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DATE: 22 February 2022

To: Members of the
AUDIT SUB-COMMITTEE

Councillor Neil Reddin FCCA (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Gareth Allatt, Simon Fawthrop, Tony Owen, Stephen Wells and
Angela Wilkins

A meeting of the Audit Sub-Committee will be held at Bromley Civic Centre on
WEDNESDAY 2 MARCH 2022 AT 7.00PM

TASNIM SHAWKAT
Director of Corporate Services & Governance

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

A G E N D A

- 1 **APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS**
- 2 **DECLARATIONS OF INTEREST**
- 3 **CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 21ST OCTOBER
EXCLUDING THOSE CONTAINING EXEMPT INFORMATION (Pages 3 - 12)**
- 4 **QUESTIONS TO 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 which was **5pm on 16th February**.

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 24th February**.

- 5 **MATTERS OUTSTANDING FROM THE LAST MEETING--PART 1 (Pages 13 - 16)**
- 6 **PUBLICATION OF AUDIT REPORTS**

The Internal Audit reports have been published on the Council website:

The link to the reports is [Published Audit Reports](#)

The reports are:

1. Review of Covid 19 Risk Assessments
2. Review of Downe Primary School
3. Financial Assessments 2021-2022
4. Review of Housing Needs, Early Intervention and Advice (Options and Assessment)
5. Review of the IT Asset Register
6. Review of the Operation of the Blue Badge Scheme
7. Review of Supported Living Placements.

7 INTERNAL AUDIT PROGRESS REPORT (Pages 17 - 50)

8 INTERNAL AUDIT PLAN 2022-23 AND INTERNAL AUDIT CHARTER (Pages 51 - 70)

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

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

	<u>Items of Business</u>	<u>Schedule 12A Description</u>
10	EXEMPT MINUTES OF THE MEETING HELD ON 21ST OCTOBER 2021 (Pages 71 - 72)	Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime.
11	MATTERS OUTSTANDING--PART 2 (Pages 73 - 76)	Information relating to any individual.
12	INTERNAL AUDIT FRAUD AND EXEMPT ITEMS REPORT (Pages 77 - 88)	Information which is likely to reveal the identity of an individual. Information relating to the financial or business affairs of any particular person (including the authority holding that information)

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AUDIT SUB-COMMITTEE

Minutes of the meeting held at 7.00 pm on 21 October 2021

Present:

Councillor Neil Reddin FCCA (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Gareth Allatt, Simon Fawthrop, Tony Owen,
Stephen Wells and Angela Wilkins

Also Present:

Fran Chivers-- Chief Audit Executive at Dartford and
Sevenoaks District Council Internal Audit Partnership.

84 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

There were no apologies for absence.

85 DECLARATIONS OF INTEREST

Councillor Simon Fawthrop declared an interest as an employee of British Telecom.

86 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 8th JUNE 2021 (EXCLUDING THOSE CONTAINING EXEMPT INFORMATION)

RESOLVED that the minutes of the meeting held on 8th June 2021 be agreed as a correct record.

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

No questions were received.

88 MATTERS OUTSTANDING FROM THE LAST MEETING-- (Excluding Exempt Information)

CSD 21114

Members noted the Matters Outstanding report and that most of the issues were being updated upon in the body of the Internal Audit Progress report.

Members discussed the matter of the possibility of undue influence that could be exercised by former Council employees who had previously worked in the

Council's Planning Department and now working as planning consultants in the private sector. A Member commented that in his view, the same officer should not be writing a planning report and then giving advice on the same planning application. He mentioned other concerns where in some cases a Councillor had either worked for a developer or had been married to one. He suggested that Internal Audit should draw up protocols concerning how officers from the Planning Department should work. He felt that guidance was required for both Members and officers.

A Member agreed with these comments and stated that in her view this was a matter that needed attention. She expressed the view that the current Standards Committee process was flawed and that there had been clear instances of influence with respect to Planning. Any way that Internal Audit could assist going forward would be of benefit to the integrity of the Council.

The Head of Audit and Assurance stated that issues had been raised previously and some of these concerns had been dealt with at the time. Internal Audit was planning to undertake an audit with respect to Planning later this year, and this would be undertaken by Mazars as they could bring into the audit the experience that they had gained when dealing with similar issues in other local authorities. They were aware that concerns had been raised. The Head of Audit and Assurance said that it was possible to build in appropriate controls and processes. He would be having a meeting soon with the new Director of Corporate Services and would raise these issues with her. He felt that much of what had been discussed was a matter of conduct and therefore may be more appropriate to be looked at by the Standards Committee.

A Member commented that some social interactions with anyone submitting a planning application would be below the threshold required to make a declaration. However, in his view (as it was still a social interaction) then it still should be declared. Reference was also made to planning applications submitted by Councillors and that it may be prudent to introduce some aspect of independent oversight in these particular circumstances. The Chairman reiterated his view that the Standards Committee should lead, supported by Internal Audit.

A Member felt that it would be useful to ask the Standards Committee to look at the involvement of Councillors in various enterprises that may have an impact on key issues in addition to the matters raised regarding Planning. He felt that this would be an issue that the Standards Committee would be interested in looking at and this should be highlighted to the Chairman of the Standards Committee.

A Member stated that it would not be possible in most cases to curtail the activities of former staff members.

It was noted that the remit of the Standards Committee extended to Members only and not to officers.

RESOLVED that the Matters Outstanding report be noted.

89 INTERNAL AUDIT PROGRESS REPORT

FSD21058

At the previous meeting, an update had been received concerning the ongoing issues regarding the possibility of a **power failure to the data centre**. As this had been ongoing and a matter of concern for some time, a further update had been requested for this meeting. To this end Vinit Shukle (Assistant Director for IT Services) attended the meeting in person, whilst Sara Bowrey (Director of Housing, Planning and Regeneration) and Mike Watkins(Assistant Director for Strategic Property) attended by conference call.

The Director of Housing, Planning and Regeneration informed the Committee that a firm date had now been arranged for all contractors to attend on site to finally resolve the issue. This had been confirmed for the weekend commencing Friday, November 26—that would be when all the back-up work would take place. Work on replacing the switch would take place over the weekend of 27th-28th, with the system being back up and running on Monday 29th November. The Oracle financial system would need to be tested on Monday 29th due to the availability of a specialist contractor.

The Assistant Director for Strategic Property acknowledged Member frustration and outlined the difficulties that had had been experienced when attempting to arrange for multiple contractors to be available on site at the same time.

A Member asked if a roll back plan was ready if the work planned for that weekend failed. The Assistant Director for IT Services responded and said that data backups would be taken initially--prior to the work being handed over to the Facilities Team. If the contractors encountered difficulties and felt that the work was going to fail, then the Council would be alerted and the Data Centre back up would be reinstated.

A Member commented that although it was good that the matter was now hopefully coming to a successful conclusion, Members should not forget the history of the issue and stop asking questions. It was important to understand why this matter had taken so long to resolve, so that steps could be taken to ensure that it did not happen ever again. The Member also queried as to whether or not there were other vulnerable parts in the system that could cause similar problems to the Council in the future.

