SALT services to children and young people	Cause(s): - Current service provision not meeting needs of children and young people in a timely way Effect(s): - Failure to meet the need of children and young people including those with SEN/D and other vulnerabilities	Legal Reputational Professional		4		3	12	- Review of service undertaken to consider impact and effectiveness of current provision and potential service improvements. - Identification of additional funding for 2019/20. £250,000 from BCF funding and £90,000 from Bromley Clinical Commissioning Group.		4		3	12	- Multi-agency review of SaLT provision underway. -Recommendations regarding the SaLT service were taken through LBB governance processes with reports presented to the Children, Education & Families Policy Development and Scrutiny Committee on 9th July 2019 and LBB Executive Committee on 10th July 2019, and received formal Member agreement, with additional capacity from September 2019. -Further review of how SLT is delivered within Bromley is also underway, reporting April 2020.	Director of Education (Jared Nehra)
14	Strategy, Performance and Corporate Transformation	Social Care Information System Failure to procure and implement new system	Cause(s): - Failure to establish tender specification of need - Failure to procure within budget - Failure to retain Programme Manager and appoint team to manage implementation - Failure to effectively implement and go live Effect(s): - Failure to safeguard vulnerable children and adults - Failure to manage children and adult records effectively Failure to meet regulators expectations (Ofsted)	Financial Legal Data		4		5	20	- Programme Board established providing governance -Multi-disciplinary 'SCIS' team appointed and contracts secured. -Procurement strategy agreed, tenders evaluated, programme within budget, award of contract brought forward to May 2020 from July. -SCIS team influencing Transformation work streams to maximise digitalisation opportunities.		2		2	4	- Implementation phase development ongoing – reflective of Covid19 impact Go live on schedule for April 2022.	Assistant Director, Strategy, Performance and Corporate Transformation (Naheed Chaudhry)

May-20

Corporate Services Risk Register - Appendix B5

										DATE LAST REVIEWED:	02/06/2020		
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	IT Security failure	<p>Cause(s): 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</p> <p>Effect(s): Loss of service, potential fines, resident dissatisfaction</p>	Data and Information	4	5	20	<ul style="list-style-type: none"> - 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	Telecommunications failure Prolonged telecoms / switchboard failure	<p>Cause(s): Power surge, contractor failure, malicious attack, IT failure</p> <p>Effect(s): Widespread disruption across the Council</p>	Data and Information	3	5	15	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - Virtualisation project will help facilitate disaster recovery provision - Secondary Session Initiation Protocol (SIP) connection being added to provide resilience. 	Vinit Shukle
3	Corporate Services	IT System Failure (partial loss) Partial loss of IT systems	<p>Cause(s): Failure of Outlook or similar applications Failure of Novell Filing Registry system which carries details of all departmental files</p> <p>Effect(s): Widespread disruption across the Council</p>	Data and Information - Operational	4	4	16	<ul style="list-style-type: none"> - 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 Norwell 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	IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council	<p>Cause(s): Complete loss of data centre and related hardware</p> <p>Effect(s): Widespread disruption across the Council Financial loss Reputational impact</p>	Data and Information - Operational	3	5	15	<ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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	Network Loss 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.	<p>Cause(s): Major malfunction of council's network caused by Cyber Attack or other means</p> <p>Effect(s): Loss of system access Service Disruption Reputational impact</p>	Data and Information - Operational	3	3	9	<ul style="list-style-type: none"> - 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

Corporate Services Risk Register - Appendix B5

													DATE LAST REVIEWED:	02/06/2020
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	Budgetary overspend	Cause(s): Overspending budgets as a result of increased costs outside Council's direct control (e.g. increase in minimum wage, court / legal fees) Effect(s): 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	
7	Corporate Services	Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	Cause(s): Advice not being sought and/or followed by clients. Effect(s): - 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	
8	Corporate Services	Data Protection Breach	Cause(s): Failure to adapt to the upcoming change in legislation (GDPR) Failure to ensure the confidentiality, integrity, and availability of information assets. Effect(s): 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 - GDPR Training programme in place - Induction programme in place - Additional resources to manage risk	2	3	6		Director of Corporate Services	
9	Corporate Services	Failure to publish Register of Electors	Cause(s): Failure of IT systems Insufficient resources provided to Electoral Registration Officer to deliver a comprehensive canvass Failure to follow legislative and regulatory requirements Effect(s): Disenfranchisement of local residents Potential to challenge any election which relies on an inadequate register Reputational damage	Political - Strategic	2	3	6	Controls: 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	

Corporate Services Risk Register - Appendix B5

											DATE LAST REVIEWED:	02/06/2020	
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		
10	Corporate Services	Failure to manage election process	Cause(s): Failure of Council in its duty to provide sufficient resources to the Returning Officer Failure of IT systems Effect(s): 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
12	Corporate Services	Effective governance and management of contracts	Cause(s): - Lack of clear management across contracts - Capacity and capability - Contract management processes ineffective - Organisational culture and understanding Effect(s): - Financial losses - Service disruptions - Poor quality services	Procurement & Contracts	3	4	12	- Contract Procedure Rules and regular Practice / Guidance notes to all Contract Owners - Review of contract management and contract monitoring controls including any issues identified by internal audit - Contracts Database and Quarterly Contracts Database Report to all relevant Committees - Procurement Board oversight - Member scrutiny including regular Contract Monitoring Reports for £500k+ contracts - Regular programme of training delivery to staff - Quarterly Contract Owners meetings	3	4	12	- Contract Management guidance on toolkit to be reviewed - Review of Contract Procedure Rules - Ongoing training delivery - Improve compliance with annual Contract Monitoring Requirement	Service Directors supported by Assistant Director, Governance and Contracts
13	Corporate Services	Database Utilisation	Cause(s): - Lack of organisational buy-in from contract managers - Lack of governance - Poor awareness / education in understanding purpose Effect(s): - Impacts upon decision making and outcomes - Poor quality data - Commissioned services not fit for purpose - Increased financial costs	Procurement & Contracts	3	3	9	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	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.

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Environment & Public Protection (E&PP) Risk Register - Appendix B6

No.	E&PP 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:	05.06.20
						LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
1	1	All E&PP	Emergency Response Failure to respond effectively to a major emergency / incident internally or externally	Cause(s): -Emergency may be triggered by storms, floods, snow, extreme heat or other emergency. Ineffective response could be caused by capacity and/or organisational issues Effect(s): - 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. Adoption of Standardisation Process in terms of Emergency Response 3. Business Continuity Policy & Strategy and associated Service Business Continuity Plans 4. Out-of-Hours Emergency Service 5. Winter Service Policy and Plan (reviewed annually) 6. Ongoing training, Testing and Exercising programme 7. Multi-agency assessment of emergency risks 8. Training Programme delivered for volunteers in respect of Standardisation Process 9. Implementation of 'on-call rota' for Emergency Response Manager and at Director level 10. Multi-agency forum for emergency preparedness, response and recovery planning within the Borough	2	3	6	1. Delivery of the Business Continuity Management process by CLT 2. Development of risk-specific arrangements based upon London Resilience frameworks, informed by the Borough Community Risk Assessment 3. Recruit and train more Emergency Response Volunteers 4. Implementation of the Resilience Standards For London	David Tait
2	2	All E&PP	Central Depot Access Major incident resulting in loss of / reduced Depot access affecting service provision (LBB's main vehicle depot)	Cause(s): -Fire, explosion, train derailment, strike etc. Effect (s): -Significant service disruption (Waste, Street Cleaning, Gritting, Fleet Management, Streetscene & Greenspace service management etc.)	Service Delivery	4	3	12	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 6. Depot Insurance reviewed September 2019 to ensure full reinstatement cover is in place 8. Waste Service Change has incorporated separate battery collection which will reduce likelihood of fires from batteries in residual waste	3	3	9	1. Site re-development plans to include recommendations from fire safety audit. To include consideration of fire suppression systems	Paul Chilton
3	3	All E&PP	Fuel Availability Fuel shortage impacting on both LBB and service provider transport fleet	Cause(s): -National or local fuel shortage caused by picketing or other external factors Effect (s): -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 logooed 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 E&PP	Business Continuity Arrangements Lack of up-to-date, tried and tested, BCP for all Council services	Cause(s): -Failure to implement and keep up-to-date effective service and corporate Business Continuity Plans Effect(s): -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.Full suite of BC plans in place across all Directorates, including E&PP 3. Overarching corporate BC plan developed identifying prioritisation of all services 4. All E&PP BC plans now transposed on to new corporate BCP template 5. Corporate BC management policy & strategy document signed off by leader and chief exec 6. Ensure all service providers have up to date Business Continuity Plans	2	4	8	1. CLT adoption of BCM which will monitor delivery on behalf of COE going forwards. Current COVID-19 disruption to ways of working has tested BCPs during the largest disruption encountered in decades. ICT system failure has been identified as the largest risk and is outside the control of E&PP	David Tait
5	6	All E&PP	Industrial Action Contractors' staff work-to-rule / take strike action impacting on service delivery	Cause(s): -Union dissatisfaction over pay and conditions (particularly in Waste, Libraries) Effect (s): -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. Staff training and engagement built into the Environmental Services contracts	2	4	8	1. Review public communications to be used in the event of a strike 2. Staff training and engagement incorporated into communications with Library staff	Colin Brand
6	#REF!	All E&PP	Health & Safety (E&PP) Ineffective management, processes and systems within E&CS departmentally	Cause(s): -Failure to take departmental action to reduce likelihood of accidents, incidents and other H&S issues Effect (s): -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. Fire responsible persons list in place for all sites under the control of E&PP 9. EPP Health and Safety Committee meets regularly to review departmental Health and Safety arrangements 10. All corporate policies followed for COVID-19 risk assessments. Staff home working unless unable to do so.	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. and ensure the necessary communication and training is provided. 4. Ensure resource exists to discharge statutory functions 5. Ensure any staff wishing to return to the office during COVID-19 have done so in accordance with all corporate processes and procedures.	Sarah Foster (Paul Chilton leading during COVID-19 whilst SF is seconded to Shielding, Volunteering and Assistance programme)
	#REF!	Highways	Highways Management Deterioration of the Highway Network due to under-investment	Cause(s): -Failure to manage Highways in respect of traffic volumes, winter weather, financial resources leading to deteriorating condition Effect (s): -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 Highways contract 9. Modernisation of contractor's programming and completion of maintenance repairs involving remote working ICT technology	3	2	6	2. Additional inspections carried out and repairs undertaken as necessary	Garry Warner