The Assistant Director for Strategic Property responded to the question as to why the matter had taken so long to resolve. He said that historically this was an old piece of kit and that no one had really understood its criticality. No one in the past had really taken time to consider properly what would happen if the system failed. It had also been the case historically that the Council had not benefited from having access to all of the relevant specifications of the UPS.

Resultantly, a shutdown had been required to look at specifications, parts and methodology.

Another contributing factor had been the poor service that had been received from Amey who were the previous Facilities Management contractor. After dispensing with the services of Amey, the Council employed Frankham's Consultancy to oversee the project. Frankham's subsequently subcontracted out work to a specialist. After this, the Council needed to set up a Vaccine Centre because of COVID and this meant that the work could not take place at that time for fears of disrupting the work of the Vaccine Centre. Then came elections. After that, there had been issues of mis-communication with the sub-contractor. The process had been very complex and it was difficult to align the work of the numerous subcontractors involved. There had also been issues concerning the availability of UK Power Networks. A positive outcome of all of the work that had been undertaken was that this part of the IT network and interface was now fully understood. There were now no vulnerabilities that existed in terms of property issues.

The Assistant Director for IT Services responded regarding other possible vulnerabilities and criticalities from an IT perspective. The Chairman asked if it was the case that proper system documentation was now in place. It was confirmed by both the Assistant Director for IT Services and the Assistant Director for Strategic Property that the relevant documentation was now in place.

A Member pointed out that the possible failure of the IT systems or the power supply feeding the IT systems had always been noted on the **Council's Risk Register**. He wondered if the Council therefore had just been paying 'lip service' to the Risk Register and had therefore not been dealing effectively with risks. He wondered why this risk, (as it had been noted on the Risk Register) was not analysed and mitigated against. He asked if the Risk Register had any practical purpose if the risks that had been outlined were not being taken seriously. He expressed the view that modelled questions needed to be asked, especially with respect to high risk activities. He wondered if senior officers were discussing and looking at the risks on the Risk Register.

The Head of Audit and Assurance responded by outlining that the Council had a Corporate Risk Management Group that looked at the various challenges and issues highlighted on the Risk Register. In addition, the Internal Audit Team planned much of its work around issues noted on the Risk Register.

Internal Audit had conducted audit work regarding the issue of the UPS and data security because it had been pinpointed first on the Risk Register; Internal Audit had subsequently identified various vulnerabilities; because of this the issue with the faulty switch had been spotted. In addition, each department was responsible for reviewing its level of risk. Much good work had been carried out by David Tait (Emergency Planning and Corporate Resilience Lead) and consequently much of the Council's data had been transferred to the 'Cloud', thus reducing the level of risk. A corporate study had been undertaken by a graduate trainee concerning the matter of risk and

this was being discussed at a meeting on the 9th of November by the Chief Executive and the Corporate Leadership Team. The Head of Audit and Assurance promised that he would feedback to the Chief Executive at the meeting with some of the comments that had been made by Members regarding risk and the Risk Registers.

A Member referred to a power cut that occurred in 2018 where there was a storm, the Council had lost power and the generator had failed to activate. She wondered therefore if this was a problem that had been around for a number of years. In addition, she referred to her employer's work with respect to ISO 27001 and the level of detail that was involved. She wondered if business continuity was the issue and that more detailed work was required.

(Note: ISO 27001 is a specification for an information security management system (ISMS). An ISMS is a framework of policies and procedures that includes all legal, physical and technical controls involved in an organisation's information risk management processes.)

The Head of Audit and Assurance responded that much detailed work regarding **business continuity** had been undertaken by the Head of Business Continuity and Resilience and that since Mr Tait had taken over the role, the Council's business continuity plans were now significantly more robust and detailed than when he first joined the Council. The Assistant Director for Strategic Property stated that although there had been issues identified with the switch to the power supply, in most cases, where there had been an interruption to the power supply from external sources the switch had still worked.

A Member asked who the current supplier of the switch was and who the new supplier would be. The Assistant Director for Strategic Property replied that the company responsible for servicing and maintaining the switch was a company called 'IBM Power Mode' and the switch itself was an 'Eaton 120kw UPS'. The Assistant Director clarified that the system was being replaced with a new version of the same system and with a new warranty. The quote for the new system was going through the relevant procurement channels.

The Member asked if the replacement USP would be a single or dual replacement. The Assistant Director for IT Services confirmed that the replacement was like for like—so it was a single replacement. The Member responded and said that as it was a single unit it should remain on the Risk Register as it was potentially a single point of failure.

It was with regret that the Chairman and the Committee noted that this would be the last meeting with Dave Hogan acting in the capacity of the Head of Audit and Assurance as he would be retiring shortly. The Chairman and the Committee thanked Mr Hogan for his hard work, dedication, attention to detail and for the excellent audits and audit reports generated by Mr Hogan and his team. They expressed their appreciation to him for his excellent service to the Council and wished him all the very best for his retirement.

The Chairman introduced Fran Chivers who would be taking over from Dave Hogan as the new Head of Internal Audit and Assurance. She was currently the Chief Audit Executive at Dartford and Sevenoaks District Council Internal Audit Partnership. Her start date with Bromley Council would be December 13th.

The Chairman highlighted the review of the engagement of a consultant for a business area of Children's Services. He commented that the rise in cumulative spending should have been picked up earlier. The Head of Audit and Assurance responded by confirming that Internal Audit had queried and criticised this. The overspend had been offset by the overall underspend of the department.

A Member commented that he found the matter disturbing because of the absence of the relevant paper trail and lack of authority. This scenario had arisen previously where there was a gap in the work of a consultant, who then came back to work for the Council again at a later date. He expressed concern regarding the significant increased fees involved; the original budget had been £33,750 and by the end of the day this had increased £94,850. He expressed the view that this was close to a disciplinary matter for the overseeing manager. In these sorts of cases the relevant manager should be able to justify the increased expenditure. He expressed the view that this was badly handled and seemed to be an old problem that was resurfacing from the same department.

The Head of Audit and Assurance responded and said that this was a one off incident and there was no evidence to suggest that this sort of thing was widespread. It was reported to the Director of Finance and the Director of Human Resources. The Director of Finance was keen to ensure that the Council did not fall foul of any HMRC rules and regulations. The Head of Audit and Assurance said that the response from the Director of Finance and the Chief Executive had been robust.

The Chairman highlighted that with respect to the audit of **Subject Access Requests**—the audit opinion was 'Limited' and a new P1 recommendation had been raised. The Chairman asked what the risks of this could be for the Council.

The Head of Audit and Assurance responded that the Council had a statutory timescale in which to respond to information requests and that the Council should be able to prove what information was sent out. It would be bad practise if the Council was not able to provide this information and the Council could fall foul of the Information Commissioner. A new system was being implemented and this would be subject to further testing by Internal Audit in due course.

A Member asked if there was a report available which detailed how often the Information Commissioner ruled against Bromley Council. He wondered who dealt with such a report and which Committee it went to. He felt it would be

useful to monitor any trends. It was noted that an annual complaints report was produced and this normally went to the GP&L Committee.