Environment & Public Protection (E&PP) Risk Register - Appendix B6

No.	E&PP 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	05.06.20
8	#REF!	SSGS	Arboricultural Management Failure to inspect and maintain Bromley's tree stock leading to insurance claims etc.	<p>Cause(s): -Failure to ensure that trees are managed as safely as reasonably practicable</p> <p>Effect (s): -Leading to blocked highways, reputational damage and financial liabilities</p>	Financial	4	3	12	<ol style="list-style-type: none"> 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 8. Work with FixMyStreet Officer (Secondment) to ensure enquiries are responded to as quickly as possible 	2	3	6	1. Recruitment of 1 FTE to ensure that the Arboriculture Team are up to full capacity and enabling tree surveying to be up to date.	Peter McCready
9	#REF!	All E&PP	Income Variation (Highways and Parking) Loss of income when the Council is looking to grow income to offset reduced funding *Note new COVID-19 specific parking risk addition at the end of this register	<p>Cause(s): - 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)</p> <p>Effect (s): -Loss of income with potential to reduce service delivery funds</p>	Financial	3	3	9	<ol style="list-style-type: none"> 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 Performance Indicators reported to PDS Committees (E&CS, PP&E) 8. Scrutiny of APCOA at PDS meetings 	3	2	6	<ol style="list-style-type: none"> 1. Refine procedure for resolving disputes with utilities 2. Review of parking tariff structures 3. Monitor income trends 4. Continue to monitor success in achieving enforcement objectives 5. Intelligence-led targeting of hotspot sites for enforcement 6. Review of further income opportunities as part of Council's Transformation agenda 	Colin Brand
10	#REF!	SSGS	Waste Budget Increasing waste tonnages resulting in increased waste management costs	<p>Cause(s): - COVID-19 pandemic has led to an underuse of LBB car parks Failure to anticipate/manage waste management financial / cost pressures due to increasing landfill tax, increasing property numbers, declining recycling income (lower paper tonnages or rejected wet paper loads) and limited incineration capacity - Waste tonnage growing faster than budgeted or operational factors (i.e. adverse weather conditions, additional home working during COVID-19 etc.) - Loss of income due to the closure of some businesses during the COVID-19 pandemic</p> <p>Effect (s): - Budgets being exceeded and potential knock-on impact on other Council services</p>	Financial	5	4	20	<ol style="list-style-type: none"> 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 the implementation of a flats above shops pilot) 4. Monthly monitoring of recycled tonnages and projection to yearly figures 5. Regular and sustained recycling awareness campaign 6. Consolidation of Compositing for All campaign 7. Continuing investigation of waste minimisation and recycling initiatives 8. Monthly monitoring of all waste tonnages and projection to yearly figures 9. Monthly monitoring of all collection costs and figures 10. Ongoing analysis of collection and disposal methodology 11. Consideration of alternative disposal routes e.g. increased use of Veolia's Mechanical Biological Treatment (MBT) plant 12. Reviewing and benchmarking operational costs to identify options 13. Achieving best value tenders under new contract - contract commencement April 2019 14. Monitoring procedure in place (from December 2019) for the testing of paper loads to determine moisture content. 15. Suspend commercial accounts allowing the businesses to return once open following the COVID-19 pandemic. 	3	4	12	<ol style="list-style-type: none"> 1. Veolia will be reviewing the requirements for identification supplied by residents depositing waste at the Household Waste Recycling Centres to ensure any non-residents are being charged accordingly. 2. Continue to work with Veolia to ensure that recycling services are offered to residents throughout the COVID-19 pandemic. 	Peter McCready
11	18	All E&PP	Town Centre Businesses and Markets Loss of town centre businesses to competition and as a result of the COVID-19 pandemic	<p>Cause(s): -COVID-19 Pandemic causing businesses and market traders to cease trading (temporarily or permanently) - Town centre social distancing measures resulting in a reduced amount of market stalls</p> <p>Effect(s): -Reduction in high street business and market stall occupancy -Loss of income (Business rates and market stalls) -Poor public perception and negative publicity</p>	Financial	5	3	15	<ol style="list-style-type: none"> 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 new Market Strategy is under development and will be delivered from 2020/21) 5. Regular maintenance and renewal of market infrastructure - recent market relocation project has been completed and feedback from traders is positive 6. Markets Manager attends regular strategy meetings with BIDs and has provided guidance for a new town centre (BID) framework agreement 	2	3	6	<ol style="list-style-type: none"> 1. Ongoing review of market provision linked to outsourcing service provision 2. Detailed annual action plan to be drawn up for each town centre 	Colin Brand
39		All E&PP	Staff Resourcing and Capability Loss of corporate memory and ability to deliver as key staff leave (good new staff are at a premium)	<p>Cause(s): -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.</p> <p>Effect (s): -Loss of organisational memory, greater reliance on contracted staff, delays in delivering services / plans (e.g. Transport Local Implementation 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).</p>	Service Delivery	3	4	12	<ol style="list-style-type: none"> 1. Ongoing programme to find and retain quality staff through internal schemes such as career grades and ongoing CPD 	3	3	9	<ol style="list-style-type: none"> 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 3. Existing controls are not currently sufficient to maintain the staff quota within the Arboriculture team. Explore apprenticeship scheme as a possibility to ensure this team can maintain deliverables of the service in terms of client inspections and reporting. Enlist contractor to assist with tree survey backlog. 	Colin Brand

Environment & Public Protection (E&PP) Risk Register - Appendix B6

No.	E&PP 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	05.06.20
13	#REF!	All E&PP	Climate Change Failure to adapt the borough and Council services to our changing climate	Cause(s): -Severe weather events including extreme heat, storms, floods etc. Effect (s): -Resulting in threats to service provision, environmental quality and residents' health in addition to reputational damage caused by perceived lack of action to tackle climate change	Service Delivery	3	4	12	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 4. Establish net zero (direct) carbon emissions target for 2029 as part of 10 year climate plan	2	4	8	1. Emergency Planning to liaise with Public Health on cross-cutting issues e.g. excess summer deaths and vector-borne disease etc. 2. Detailed climate action plan to be developed as part of ongoing Carbon Management Programme, in order to achieve net zero carbon emissions by 2029	Sarah Foster (Colin Brand leading during COVID-19 whilst SF is seconded to Shielding, Volunteering and Assistance programme)
14	#REF!	Public Protection	Income Reconciliation (Public Protection Licensing) Uncertainty around income reconciliation when the Council is looking to grow income to offset reduced funding	Cause(s): - Lack of processes to reconcile actual licence fee income against expected income held on service specific IT systems. Effect (s): - 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
15	#REF!	SSGS	Income Reconciliation (Waste Management) Uncertainty around income reconciliation linked to the mobilisation of new waste contracts	Cause(s): -Lack of integration between client and service provider IT systems so that data is not linked Effect (s): - 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. Consideration of any recommendations made by internal audit following their review of the Environment Services Contract mobilisation in Q3 of 2019/20. 3. Project in 2020/21 to review the platform under which the garden waste and commercial waste service are hosted on	Peter McCready
16	#REF!	Public Protection	Dogs and Pests Contract Failure to deliver the contract to the required service levels	Cause(s): -Lack of robustness within contract specification in terms of contract deliverables and Key Performance measures Effect (s): -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 (a contract change notice regarding a change to invoicing was signed in August 19).	2	2	4	No action required at this time.	Joanne Stowell
17	29	Public Protection	Out of Hours Noise Service Failure to deliver statutory services	Cause(s): 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 2021. The grant was reduced in 2017 and there is no guarantee it will be sustained post April 2021. The service is staffed on a voluntary basis. Effect: 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. 2. Review the Service offer	Tony Baldock
18	30	Public Protection	Integrated Offender Management Failure to contribute to IOM in Bromley	Causes: -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 2020. Effect: -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.	Tony Baldock
19	31	Public Protection	Anti-Social Behaviour Co-Ordinator post: Failure to deliver ASB problem solving and partnership activity	Cause(s): -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. Effect: -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.	Tony Baldock