A Member stated that there was a need to keep a better track of FOIs and that these requests needed to be dealt with fully and properly. He felt that Internal Audit should note the number of requests and then identify the root cause of the complaints which he felt was a result of poor information being given to residents in the first place. The Head of Audit and Assurance said that he would find out what figures were currently available. Information Governance data had now been transferred to a new system so hopefully matters would now improve.

No questions were raised regarding the audit of Housing Benefit and the Chairman remarked that he felt the audit of **waste contracts** looked healthy. Regarding this audit, a Member highlighted section 3.2. 46 where it stated *'The Waste Strategy Manager acknowledged that this agreed process was not fully followed in 2020/21 as LBB staff were not always on site due to COVID-19 restrictions, to undertake the required checks on the rejected paper loads'* She asked what these Covid restrictions were as this should have been an outdoor activity. The Head of Audit and Assurance said that he would clarify what the restrictions were.

Members noted that the audit of **Marjorie McClure School** was 'Reasonable' although several P2 recommendations had been raised. A Member hoped that the clutch of P2 recommendations was not an indication that procedures were too lax. It was noted that the school was re-locating. The Head of Audit and Assurance responded that the Internal Audit Team did not feel there were any serious matters of concern that currently required attention.

With respect to the **Highways Maintenance** audit, it was noted that some time had elapsed since the previous two outstanding P1 recommendations. The most appropriate course of action now was to conduct a brand new audit for the Highways Maintenance Department which would look at the previous issues that had been raised, together with any new ones that may be emerging.

Members noted the update concerning the **Disabled Facilities Capital Grant**. A Member commented that he had been looking at the capital programme and expected to see figures concerning the disabled facilities capital grant in the capital programme, but the figures were not there. He wondered if the grant had been carried forward to this financial year or not. The Head of Audit and Assurance said that he would look into the matter and report back.

In terms of the **various Covid related grants** that the Council had to manage, it was noted that these were resource intensive. Some additional 'burdens grant' funding would be made available to assist councils with the extra work that was involved.

A Member asked if an audit would be undertaken regarding the grant for **Holidays, Activities and Food**. The Head of Audit and Assurance stated that Internal Audit did not have any plans to undertake an audit of this particular grant. The Member said that she would raise the matter with the Executive, Contracts and Resources Committee as this committee had indicated that Internal Audit would be auditing all Covid related grants.

Members noted the **Risk Registers**. A Member expressed some concern that PDS Committees were sent the Risk Registers to look at 'for noting'. His concern was that they may not be being scrutinised in sufficient depth.

Members noted the update with respect to KPMG and the **objection to the Council's accounts**. It seemed that the matter was now close to being resolved. The objector had requested more time to look at KPMG's conclusions.

Members noted the update regarding **Blue Badge Fraud**. A Member expressed the view that the use of cautions in certain cases was ineffective and should be withdrawn. The Head of Audit and Assurance responded that in certain cases the use of a caution was proportionate.

A Member raised the issue of Social Services staff benefiting from parking dispensations when visiting clients. He drew attention to the fact that when individuals in receipt of direct payments paid for their own carers, those carers did not benefit from the same parking dispensations and he asked if this could be looked into. The Head of Audit and Assurance said that he would speak to Parking Services to see if this was something that they could consider.

A discussion took place regarding various Covid related grants and the fact that in some cases money was being claimed back from businesses that had not previously fully declared changes in circumstances to the Council. £90k had been identified to be reclaimed by the Council at the time of drafting the report, but it was reported that this could increase to as much as £176k based on the latest estimates.

An update was provided regarding **Business Support Grants investigations arising from NFI matches** and it was suggested by a Member that control charts should be used to monitor how long the different types of cases were taking to be resolved.

RESOLVED that:

1) The Head of Audit and Assurance would feed back to the Chief Executive and the Corporate Leadership Team some of the comments that had been made by the Committee regarding possible attitudes to Risk and the Risk Registers.

2) The Head of Audit and Assurance would look into what data was available with respect to FOI and Subject Access Requests

3) The Head of Audit and Assurance said that he would clarify what the Covid restrictions were that had been mentioned in the audit of the waste services contract.

4) The Head of Audit and Assurance would investigate to find out if the monies relating to the Disabled Facilities Grant had been carried forward to this financial year.

5) The Head of Audit and Assurance would contact Parking Services to see if they could consider parking dispensations for the carers of members of the public who were paying for carers from Direct Payments.

**90 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.

91 INTERNAL AUDIT FRAUD AND EXEMPT ITEMS REPORT

FSD21059

As this was a Part 2 (confidential report) the minutes are noted in the Part 2 minutes.

92 MATTERS OUTSTANDING--PART 2

CSD 21101

As this was a Part 2 (confidential report) the minutes will be noted in the Part 2 minutes.

93 EXEMPT MINUTES OF THE MEETING HELD ON 8th JUNE 2021

The exempt minutes of the meeting held on the 8th of June 2021 were noted and agreed as a correct record.

The meeting ended at 9.00 pm

Chairman

Report No.
CSD 22037

LONDON BOROUGH OF BROMLEY

PART 1 PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **2nd March 2022**

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

Title: **MATTERS ARISING**

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

Chief Officer: **Tasnim Shawkat—Director of Corporate Services and Governance**

Ward: N/A

1. Reason for report

To update the Audit Sub-Committee on progress with Matters Arising (Part 1) from previous meetings and noting any matters that are still outstanding.

2. **RECOMMENDATION(S)**

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

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

Corporate Policy

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

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £358,740
 5. Source of funding: 2021/2022 revenue budget
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Staff

1. Number of staff: Currently 4 full time staff and 1 graduate on Kick Start Scheme
 2. If from existing staff resources, number of staff hours: Completion of "Matters Arising" reports for the Audit Sub Committee normally takes a few hours per meeting.
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Legal

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

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

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

3. COMMENTARY

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

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

Appendix 1

Issue & Date	Summary	Update and/or Action being taken.	By	Status
Minute 89 21/10/22 Internal Audit Progress Report	<p>The Head of Audit and Assurance would feed back to the Chief Executive and the Corporate Leadership Team some of the comments that had been made by the Committee regarding possible attitudes to Risk and the Risk Registers.</p>	<p>The ASC minutes record that “a corporate study had been undertaken by a graduate trainee concerning the matter of risk and this was being discussed at a meeting on the 9th November and CLT. Dave Hogan (former Head of Audit and Assurance) would feedback to the Chief Executive at this meeting.</p> <p>The Head of Audit and Assurance (DH) attended COE on 9th November. The debate around the report generated several actions one of which was for DH to take forward agreed changes to the Risk Management process, this included “strengthening” the membership of the Corporate Risk Management Group and new nominations were submitted. The first meeting of the reformed group was scheduled for 25th February 2022.</p>	Head of Audit and Assurance	Closed
Minute 89 21/10/22 Internal Audit Progress Report	<p>The ASC minutes record that a Member was concerned at the number of resubmissions or complaints resulting from poor information given in the first response.</p> <p>The Head of Audit and Assurance would look into what data was available with respect to FOI and Subject Access Requests</p>	<p>The Head of Information Management confirmed that resubmissions are identified on the OneTrust system and subject to an internal review. The reviews are coordinated by an officer in the Information Management Team and discussed at Panel; the outcome communicated to the initial requestor.</p>	Head of Information Management	Closed
Minute 89 21/10/22 Internal Audit Progress Report	<p>The Head of Audit and Assurance said that he would clarify what the Covid restrictions were that had been mentioned in the audit of the waste services contract.</p>	<p>The Waste Strategy Manager (WSM) confirmed that the restriction for all staff to work from home wherever possible resulted in a skeleton staff at the depot which did not include officers from the Neighbourhood Management</p>	Waste Strategy Manager	Closed

		Team. The WSM commented that inspection of the rejected paper loads had to be immediate as there is no capacity to store wet or dry paper and that it was not practical to have an officer permanently present in the office just in case a rejected load came in.		
Minute 89 21/10/22 Internal Audit Progress Report	The Head of Audit and Assurance would investigate to find out if the monies relating to the Disabled Facilities Grant had been carried forward to this financial year	The Capital Programme Monitoring- First Quarter 2021/22 reported to Renewal, Recreation and Housing on the 8 th September 2021 includes the £0.8m underspend on the Disabled Facilities Grant that has been carried forward to 2021/22.	HAA	Closed
Minute 89 21/10/22 Internal Audit Progress Report	The Head of Audit and Assurance would contact Parking Services to see if they could consider parking dispensations for the carers of members of the public who were paying for carers from Direct Payments	Internal Audit contacted Parking Services and established that parking permits issued to Children and Adult Services were managed by the Department. The Executive PA to the Chief Executive currently maintains a spreadsheet of all permits issued, the next review and issue is due at the end of March 2023. Internal Audit cannot confirm if there has been any consideration to extend this scheme to carers for service users with a Direct Payment.	HAA	Closed
Minute 81/1 8/06/21 Internal Audit Fraud and Investigati on exempt appendix report	The Director of Housing, Planning, Property and Regeneration would (after tests were undertaken on 18 th June) provide an update to the Committee regarding the issues concerning the possible failure of the power supply to the Council's data centre.	Latest update from Mike Watkins—AD for Property: The resilience issue affecting the data centre is due to be resolved by contractors on Thursday 24 th February – this will mean that the emergency response operative will be stood down at that time. Therefore the P1 issue will have been mitigated.	Mike Watkins	Closed

Report No.
FSD22020

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 2nd March 2022**

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

Title: **INTERNAL AUDIT PROGRESS REPORT**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
Tel: 020 8313 4308 E-mail: francesca.chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides an update to Members on Internal Audit's progress and outcomes since the last report presented to Audit Sub-Committee October 2021. It covers:-

- Audit Progress and Outcomes
- Audit Report Summaries
- Follow up of Recommendations Raised
- Audit Activity (Other work)
- External Quality Assessment
- Counter Fraud Activity
- 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
- c) Approve the proposed amendments to the Internal Audit Plan 2021-22 as set out in paragraph 3.1.4
- d) Agree the proposed approach to the External Quality Assessment set out in section 3.5

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:
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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
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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: 2021/22 – 881 days are proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich investigators' time.
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Legal

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

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

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

- 3.1.1 Internal Audit is an independent and objective assurance and consulting function. 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, and the team undertake reviews over the course of the year that are designed to achieve this purpose. Each individual review, together with audit follow up and ad hoc pieces of work, contributes towards the Head of Internal Audit's overall opinion on systems of risk management, governance and control given at the end of the year.
- 3.1.2 This interim report provides Members with an update on internal audit activity and, crucially, its outcomes, against the Plan that was agreed by Members of this Committee in March 2021.
- 3.1.3 An overall summary of progress against the approved 2021-22 Internal Audit Plan is set out in **Appendix A**. To date, we have completed 20 pieces of work with a further seven in fieldwork or draft report stage. One of the key functions of Internal Audit is to provide assurance that risks to the achievement of the Authority's objectives are being managed and, as such, the table in **Appendix A** also shows how the completed audits relate to the core Ambitions set out in 'Making Bromley Even Better' and the Corporate Risk Register. Members will note that the 2022-23 Internal Audit Plan (provided as a separate agenda item) includes coverage of key corporate risks that have not or will not be covered as part of the 2021-22 Internal Audit Plan.
- 3.1.4 It is important to continually review the agreed Internal Audit Plan to ensure that it remains relevant and aligned to key risks. We have undertaken a comprehensive review of the current Internal Audit Plan, which remains broadly fit for purpose. However, in light of changes within and outside the organisation and the continued need for some Internal Audit resource to focus on grant schemes, we are proposing the following changes to the Internal Audit Plan which Members are asked to approve. Commentary on the likely impact on the Annual Opinion is provided.

Audit Title	Proposed Change	Rationale	Impact on Annual Opinion
ICT Strategy	Defer until 2022/23	The current ICT Strategy was approved in 2018 and has since evolved due to the pandemic. A new strategy is being developed in 2022/23; Internal Audit would add more value at this stage by ensuring that the Strategy is fit for purpose, is based on robust analysis and takes into account all key risks.	None as a significant amount of work has been undertaken within the ICT service in 2021/22.
Direct Payments –	Defer until 2022/23	Direct Payments – Adults was	None as the focus was primarily on

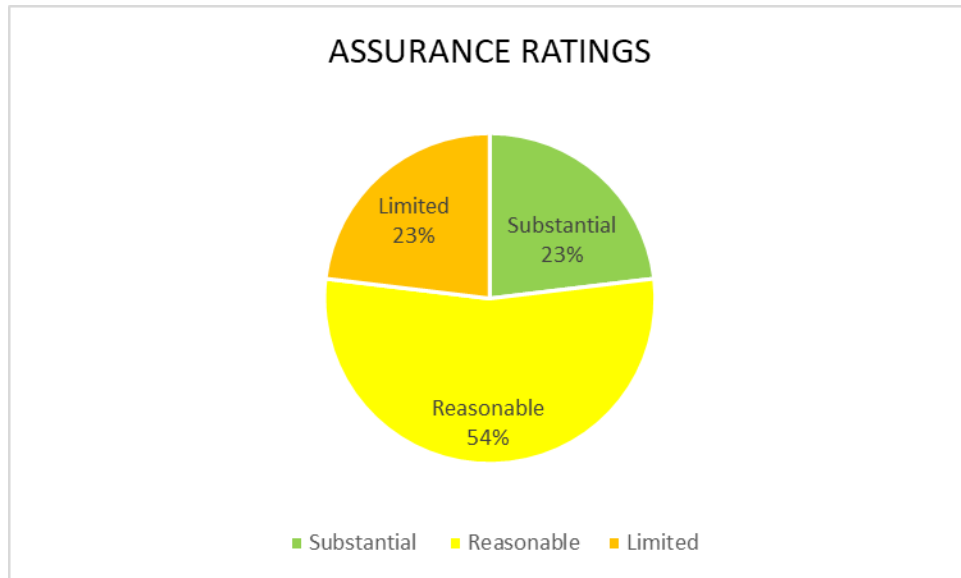
Adults		relaunched in February 2022 with changes to approach, procedures and responsibilities. A six-month post-implementation review would be more beneficial.	financial controls and we have undertaken Financial Assessments, Appointeeship and Deputyship and Supported Living within Adults Social Care.
St Olaves Grammar School	Defer until a later financial year	Internal Audit undertook some follow-up work at St Olaves in May 2021 and further work is unlikely to represent best use of resource at this stage.	None – two full schools audits have been undertaken in the 2022/23 financial year.
Bromley Housing Stock	Cancel and re frame for 2022-23	The original audit proposal envisaged that the Council would be managing its own housing stock, with associated landlord responsibilities. This is not the case, as all property is managed through a third party. An governance audit of these arrangements would therefore add more value; we propose to undertake this in the second half of 2022/23.	There is no perceived impact on the Annual Opinion as sufficient other work has been undertaken in the relevant service this financial year.