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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:	10/06/2020
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
1	Finance	Failure to ensure sufficient cover of Council assets This could result in the possibility of our insurance company refusing to cover a claim above the level of our current excess (£125k for general property and Liability, £250k for educational property).	Cause(s): 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. Effect(s): 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. Annual review during renewal process of all property, vehicle and school journey schedules 2. Maintain a register of all insurance premiums paid each year 3. Independent review of Council's self-insurance Claims fund by professional actuaries every 3 years 4. Endorsement under buildings insurance policy to cover up to £10m for inadvertent omission to insure property 5. Buildings insurance policy excess per event to protect Council for damage to multiple properties as a result of single event e.g. Flood/Storm	1	3	3		Viknesh Gill
2	Finance	Financial Market Volatility Financial loss arising from the volatility of financial markets.	Cause(s): Market volatility, recession, banking failure Effect(s): 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&C 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		David Dobbs
3	Finance	Capital Income Shortfall Inability to generate capital receipts	Cause(s): Property price reductions as a result of the economic environment. Falling number of assets available for disposal Effect(s): 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		David Dobbs
4	Finance	Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due	Cause(s): 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. Effect(s): 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	Failure to deliver a sustainable Financial Strategy which meets with BBB priorities and failure of individual departments to meet budget	Cause(s): 1. The 2020/21 Council Tax report identified the need to reduce the Council's 'budget gap' of £16.9m per annum by 2023/24. Funding changes have been announced in the One Year Local Government Finance Settlement 2020/21. 2. The Government recently announced a delay in the Fair Funding review and devolution of business rates until 2022/23 (delayed a further year). It is likely, therefore, that there may be a one year financial settlement for 2021/22. A one year settlement and the delay in the Fair Funding Review creates greater financial uncertainty relating to the impact on 2022/23 and beyond. A significant challenge to the current year's financial position relates to the impact of COVID-19 and the extent to which the Government funds the net cost to the Council. Examples of the financial impact include: (a) Additional costs relating to direct support, enhancements to contract prices during this interim period (where necessary), additional staffing support, provision of new services, mortuary costs etc.; (b) Planned budget savings which cannot be delivered during this period; (c) Loss of income which includes, for example, car parking and enforcement, business rates, council tax collection, rent income from investment properties and treasury management. Although it is not possible to accurately estimate the financial impact, an initial estimate of the total net cost including income losses is expected to significantly exceed the current level of Government funding provided of £16.6m. The main element of financial loss relates to income reductions ranging from car parking to collection of council tax and business rates. 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. It is not clear whether the government will fully compensate councils for any income losses or non-delivery of planned budget savings and there is likely to be resultant financial impact on the Council's four year financial forecast relating to the 'new normal' in future years, which cannot be quantified at this stage. 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). 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. Local government may be required to take on new funding responsibilities in the future without adequate funding. 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). Effect(s): - Increased overspends in particular services - Council unable to carry out its statutory duties due to services cuts - Reputational damage	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	Failure to act upon Financial assessments or arrears in a timely manner	Cause(s): 1. Severe/catastrophic IT problems 2. Loss of key staff 3. Organisation experiencing severe financial problems Effect(s): Loss of income	Financial - Operational	3	3	9	Controls: 1. There is a disputed debt process that is followed to ensure that departments do not hold up debt recovery (i.e. actioning write offs and disputes). 2. All outstanding Financial Assessments are completed in accordance with the agreed timescales 3. Monitoring is carried out on a regular basis to ensure financial assessments are completed and contributions are set up on CareFirst in order for service users to be charged 4. Effective SLA is in place	2	3	6		Claudine Douglas-Brown
7	Finance	Failure of Finance IT systems	Cause(s): Failure of CareFirst or the various databases Oracle cheques not being produced Failure of BACs to pay LBB Effect(s): 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	Failure of external contractors	Cause(s): Contractor ceases to trade due financial failings. Effect(s): disruption and delays to key services, financial loss and adverse publicity	Contractual and Partnership - Operational	3	4	12	1. Constant review of contractors financial standing 2. Maintaining knowledge and contact with alternative service suppliers	2	3	6		John Nightingale
9	Finance	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	Cause(s): Severe catastrophic IT problems Loss of key staff Organisation experiencing severe financial problems Effect(s): - 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

Finance Risk Register - Appendix B7

REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press alt & 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:	10/06/2020
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
10	Finance	Significant Fraud/Corruption	Cause(s): Lack of controls Dishonest staff/suppliers/customers Collusion Poor systems Lack of Management oversight Inadequate segregation of duties Effect(s): 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.

Housing, Planning and Regeneration Risk Register - Appendix B8

Q4 2019/20

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
1	All	Failure to deliver Housing Financial Strategy	<p>Cause(s):</p> <ul style="list-style-type: none"> - Demand led statutory services which can be difficult to predict - High number of households meeting criteria for temporary accommodation - Lack of suitable housing in-borough - Impact of COVID-19 on tenancies including increased placements and their cost, reduced rental income for properties and progressing building works <p>Effect(s):</p> <ul style="list-style-type: none"> - Failure to achieve a balanced budget 	Financial		5		5		25	<ul style="list-style-type: none"> - Match financial planning to Council priorities - Plans to deliver £11m of identified savings in Housing through work of Housing Transformation Board - Budget monitoring and forecasting - Regular reporting to CLT and Members via the Committee reporting process - Internal audit framework - Regular review of strategies to prevent homelessness and identify/develop temporary accommodation housing - Determination at planning stage to ensure collection of obligations due (S106) - Conditions attached to S106 funding received to ensure it is spent on preventing homelessness - Constantly reviewing service operations for potential efficiencies - Housing Strategy agreed by Council Executive - February 2020 		4		5		20	<ul style="list-style-type: none"> - Housing Transformation Board to increase rate and pace of affordable housing supply. Six schemes approved by Members for progression. - Options appraisal on future housing delivery models completed and passed to Members for consideration. This includes seeking to maximise grants for future delivery. 	Director, Housing (Sara Bowrey)
2	Housing Needs	Failure to deliver effective Housing Needs services The Council is unable to deliver an effective Housing Needs service to fulfil its statutory obligations	<p>Cause(s):</p> <ul style="list-style-type: none"> - very demand led - lack of experienced staff - homelessness is increasing in number and complexity of cases needing maximisation of early intervention - Lack of awareness of where households need to approach services - Managing households approaching Council for help <p>Effect(s):</p> <ul style="list-style-type: none"> - Failure to fulfil statutory obligations - Impact on life chances and outcomes for individuals and families in need of Housing Services - Reputational damage - Legal challenge 	Legal		4		4		16	<ul style="list-style-type: none"> - 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 - Implementing the Homelessness Strategy - setting up the multi-agency Homelessness Forum and taking forward the priorities of the Strategy - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Housing Transformation Board programme being implemented - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - New incentive campaign for private sector landlords embedded and benefits being realised. - Housing Strategy agreed by Council Executive - February 2020 		2		4		8	<ul style="list-style-type: none"> - Housing Transformation Board programme being implemented. Six schemes approved by Members for progression. Options appraisal on future housing delivery models completed and passed to Members for consideration. This includes seeking to maximise grants for future delivery. - Work continues with a range of housing providers to explore all options for increased supply and the revised offer to private landlords to increase access has been fully embedded. - Review of impact of Homelessness Reduction Act completed and level of early intervention increased for main cause of homelessness including enhanced debt and money advice. - Work required to address under-occupation and the generation of move on options within the social housing sector. - The new housing IT system offers a new more interactive on line housing advice model 	Assistant Director, Housing (Lynnette Chamielec)
3	Housing Needs	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homelessness budgets	<p>Causes:</p> <ul style="list-style-type: none"> - Changes in government funding - Rising number of placements (approx. 20 per month) - Lack of local, affordable sustainable options - Increased homelessness and lack of access to accommodation <p>Effect(s):</p> <ul style="list-style-type: none"> - 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	<ul style="list-style-type: none"> - 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 - Implementing the Homelessness Strategy - setting up the multi-agency Homelessness Forum and taking forward the priorities of the Strategy - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Housing Transformation Board programme being implemented - Implementation of the More Homes Bromley initiative to ensure the supply reduces the reliance on nightly paid accommodation - New incentive campaign for private sector landlords embedded and benefits being realised. 		4		4		16	<ul style="list-style-type: none"> - Housing Transformation Board progressing projects to increase cost-effective temporary accommodation and affordable housing supply. Six schemes approved by Members for progression. Options appraisal on future housing delivery models completed and passed to Members for consideration. - 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 and establish longer term tenancies. - Work innovatively with a range of providers to increase access to a supply of affordable accommodation. Housing Association Development Group established to progress developments in borough and share good practice. - Regeneration options on Housing Association estates under discussion to increase affordable housing supply. - Intake and Early Intervention service to meet Homelessness Reduction Act. Review effectiveness to address causes of homelessness. - Design work now underway for the modular schemes with planning submissions due Q1 2020/21. 	Assistant Director, Housing (Lynnette Chamielec)

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Q4 2019/20

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
4	Housing Needs (Housing Strategy)	Capital Grant 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)	Cause(s): - 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 - Schemes not granted planning permission to develop identified sites Effect(s): - Failure to fulfil statutory obligations - 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			3		4		12	- Additional measures to be explored with approval of the Housing Strategy. - 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. Review following publication of London Plan. - Using Development Group to work with Housing Associations to encourage increased affordable housing development through sharing good practice and supporting smaller associations. - Working group established to review and maximise s106 spend for new affordable housing supply.	Assistant Director, Housing (Lynette Chamielec)
5	Housing, Planning and Regeneration	Recruitment and Retention Failure to recruit and retain key skilled staff with suitable experience/qualifications	Cause(s): - Failure to compete with other organisations to recruit the highest quality candidates to build an agile workforce - Small pool of experienced workers Effect(s): - 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 sets result in an inability to deliver effective housing services and planning services as well as progressing housing and regeneration schemes. - Impact on life chances and outcomes of families and young people.	Personnel		5		4		20			3		4		12	- Continue to benchmark grades and packages to remain competitive. - Rolling programme to convert agency staff to permanent positions. - Grow your own apprenticeship in building control established.	Director, Housing (Sara Bowrey) Director, Human Resources (Charles Obazuaye)
6	Housing Needs	Welfare Reform Impact of Welfare Reform legislation (including Universal Credit).	Cause(s): - 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 Effect(s): - Increased Rent Arrears - Subsequent evictions and landlords reluctant to rent properties to claimants.	Social		4		4		16			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 went live in April 2019. Close working with CAB to ensure identification and support to those at risk. - Review rent arrears procedures and support for debt advice in temporary accommodation. - Monitor the impact of financial difficulties due to COVID-19 and offer advice to those where eviction action halted under current regulations.	Assistant Director, Housing (Lynette Chamielec)

Housing, Planning and Regeneration Risk Register - Appendix B8

Q4 2019/20

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
7	Housing, Planning and Regeneration	Business Interruption / Emergency Planning Failure to provide Council services or statutory requirements of mass illness/fatalities scenario following a business interruption or emergency planning event	Cause(s): - 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) Effect(s): - Business interruption - failure to deliver services, loss of customer / resident satisfaction. - Emergency planning - failure to deliver statutory duties.	Personnel		2		5		10	Business Interruption - Civil protection and emergency planning policies in place at corporate level overseen by the Corporate Risk Management Group - Business Continuity Plans in place at service level. Reviewed and updated. - Contracts contain business continuity provision - Communication to all staff prior to all impending industrial action, informing of any possible service disruption as well as explaining implications of strike action for individual staff members Emergency Planning - Robust plans in place, including Outbreak Plan, Flu Plan and Pandemic Flu Plan - Alert system via the South East London Health Protection Unit (SEL HPU) - Annual Flu vaccination programme in place		1		5		5	- Business Continuity Plans reviewed annually.	Director, Housing (Sara Bowrey)
8	Strategy, Performance and Corporate Transformation	Data Collections Failure to undertake statutory statistical data collections; including key housing and planning information, thereby adversely affecting government grant allocations and performance assessments	Cause(s): - Business Interruption Effect(s): - Failure to commission effectively - Adverse impact on the timing and quality of decision making	Data and Information		3		3		9	- Schedule of statutory returns has been incorporated into the Performance and Information team's work programme - Specialist members of the team for each area - Other staff trained to provide 'back up' for specialist members of the team - Good project planning in place to co-ordinate all data collections including contributions from other services		1		3		3	- Review of Planning IT system to deliver clear reporting and performance digest has been scoped and quotes for IT enhancements being obtained.	Assistant Director, Strategy, Performance & Corporate Transformation (Naheed Chaudhry)
9	Strategic Property	Financial Performance Failure to reach expected income through rental income and property disposal	Cause(s): - Failure to lease all properties - Failure to eliminate rent arrears - Downturn in property market - Impact of COVID-19 on retail and property markets - Non-payment of rent on properties Effect(s): - Reduced rental income - Reduced capital income - Impact on overall Council budget	Financial		3		5		15	- A programme of rent reviews, lease renewals, new lettings, lease renegotiations, cost recharges and cost refunds is being carried out by Custman and Wakefield to realise the target of £1m. - Rental deferrals monitored and repayment plans arranged from property portfolio.		2		5		10	- Work with Liberata to pursue rental arrears	Assistant Director, Strategic Property (Michael Watkins)
10	Strategic Property	Health and Safety Regulations Failure to comply with statutory regulations in Council occupied and leased properties	Cause(s): - Inadequate risk assessments - Lack of capacity to discharge the Council's H&S responsibilities - Ineffective monitoring of risks Effect(s): - Potential prosecution of Council and/or civil claims for compensation - Insurance claims - Potential accidents/fatalities - Corporate manslaughter	Physical/ Legal/ Financial		3		5		15	- Corporate Safety Adviser employed - Safety Policies reviewed and updated - Health and Safety works provided through Amey - Contractors held to account for managing Council premises to required legal standards		2		5		10		Assistant Director, Strategic Property (Michael Watkins)
11	Strategic Property	Contractor Performance Failure to deliver facilities management service	Cause(s): - Inadequate qualified staffing resources - Lack of capacity to deliver outcomes Effect(s): - Failure to deliver statutory obligations - Poor performance impacts on work of Council officers	Contractual and Partnership - Operational		3		5		15	- Regular monitoring of performance and key performance indicators - Contractors make regular reports to Members on delivery of contract - Contract reviewed and escalation for change available subject to Contract Change Notification - Business continuity plans in place and draft Exit Plan received		2		5		10	- Benchmarking of contract in progress to inform the future of the contract - A series of recommendations regarding the future direction of the contract to be submitted to Executive in 2020	Assistant Director, Strategic Property (Michael Watkins)