3.1.5 Since the last report to this Committee in October 2021, we have finalised and published seven redacted reports, as per the table below. Our current definitions of assurance ratings are provided in **Appendix B**.

AUDIT	ASSURANCE RATING
Blue Badge Scheme Operation	Reasonable
Housing Options	Reasonable
IT Asset Register	Limited
Supported Living	Reasonable

Covid-19 Risk Assessments	Reasonable
Downe Primary School	Reasonable
Financial Assessments	Reasonable

- 3.1.6 The audits completed since the last report to Committee have covered a range of risks; one (Covid-19 Risk Assessments) has relevance Authority-wide but the remainder were principally focused on one or two specific service areas.
- 3.1.7 The majority of our work received 'Reasonable' assurance which indicates that overall, controls are generally adequate to mitigate risks, with some exceptions. Key strengths identified across several of these audits included that the processes had adapted well to new ways of working necessitated by the pandemic. This applies equally to service interaction with external customers as to the Council's own arrangements for managing risks to its staff.
- 3.1.8 We noted some common areas for development across our audit work. One of these was around deficiencies in the quality and accuracy of data or management and monitoring information, for which we raised recommendations in three of the above audits. Adequacy and completeness of information is an important component of effective governance and decision-making. We also raised four recommendations across the audits regarding quality assurance mechanisms and frameworks. Had these been in place, it is likely that the issues raised as part of our audits would have been highlighted and addressed earlier. Although Internal Audit provides independent assurance on key risks, it is also important that operational managers have their own arrangements in place to identify where controls are not operating as intended and to drive service improvement. Themes emerging from internal audits will be shared with Corporate Leadership Team as part of the regular bi-monthly Internal Audit Update.
- 3.1.9 We have raised two new Priority 1 recommendations since the last Committee cycle; one regarding the IT Asset Register and one regarding the Learning Disability – Supported Living service. In essence, both of these related to management of the Council's assets and resources; we found that there were insufficient processes in place to ensure that these were safeguarded or used to best effect. Managers have provided comprehensive action plans for both of these which, when fully implemented, should mitigate the identified risks. Further detail is provided in the relevant summaries below and in **Appendix C**.
- 3.1.10 The chart below provides a breakdown of all audit assurance opinions to date for the 2021/22 financial year. Overall, the largest proportion of audits received 'Reasonable' assurance which leads me to conclude that my interim overall opinion on systems of risk management, governance and control would be 'Reasonable' in line with the definitions provided in **Appendix B**. The chart will be updated for the year end position and the Annual Opinion.



- 3.1.11 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 Summaries of Key Audit Findings

Blue Badge Scheme Operation

Audit opinion	Reasonable
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- 3.2.1 This audit reviewed the system for management of the scheme including eligibility, assessment and issue of badges. Blue Badge fraud (counterfeit badges, holders' deceased, expired badges and 'holder not present', for example), was out of scope.
- 3.2.2 As a result of the pandemic, the Blue Badge service delivery model transferred from a predominantly paper based, onsite service with a face to face assessment element, to a remote online service, almost overnight.
- 3.2.3 Key strengths included innovative use of assessment tools, with a range of methods used whilst face to face assessments were suspended. Further, in all cases sampled, the £10 fee for issuing the badge had been collected. Information on the website is comprehensive and has been updated to reflect that due to necessary changes in procedures, some applications are currently taking longer to process.
- 3.2.4 The governance framework could be enhanced through a suite of agreed policies and procedures with supporting Key Performance Indicators. Management Information is produced and collated manually outside the system which increases the risk of error and inefficient use of resources.
- 3.2.5 Whilst the majority of applications tested had been appropriately processed and approved, testing identified one exception where the expiry date had been entered incorrectly and one which was approved without prior referral to the Occupational Therapy service for clinical evaluation.
- 3.2.6 There is currently no quality assurance process in place to ensure consistent application of guidelines and decision making for applications 'eligible subject to further assessment'.

- 3.2.7 We raised six recommendations as per the table below, all of which were accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	NA	NA
Priority 2	1	1	0
Priority 3	5	5	0

Housing Needs, Early Intervention and Advice (Options and Assessment)

Audit opinion	Reasonable
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- 3.2.8 This audit focused on the Council's obligations under The Homelessness Reduction Act 2017 to prevent Homelessness and direct to alternative housing options.
- 3.2.9 The Housing Options 'Front Door' was adapted in light of COVID-19 with a greater emphasis on prompt on-line and telephone communication and support available for applicants accessing the service via both channels. Procedures are documented and management support is available to the Housing Options officers via the Duty Manager system.
- 3.2.10 We found that the information publicly available on the Council's website was not sufficient to encourage self-help or to signpost customers to alternative sources of help and information. Enhancements to the website should support people more effectively to make decisions about how to retain control over their housing situation, find solutions within the community and third sector and to navigate the process to identify and understand the self help and support options available.
- 3.2.11 The Personal Housing Plans that we reviewed were of mixed quality and the majority of cases which had ended had not been closed by a manager. There is currently no quality assurance framework to monitor performance standards, ensure decisions/case closures are appropriate, timescales are adhered to and to investigate deficiencies/variances. Such a framework, with the resulting qualitative and quantitative performance data could also be used to supplement the Housing Performance Digest to drive performance improvement.
- 3.2.12 Whilst the applicant's verbal agreement to their Personal Housing Plan is recorded in the relevant box on the Housing Case Management software system, it would be best practice to routinely seek the applicant's tangible agreement to the Personal Housing Plan.
- 3.2.13 We noted one case during the audit where an E mail had been sent to an applicant which contained their household ID, password, security question and answer, together with the link to the Housing Portal. Should such emails be read by third parties, there is a risk of unauthorised access and a data breach.

3.2.14 We raised four recommendations as per the table below, all of which have been accepted by management.

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

IT Asset Register

Audit opinion	Limited
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3.2.15 The overall objective of the audit was to review the management of IT assets following the roll out of new IT equipment. This included the arrangements for maintaining the accuracy and completeness of the IT asset register.

3.2.16 Controls noted to be in place and working well included that the IT contract framework agreement specifies the IT contractor's responsibility for the recording and maintaining of an IT asset register. Two of the Council's IT policies state the personal responsibility of Council employees for any IT equipment issued.

3.2.17 We identified however that the information recorded in the IT asset register is not up-to-date, accurate or complete. There is no periodic, independent review carried out to identify any gaps in information or inaccuracies and confirm that assets purchased have been correctly added to the register. We made a Priority 1 recommendation to address this.

3.2.18 We made four other recommendations to improve the control framework, as per the table below. These related to the lack of an overarching IT asset management policy and procedures, security of assets before they are allocated to employees and the identifying and storing of assets to be re-used and assets to be disposed of. We also raised a recommendation about the reconciliation of monthly consumption charges paid to the IT contractor for assets in use.

3.2.19 All the recommendations made were accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	4	4	0
Priority 3	0	NA	NA

Supported Living

Audit opinion	Reasonable
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- 3.2.20 The scope of this audit was to review the effectiveness of contract management and monitoring to provide supported living schemes, including payments.
- 3.2.21 Identified strengths within the service included the arrangements put in place throughout the pandemic. Despite reduced staffing, management put in place a number of arrangements including assisting suppliers with receiving PPE, setting up supply chains and helping suppliers prepare for the winter pressures.
- 3.2.22 The key risk highlighted by our testing was an absence of monitoring to identify and respond to voids. Providers are able to recover the core costs relating to voids and therefore voids do not represent best use of Council resources. There were a number of voids in 2020-21, some of which were in excess of 18 months due to necessary remedial works.
- 3.2.23 We also identified three cases where the service user returned to their family home during the pandemic but the Council continued to pay for their 1:1 care. The department are aware of this and are clawing back monies totalling £33,164.50 in respect of these three cases. The Project Manager, Strategy, Performance, Corporate Transformation Division is undertaking a piece of work to identify high cost placements and is monitoring overpayments and changes in circumstances. We have been advised that there are 14 supported living cases whereby clawbacks have been made totalling £131,392.48 for 2021-22.
- 3.2.24 We reviewed two provider contracts which contained no key performance indicators; these were extended due to the pandemic but have now been retendered and replaced.
- 3.2.25 We raised three recommendations as per the table below, all of which have 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	2	2	0
Priority 3	0	NA	NA

Health and Safety – Covid-19 Risk Assessments

Audit opinion	Reasonable
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- 3.2.26 The objective of this audit was to review the adequacy and effectiveness of the Council's Covid-19 specific risk assessment process for individual services. This included the completeness and availability of risk assessments, and compliance with Health and Safety regulations, including those specific to Covid-19.

- 3.2.27 Key strengths include that guidance on completion of the Covid 19 risk assessment was provided via the Corporate Leadership Team (CLT) to senior management. This is also available on the Intranet and supporting training has been made available to managers. The Staff Handbook - Return to The Workplace supports this guidance and is readily available to all staff on the Covid-19 portal. The majority of services within the Council had completed a Covid-19 risk assessment.
- 3.2.28 Regular monitoring and review of the risk assessments is essential to ensure that arrangements remain effective and adhered to. Sample testing highlighted that it was not consistently clear when or if risk assessments had been regularly reviewed or how these had been cascaded to staff. Further, at the time of fieldwork, four services across the whole Council had not completed specific Covid-19 risk assessments. The Corporate Health and Safety Team are taking appropriate action, and by the time we issued the final report, there was only one outstanding area.
- 3.2.29 It is important that risk assessments, including scoring of risks, are undertaken consistently so that the Council has an overall picture of its risks and mitigations, and can readily identify areas where more resource or assistance may be required. However, one out of four services sampled had not scored their risks and no risk assessments were clear as to the numbers of staff that they covered.
- 3.2.30 We raised five recommendations as per the table below, all of which have been agreed by Managers with implementation dates in January and February 2022.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	NA	NA
Priority 2	5	5	0
Priority 3	0	NA	NA

Financial Assessments

Audit opinion	Reasonable
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- 3.2.31 The objective of this audit was to review the controls in place for Financial Assessments to minimise financial and other risks. Financial Assessments are undertaken by the Council's Exchequer Services contractor.
- 3.2.32 We found that the Council's website contained sufficient and accurate information for service users. The correct parameters have been set up on the system to calculate the financial assessment, thus minimising the risk of human error, and systems access was appropriately restricted. In the majority of relevant cases, financial assessments had been carried out.
- 3.2.33 The service adapted to the pandemic by replacing home visits with a system whereby service users were asked to submit their financial information via post or online. This was indisputably an appropriate decision however our audit testing highlighted some cases which

has been outstanding for a lengthy period of time (over 15 months in one instance) as service users had not complied with this request. At the time of fieldwork, escalation methods for these cases required strengthening.

- 3.2.34 Prior to the pandemic, the Council reviewed a random sample of financial assessments each quarter, but these had paused due to other priorities. We have been advised by the Contract and Operations Manager that these will resume by the end of April. We raised four recommendations as per the table below, all of which have been agreed by Managers.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	NA	NA
Priority 2	4	4	0
Priority 3	0	NA	NA

Downe Primary School

Audit opinion	Reasonable
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- 3.2.35 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.
- 3.2.36 The audit review was completed remotely in line with the Council's guidelines to work from home where possible. The school completed a self-assessment which was certified by the Headteacher and the Chair of Governors and information required for audit examination was scanned and e-mailed by the School Administrative Officer (SAO).
- 3.2.37 Controls noted to be in place and working well included those for budget monitoring, utilisation of reports from the FMS (financial system), asset management and governance arrangements such as financial delegation, budget approval and business interests.
- 3.2.38 However, there were three Priority 2 recommendations raised relating to the expenditure process, HMRC online assessments (IR35) and the arrangement of a Purchasing card for the school. Four Priority 3 recommendations were raised regarding the contract register, monthly VAT returns, lettings policy and aged debtors and creditors report.
- 3.2.39 All the recommendations made were accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	NA	NA
Priority 2	3	3	0
Priority 3	4	4	0

3.3 Follow Up of Recommendations Raised

- 3.3.1 Internal Audit currently follows up all Priority 1 recommendations until they are closed. We will shortly be expanding this process to include all recommendations raised. This is in line with professional standards which require the Head of Internal Audit to “establish a follow-up process to monitor and ensure that actions have been implemented or that management have accepted the risk of not taking action”. Clearly, follow-up activity does need to be proportionate and we currently envisage taking a risk-based approach with a greater level of testing / verification required for higher priority actions. We will be discussing and designing the new follow-up process in our forthcoming team meeting and a verbal update will be provided on the 2 March as to how this process will work in practice.
- 3.3.2 A list of all Priority 1 recommendations open as at the previous Audit Sub-Committee report in October 2021 is provided at **Appendix C**. There are currently four open Priority 1 recommendations. One of these recommendations relating to the IT Asset Register (see paragraph 3.2.17) has only recently been issued and therefore we have not followed this up. We have however followed up all other recommendations; one of these has been fully closed and the others remain in progress.