Housing, Planning and Regeneration Risk Register - Appendix B8

Q4 2019/20

REF	DIVISION	RISK TITLE & DESCRIPTION <small>(a line break - press shift & 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
					LIKE LIHO OD	IMPA CT	RISK RATI NG	LIKE LIHO OD		IMPA CT	RISK RATI NG				
12	Culture and Regeneration	Outreach Service Failure to provide service in Cotmandene and Mottingham	Cause(s): - Buildings vulnerable to water and sewerage issues - Small staff base vulnerable to stress and sickness - Service suspended due to COVID-19 Effect(s): - Failure to deliver service - Closure of outreach centres - Impact on vulnerable adults	Social		4	4	12	- Staff experienced in averting aggressive behaviour. - Regular weekly Team Meetings to discuss issues and address staff wellbeing - Facilities managed and repairs arranged with contractors (Amey and Clarion Housing)		4	4	12	- Daily, weekly and monthly Health & Safety checks to be instituted - Lone working policy, CCTV and panic buttons, risk assessments in place - Allocating time for joint team meetings and staff training whilst maintaining delivery of service	Assistant Director, Culture and Regeneration (Lydia Lee)
13	Culture and Regeneration	Vitality and Prosperity of Town Centres Failure of town centres to attract footfall and spend for retail and leisure opportunities	Cause(s): - Failure to redevelop High Streets and diversify the offer - National trend for decline in the traditional retail sector in town centres and competition from out of town developments and online shopping - Risk that established Business Improvement Districts do not succeed at renewal or that planned Business Improvement Districts do not get established resulting in reduced revenue spend to support businesses in town centre locations. - Poor development in town centres - Lack of investment in town centre facilities and public realm. - Impact of COVID-19 on local economy Effect(s): - Reduction in town centre business occupancy and increase in vacancies - Loss of income from business rates and market charges, and reduction in income from parking charges - Poor public perception and negative publicity. - Lack of private sector or inward investment. - Reduction in property value. - Reduction in footfall and spend per head resulting in loss of business.	Economic		4	4	16	- Support to Business Improvement Districts through renewal or ballot processes. - Work in partnership with Business Improvement Districts to drive town centre activity that support business success and include programming and events in town centres. - Secure funding for and deliver public realm improvements in town centres - Work with developers to bring forward suitable development that supports the vitality of town centres - Secure developer contributions for the benefit of town centres. - Investigate options for Renewal opportunities in all town centres. - Prioritise investment in town centre leisure facilities. - Implementation of the Business Support Task Force and support to plan for recovery		4	3	12	- Work with businesses to investigate the viability of a Business Improvement District in West Wickham. - Create and implement a terms of reference document to redefine the relationship between Business Improvement Districts and the Council to better support the local economy. - Work with developers including Areli to bring forward sensitive town centre development that also secures improved facilities for community services. - Finalise town centre public realm improvement schemes.	Assistant Director, Culture and Regeneration (Lydia Lee)
14	Culture and Regeneration	Capital Schemes Failure to deliver housing schemes for temporary accommodation	Cause(s): - Failure to gain approval from Members for business cases - Failure to secure funding for schemes - Failure to deliver temporary accommodation schemes on time and in budget - Issues with land ownership and usage - Planning permission not granted or granted with conditions which impact adversely on costs - Issues with type of housing and construction - Lack of interest from market in developing sites - Impact of COVID-19 on construction industry and production of modular homes Effect(s): - Failure to provide number of temporary accommodation units identified - Failure to produced identified savings as part of Housing Transformation Board programme - Impact on vulnerable families and children	Financial/ Social		5	5	25	- Legal advice sought on ownship and usage issues and actions identified - York Rise contract being mobilised - Planning application for Burnt Ash Lane due to be submitted December 2019/January 2020 - Tenders reviewed and re-issued - Contract Awards for Bushell Way and Anerley approved by Executive in February 2020. - Design and pre-planning advice underway on modular schemes. - Feasibility analysis underway on Beckenham Public Halls.		4	4	16		Assistant Director, Culture and Regeneration (Lydia Lee)

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Q4 2019/20

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15	Culture and Regeneration	Library Service Failure to provide statutory library service	Cause(s): - Service provider ceases to trade due to financial difficulties - Service provider chooses to terminate contract - Council terminates contract because service provider fails to consistently meet KPIs - Service does not meet contracted levels because of industrial action - Impact of COVID-19 on usage and closure of libraries Effect(s): - Temporary cessation of library service in borough - Adverse public response - Possible impact on partners in shared use buildings - Social impact on vulnerable adults and families using library facilities and activities	Legal Reputational Social			4	4	16	- Monitoring of service provider to identify potential financial difficulties - KPIs monitored regularly: twice yearly reports to Members and monthly/annual review meetings with service provider - Exit plan in place to manage any closure of contracted service and bring service in-house - Usage of social media to deliver activities for children and adults - Promotion of e-books, newspapers and magazines			4	3	12		Assistant Director, Culture and Regeneration (Lydia Lee)
16	Planning	Planning Service Failure to deliver statutory requirements related to planning	Cause(s): - Failure of Planning IT service - Lack of suitably qualified staff to provide expertise within the service Effect(s): - Council enters 'designation' status resulting in major planning decisions being removed from Council decision-making process leading to income loss to Council and lack of local control - Failure to prevent unauthorised development - Failure to respond to planning applications within statutory timescales - Planning decisions overturned on appeal - Failure to enforce Tree Protection Orders, protect listed buildings and conservation areas - Adverse public response	Legal Financial Reputational			3	4	12	- Planning software upgraded annually and maintained by software developer. - Staffing levels and skill set appropriate for current levels of demand - Planning Advisory Service (PAS) review of service in June 2019 resulted in an improvement plan which is being delivered and reported to Members. - Appeals reviewed and learning implemented.			2	3	6		Assistant Director, Planning (Tim Horsman)
17	Planning	Community Infrastructure Levy Failure to adopt local CIL and use for local infrastructure	Cause(s): - Failure to have local CIL schedule agreed and adopted - Failure to implement and collect the local CIL - Failure to use local CIL appropriately - Income impacted by COVID-19 Effect(s): - Lack of funding for infrastructure to support new developments - Lack of funding to provide Infrastructure Delivery Team	Legal Financial			2	3	6	- Review of local CIL commenced - Experienced Infrastructure Delivery Scheme Manager in post to ensure successful adoption of agreed local CIL - Impact of COVID-19 being monitored to ensure CIL does not discourage development			2	3	6	- Updated action plan being developed and will be consulted on and introduced at end of 2020/21	Assistant Director, Planning (Tim Horsman)
18	Planning	Section 106 Agreements Failure to complete S106 agreements for affordable housing	Cause(s): - Lack of appropriately qualified staff to ensure S106 agreements are implemented as appropriate - Lack of S106 Monitoring Officer in post Effect(s): - Impact on level of supporting infrastructure in borough - S106 monies not being spent on appropriate infrastructure and housing schemes	Financial Social			3	3	9	- Officer group in place to monitor and maximise s106 spend			2	3	6	- Ensure function of S106 Monitoring Officer included in proposed Infrastructure Delivery Team	Assistant Director, Planning (Tim Horsman)