Freedom of Information (FOI) and Subject Access Requests (SAR) – Priority 1 update

- 3.3.3 Since the last report to Audit Sub-Committee in October 2021, we have closed one Priority 1 recommendation relating to Freedom of Information and Subject Access Requests. This recommendation was raised because acknowledgements and full responses to requests were not available for a significant proportion of cases in the sample tested. The root cause for this issue was that staff had retained responses locally and these responses were consequently not available more widely when individual staff members left or were on leave.
- 3.3.4 In August 2021 a new case management system went live. This system holds details of all FOI and SAR cases including dates of receipt, allocation to departmental contacts and correspondence sent to the requestor.
- 3.3.5 We re-tested a sample of 15 cases across both FOI and SAR cases; in all of these cases bar one the relevant correspondence was available on the system. We therefore consider that significant and sufficient progress has been made in order to consider the recommendation implemented. We referred the individual exception back to the Head of Information Management for further reminder. Since then, training has been provided at a Managers’ Briefing on the FOI / EIR / SAR process, roles and responsibilities, risk and issues and the expectations of staff.

Data Centre – Priority 1 update

- 3.3.6 The Director of Housing, Planning, Property and Regeneration (HPP&R), the Assistant Director for Strategic Property and the Assistant Director for IT Services attended the previous Audit Sub Committee meeting in October and updated Members on the ongoing issues with the power supply to the data centre. At that stage, a weekend shutdown was scheduled for 26th – 28th November in order to complete the work.
- 3.3.7 The shutdown took place as planned and works to replace the switch have been completed. However, this work also identified additional faults within the electrical installation which need to be rectified before full automatic resilience can be guaranteed and the issue properly and fully resolved. The dates for undertaking this work are yet to be confirmed.
- 3.3.8 As an alternative to the current manned guarding arrangements, the Head of Facilities Management and Capital Projects has initiated and instructed works to provide instant

notification in the event of a power failure. Once in place and successfully tested, the manned guarding arrangements can be removed.

Learning Disabilities – Supported Living Establishments – Priority 1 update

- 3.3.9 The Internal Audit review of Supported Living was finalised in December 2021 and included one Priority 1 recommendation relating to the monitoring of voids (please see paragraph 3.2.22). We undertook follow-up work in January 2022 and ascertained that good progress had been made towards implementation.
- 3.3.10 A voids process has now been implemented, with roles and responsibilities identified and allocated to appropriate staff. We consider this process to be adequate in design. It includes a spreadsheet for monitoring voids which is circulated to relevant staff within Commissioning, Learning Disability Care Management and the Placements & Brokerage Teams. The Central Placements Team, Brokers and Learning Disability Care Managers will work together to identify suitable referrals. There is provision in the process for regular monitoring meetings between relevant services and there are appropriate escalation processes for voids that remain unfulfilled for eight weeks and for where delays within the individual services are contributing to the length of voids.
- 3.3.11 New supported living contracts were implemented on 25 January 2022 which break down the costs between core costs and 1:1 care. This means that the identification of core costs in the event of a void is more straightforward.
- 3.3.12 Although we consider that the new process is robust in design, due to the infancy of the process we were unable at this stage to test the effectiveness of the process in application. We will therefore undertake further follow up in Quarter 2 2022-23 and report back to the next available Audit Sub-Committee.

3.4 Audit Activity (other work)

- 3.4.1 Since the last report to Audit Sub-Committee, we have undertaken additional work to the agreed 2021-22 Plan. This work has largely been in relation to Covid-19 grant schemes but has also included ongoing advisory work in relation to the replacement of the financial system (Oracle Fusion Project) and a review of issues arising from the implementation of a new Early Years Funding System.
- 3.4.2 In addition to the specific work highlighted below, we have continued to attend, and provide relevant updates to, Directorate Senior Leadership Teams, Corporate Leadership Team and Chief Officer Executive.
- 3.4.3 We have also continued to offer advice on an adhoc basis as relevant and requested. In the past month, this has included risk and control advice on the Council's application process for Jubilee decoration funding and a process to clear a backlog of children's services invoices.

Oracle Fusion Project

- 3.4.4 As part of our advisory role, we are continuing to offer advice on risks and controls in the new system as and when requested to do so by the project team.
- 3.4.5 This is a watching brief. We have not attended any meetings of the project board but have attended other meetings and demonstrations of Oracle Fusion arranged by the team. Our advice on risk and controls which we would expect to see in place on specific financial areas such as creditors, debtors and ordering has been welcomed.

- 3.4.6 We have access to relevant documentation relating to the project and will continue to provide further advice as necessary. Oracle Fusion is due to go live in April 2022.

Early Years Funding System

- 3.4.7 We reviewed specific issues with the new Early Years Funding System. In essence, these related to erroneous payments made as a result of the new system implementation.
- 3.4.8 We found that managers had identified the causes of the payment errors and were taking appropriate action to address, including recovery of funds. However, our work highlighted some 'lessons learnt' for similar projects across the Authority. These have been shared with the Chief Executive. Key issues included:
- The extent of the work required to configure and develop the system was not understood at the start of the project and although sufficient resource was committed to the development of the service specification, this did not extend to the implementation phase
 - Communication between the service and IT was not effective meaning that sufficient skilled resource was not available when required
 - There was insufficient testing and user acceptance prior to 'go live'
 - Service controls to ensure accuracy of payments were not robust and too much reliance was placed on the system
- 3.4.9 Further phases of the Early Years Funding System will not be rolled out until existing issues are fully addressed and resolved.

Additional Restrictions Grant scheme - control advice and pre-payment checks

- 3.4.10 The Additional Restrictions Grant (ARG) scheme was introduced in December 2020 to enable local authorities to support local businesses impacted by the pandemic. The Council has used the ARG to devise and administer various schemes to support businesses within the Borough.
- 3.4.11 Following our update to the October 2021 meeting, the following schemes were launched and have recently closed to applicants:

ARG scheme	Total number of businesses paid so far	Total amount paid so far
Start up grant scheme	14	£110,500
Business growth scheme	14	£299,353
Vacant unit scheme	4	£189,823
Cultural scheme	This scheme closed on 31 January. No payments have been made so far but there are 80 applications currently being assessed.	

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- 3.4.12 We have continued to use our knowledge and experience gained from the other grant schemes to liaise with the Culture & Regeneration Directorate, advising on risks and controls to mitigate fraudulent payments and prevent and detect instances of error and non-compliance. We have carried out pre-payment checks using the Government's Counter Fraud Function tool 'Spotlight'. If the business is not registered at Companies House or is a sole trader, we have carried out open-source data checks. Under the ARG scheme the Council needs to ensure that all grant payments have been made by 31 March 2022.
- 3.4.13 There have been no applications under the latest initiatives which we have identified and investigated as fraudulent.
- 3.4.14 Additional testing will be carried out in the coming months as part of our post payment assurance plan required by the Department for Business, Energy and Industrial Strategy (BEIS) to confirm that there are no instances of fraud, error, or non-compliance which were not discovered during our pre-payment checks. In January 2022 we were one of a few Councils asked by BEIS to provide our observations on their Fraud Risk Assessment template for the Omicron and Re-start grants. This will be distributed soon to all Councils for their use.