Housing, Planning and Regeneration Risk Register - Appendix B8

Q4 2019/20

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19	Planning	<p>London Plan Failure to deliver level of housing in Bromley contained in Mayor of London's plan</p>	<p>Cause(s): - Mayor of London's Plan requires greater levels of housing to be built in Bromley than in Local Plan - Planning permission for sufficient level of development not granted - Landbanking by developers resulting in targets of new houses not being met in a timely fashion</p> <p>Effect(s): - Bromley penalised at planning appeal stage</p>	Reputational Financial		5		3	15	<p>- Local Plan policies being reviewed to identify suitable sites - Contribution to consultation stage of London Plan emphasising issues around small sites</p>		3		3	9	- Review of Local Plan in line with London Plan once published in 2020	Assistant Director, Planning (Tim Horsman)

Human Resources and Customer Services Risk Register - Appendix B9

										DATE LAST REVIEWED:	02/06/2020		
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)				CURRENT RISK RATING (See next tab for guidance)			FURTHER ACTION REQUIRED	RISK OWNER
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1	Human Resources	Ability to respond to industrial action, changes in government initiatives or legal requirements	Cause(s): - Changes to staff terms and conditions (localisation agenda) - Lack of flexibility of workforce - Poor horizon scanning and networking's Effect(s): - 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 & Customer Services
2	Human Resources	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	Cause(s): - 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 Effect(s): - Reputation damage - Financial costs - Regulatory inspection / intervention	Legal	4	3	12	1. Bromley Council policies & procedures in place e.g.. Equality Scheme 2. Requirement to report and record accurately information e.g. 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 & Customer Services
3	Human Resources	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	Cause(s): - Insufficient strategic management control and planning - Staff turnover (capacity) - Lack of resources Effect(s): - Potential service delivery impacts - Loss of skilled/experienced staff - Missed opportunity 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 & Customer Services
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	Cause(s): - 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 Effect(s): - 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 neighbouring LAs 5. R&R Board to regularly review 6. No Quit Policy in place 7. Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees, apprentices	2	2	4	None identified	Director of HR

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5	Human Resources	Ineffective pre-employment checks including agency workers	<p>Cause(s):</p> <ul style="list-style-type: none"> - Poor procedures - Inadequate monitoring - Lack of awareness / understanding <p>Effect(s):</p> <ul style="list-style-type: none"> - Workers with safeguarding concerns not identified - Safeguarding incident occurs (harm / injury) - Agency worker ID fraud - Reputation damage - legal compliance implications inc. fines and sanctions 	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> 1. HR Business Services carry out checks for LBB workers & agencies to check agency workers. 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. 3. Up front audits with Adecco undertaken to ensure processes are robust for agency workers 4. Training provided for managers 5. Internal audit undertakes a review of arrangement as part of their annual audit plan 	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>Cause(s):</p> <ul style="list-style-type: none"> - Lack of adequate financial resources - Lack of expertise - Unexpected delays - Changes in strategic direction - Lack of capacity to undertake in a timely manner - Conflicting priorities <p>Effect(s):</p> <ul style="list-style-type: none"> - New service models are ineffective / not fit for purpose - Increased costs - Legislative and legal requirements breached (e.g. TUPE) - Reduction in service quality / provision - Reputation damage 	Personnel / Operational	4	3	12	<ol style="list-style-type: none"> 1. Managing change procedure in place 2. Capacity building and additional resources to support the change process 3. Effective communication and engagement with staff and their representatives. 4. Formal consultation processes and departmental representatives 5. Regularly meetings include Members 6. Terms of Reference for each workstream led by Chief Officers 	3	2	6	One-off funding required to support transformation programmes and workstreams	Director of HR & Customer Services
7	Human Resources	HR systems failures e.g. payroll, recruitment, HR self-service, pensions	<p>Cause(s):</p> <ul style="list-style-type: none"> - Contractual failure - IT failure - Loss of power - Data breach / cyber attack - Ineffective business continuity plan for manual work around <p>Effect(s):</p> <ul style="list-style-type: none"> - Delays or restriction in level of HR support available - Staff not paid - Staff morale reduction if for a long period - Delays in ability to recruit - Failure to apply for jobs employment/legal issues - Failure to comply with contractual obligations - Industrial action 	Data and Information	2	5	10	<ol style="list-style-type: none"> 1. Back-up payroll processes/systems 2. Regular saving of personnel information on Resource Link 3. Business Continuity Plan in place 4. Internal audit carry out reviews as part of annual review programme 5. Regular meetings with contractors and Business Continuity Plans for each contract 	4	2	8	None identified	Director of HR & Customer Services

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8	Human Resources	Ineffective compliance with IR35	Cause(s): - 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 Effect(s): - 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 & Customer Services
9	Human Resources / Health & Safety	Health & Safety (Council) Ineffective management, processes and systems across all Council departments Specifically in relation to the following areas: Fire Risk Assessments Lone Working Violence & Aggression at work	Cause(s): - 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 Effect (s): - 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 & Customer Services
10	Customer Services	Fall in income from Registrars Economic downturn, uncertainty regarding accommodation and other external factors contributing to a significant fall in income in Registrars	Cause(s): Uncertainty regarding accommodation Leaving Civic Centre for a less appealing venue Effect(s): 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
11	Customer Services	Contractor Failure	Cause(s): Contractor (such as Liberata) cease trading due to financial or other failure. Effect(s): 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
12	Customer Services	Contractor Performance	Cause(s): Failure to effectively manage service delivery contracts with provided such as Liberata Effect(s): 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

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13	Customer Services	Maintenance of Statutory and GRO standards	Cause(s): Increase in life events (births / deaths) within Bromley Staffing pressures Effect(s): 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
14	Customer Services	Loss of Facility Loss of customer service accommodation as a result of a major power failure or other incident that prevents access to the Civic Centre	Cause(s): Major power failure or other incident that prevents access to the Civic Centre Effect(s): 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
15	Customer Services	Safety of Statutory Records	Cause(s): Fire / flooding Strong room not GRO compliant Effect(s): Damage to or destruction of historic statutory registration records	Operational	2	4	8		2	4	8	- We are aware the strong rooms requires investment to bring it up to General Register Office (GRO) security standards. This will be looked at during he wider accommodation review	Duncan Bridgewater

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

Waivers - From October 2019 to March 2020					APPENDIX C		
Waivers > £50,000							
No.	DIRECTORATE	SERVICE AREA	FINANCIALS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	DECISION
300	Place	Housing	£1.5m of which £0.3m relates to management fees for accommodation and the remainder to be passed directly to private landlords for private rental	Exemption from Tendering - Private Sector Leasing for use as Temporary Accommodation	01/04/2021	31/03/2023 with option to extend for 1 year	Statement of Executive Decision 16/4/2020 Ref 20008/1
117	Place	Housing	£99k for the six month period	Extension Beyond Term - Tenancy support services for homeless people . Provides accommodation based support	01/10/2020	31/03/2021	Executive 12/2/2020
347	Place	Housing	£97.5K for the six month period	Extension Beyond Term - Tenancy Support Services . Provides floating support and specialist accommodation based support for ex-offenders.	01/10/2020	31/03/2021	Executive 12/2/2020
1444	Place	Strategic Property	£170K	Extension Beyond Term - Covid 19 issues Mail services	16/09/2020	15/09/2021	Executive 1/4/2020
1467	People	Adult Social Care- older People	£178K	Formal Extension Option - Dementia respite at home services for older people	01/04/2020	31/03/2021	Portfolio Holder 19/11/2019
203	People	Adult Social Care- Learning Disabilities	£7,758 for the two years	Formal Extension Option- Learning Disabilities provision of respite/short breaks; supported living and day opportunities	01/10/2020	30/09/2022	Executive 27/11/2019
3692	People	Adult Social Care -Older People	£5.1m for two years	Formal Extension Option - Primary and Secondary Intervention Services	01/10/2020	30/09/2022	Gateway Report for Chief Officer Decision 26/11/2019
3795	People	Adult Social Care - Older People	Part II information	Variation to support additional funding and prevent notice being given on contract Nursing Beds (PF & EMI)	01/04/2020	01/01/2025 with an option to extend to 1/1/2028	Statement of Executive Decision - Portfolio Holder Approval 3/4/2020 - (Part II item)
3810	People	Children and Families - Education	£28K for the 2nd year extension; whole contract value is £74K	Formal Extension Option - Provision of nursery meals	01/09/2020	31/08/2021	Gateway Report for Chief Officer 23/04/2020
3737	Chief Executive	Corporate Services - Information Technology	£50,469 for the 12 month extension	Licence Renewal Exemption - SAS cloud service provision of "soft tokens" for remote access - Covid 19	23/03/2020	21/02/2021	Chief Officer authorisation email dated 29/5/2020
3824	People	Adult Social Care - Workforce Development	£26,500 for extension period, £73,900 cumulative value	Extension Beyond Term - Management development programme	01/01/2020	31/03/2021	Gateway Report for Chief Officer Decision 31/12/19
2601	People	Adult Social Care - Workforce Development	£30K for exemption, £88k cumulative value	Exemption from Tendering - Provision of a suite of e-learning courses (to include a hosting learning management system) - Covid	01/04/2020	31/03/2021	Gateway Report for Chief Officers Decision 19/2/2020
4982	Place	Housing	Up to £90K for the two year period	Exemption from Tendering - Consultancy services for a range of capital housing projects including - Burnt Ash, Anerley, York Rise and Bushell Way	01/10/2019	30/09/2021	Contract Award report for Chief Officer sign off 8/10/19
4970	Chief Executive	Customer Services	£87,355 for the five year term	Exemption from Tendering - Netcall Liberty Voice Recognition Software - annual support	01/04/2020	31/03/2025	Chief Officer sign off 17/2/2020
4946	People	Childrens Social Care	£484,500 whole life value, £117K per annum	Direct Award via Public to Public Agreement - Participation in West London alliance for Childrens care and support services	01/11/2019	30/04/2024	Gateway Report for Chief Officer sign off 15/10/19

No.	DIRECTORATE	SERVICE AREA	FINANCIALS	DETAILS- PARTICULARS FOR SEEKING WAIVER	PERIOD FROM	PERIOD TO	DECISION
1540	People	Youth Offending Service	£60k for the two year extension - the revised whole life contract will be £141K	Formal Extension Option - Appropriate Adult Service at police stations	01/04/2020	31/03/2022	Gateway Report for Chief Officer sign off 17/1/20
4955	Place	Public Protection	£77K	Exemption from Tendering - Bromley Market Assembly - assembly and dismantlement of stalls Covid 19	01/01/2020	31/12/2020	Gateway Report for Chief Officer sign off 19/12/19
2592	People	Adult Social Care - Learning Disabilities	£1,046K for the contract extension	Formal Extension Option - Support Living - 4 schemes (109&111 Masons Hill, 18&19 Century Way	01/07/2020	24/04/2021	Gateway report for Chief Officer sign off 28/2/2020
222	People	Adult Social Care - Learning Disabilities	£745K for the contract extension	Formal Extension Option - Supported Living Scheme 1 (3 properties)	25/04/2020	24/04/2021	Gateway report for Chief Officer sign off 28/2/2020
4854	People	Children's Social Care	£104K additional cost for the 18 month period , met in part by Government grant.	Variation - Family Group Conferencing Service	01/04/2020	31/07/2021	Gateway report for Chief Officer sign off dated 30/1/2020 Portfolio Holder approval 31/1/2020
344	Place	Housing	Second of two extension options for a contract that started 8/9/16. Annual cost of this extension £357K; whole life contract would then be £1,786K	Formal Extension Option - Tenancy support for young people	08/09/2020	07/09/2021	Chief Officer - 16/12/19 Gateway Report for Chief Officer decision

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