Re-start Grant Scheme

- 3.4.15 On 3 March 2021, the Government announced the introduction of grant support for non-essential retail, hospitality, accommodation, leisure, personal care and gym businesses in England. This was a one-off grant funding scheme in Financial Year 2021-2022 and was administered by business rate billing authorities in England. It was intended to help businesses re-open safely that were predominantly reliant on delivering in-person services.
- 3.4.16 We worked closely with the Assistant Director of Exchequer Services and the Council's Exchequer Contractor advising on the risks and controls to mitigate those risks. We provided advice on interpretation of the eligibility criteria and setting up the application process including appropriate supporting evidence for verification purposes. We also provided support in real time on issues arising. Further, we linked with government agencies such as the Government Counter Fraud Function and the Cabinet Office to utilise anti-fraud tools and data sharing to undertake pre-payment checks and validate applicants as these tools and facilities became available.
- 3.4.17 Using NNDR records and profiling businesses who would be eligible under this scheme, we carried out pre-payment checks on their bank accounts and verified their trading status from the Company House records using the National Fraud Initiative application. This enabled the Council to process applications from these businesses promptly when they were received, without needing to wait for the results of bank account and trading status checks. Under this scheme a total of 1460 business were paid, and the total amount paid was £12,336,737.
- 3.4.18 By scrutinising the payments that we made and who they went to, we helped to reduce the risk of inappropriate payments. Our ongoing work through the National Fraud initiative where we share and match data with other public sector bodies will address any residual risk.

Omicron Retail, Leisure and Hospitality Grant

- 3.4.19 Using NNDR records and profiling businesses who would be eligible under this scheme, in the past two months we have carried out pre-payment checks on their bank accounts using the National Fraud Initiative application. This has enabled the Council to process applications from these businesses promptly when they are received, without needing to wait for the

results of bank account checks. All applications must be processed, and all grant awards made by 31 March 2022.

3.5 External Quality Assessment

- 3.5.1 Audit Sub-Committee has an important role to oversee the quality and performance of Internal Audit. As such, it receives updates on the outcomes of the Quality Assurance and Improvement Programme, including periodic self-assessments against Public Sector Internal Audit Standards, and monitors the resultant actions plans. One of the key mechanisms that enable Audit Sub-Committee to discharge its oversight role is the External Quality Assessment (EQA).
- 3.5.2 Under the Public Sector Internal Audit Standards, the Internal Audit Service must undergo an External Quality Assessment every five years. The previous EQA took place in March 2016 and therefore the next is now overdue. This is not unusual across the profession with the impact of the pandemic, however it is important that the EQA is now completed as soon as feasible.
- 3.5.3 The PSIAS stipulate that the EQA must be conducted by a qualified, independent assessor from outside the organisation and that it must conclude on conformance with the PSIAS and the Code of Ethics. There is however flexibility around the precise form of the assessment, which can be a validated self-assessment or a full external assessment. It is important that Audit Sub-Committee agree the form, scope and provider of the review in order to maintain the review's independence from the Internal Audit service.
- 3.5.4 The London Audit Group (LAG), which comprises the Heads of Audit and other senior audit staff across London, has set up a peer review assessment scheme. The scheme is voluntary but for those who opt in, LAG allocate the reviews across the Authorities. The principles of the scheme are that:
- EQAs will be on rotation, no authority will EQA each other, nor will there be any actual or perceived conflicts of interest
 - Each Authority wishing to have an EQA will need to carry out a self-assessment and provide supporting evidence to the assessing Authority
 - The self-assessment and the assessment report will be based on CIPFA's template which includes the Public Sector Internal Audit Standards, the Code of Ethics and CIPFA's Local Government Application Note
 - The assessment will include a survey of key stakeholders in the Authority
 - Assessments will be led by qualified and suitably experienced Heads of Internal Audit and/or Audit Managers
 - The scheme is free but does involve resource cost as individual members will need to resource another Borough's assessment
- 3.5.5 London Borough of Bromley has previously opted-in to the scheme, and the 2016 review was provided by LAG. LAG's proposal for 2022 is that the Director of Audit, Fraud, Risk and Insurance (David Hughes) for the shared service London Boroughs of Kensington and Chelsea / Hammersmith and Fulham / City of Westminster undertakes the EQA. In return, we will review the London Borough of Southwark in 2023. David Hughes has no current or former links with London Borough of Bromley and is qualified via CIPFA. He is currently the Chair of London Audit Group. He is available to undertake the review in June or July 2022; the outcomes and action plan can then be reported to Audit Sub-Committee by the end of the calendar year.
- 3.5.6 In my view, the above arrangement represents the best option for delivery of the EQA. At this stage, and in light of my own length of tenure at London Borough of Bromley, the

validated self-assessment is a robust approach as it will, to a large extent, provide objectivity to the process. A full assessment would need to be procured externally as this is not offered by LAG and would be more costly.

- 3.5.7 An alternative option is to procure the validated self-assessment externally. The advantage to this approach is that it would allow us to select an assessor or body with experience across the wider internal audit profession. However, it is likely to cost in the region of £10,000.
- 3.5.8 Audit Sub-Committee are therefore requested to discuss and agree the approach set out above that:
- The External Quality Assessment is undertaken by the shared service London Boroughs of Kensington and Chelsea / Hammersmith and Fulham / City of Westminster
 - The EQA takes the form of a validated self-assessment
 - The scope of the EQA covers compliance with the Public Sector Internal Audit Standards, the Code of Ethics and the Local Government Application Note
- 3.5.9 The full report, together with the resultant action plan, will be reported to the first available Audit Sub-Committee.

3.6 External Audit Update

Progress and Update on the 2019/20 and 2020/21 accounts:

- 3.6.1 The external audit of the 2019/20 accounts is ongoing. Members have previously been advised of significant issues in relation to the accounting and valuation of Property, Plant & Equipment and Investment Properties, which will require the accounts to be amended including a prior period adjustment, causing a delay in completion of the audit to allow for these matters to be investigated and remediated.
- 3.6.2 It was agreed with the external auditor that the valuations of the Council's Investment Properties needed to be reviewed and amended by the Council's valuer. The Council's valuer has now completed this exercise and made a number of changes and corrections to the underlying data. The revised valuations will now be reviewed by the external auditor to determine whether they are acceptable; once this has been completed it should be possible to finalise the adjustments to the accounts and for the audit to be completed.
- 3.6.3 The external auditor has recently advised that work on the Council's asset valuations and audit generally remains ongoing, with finalisation approaching. It expects to provide an update report to the General Purposes & Licensing Committee (GP&L) scheduled to take place on February 8th. It further advised that it anticipates final sign-off of the audit to be reported to GP&L committee on March 29th.
- 3.6.4 Work is underway to close the Council's accounts for 2020/21, although this has been delayed as a consequence of the 2019/20 account not being finalised. Given this, a timetable for the audit of the 2020/21 financial statements has yet to be confirmed with the external auditor.

Update on Electors Objections:

- 3.6.5 At the last report to Audit Sub-Committee, the Council had objections outstanding for three years of accounts. For the 2016/17 and 2017/18 objections, KPMG has now concluded its work and decided not to take any further formal audit action.

- 3.6.6 It is now the responsibility of Ernst & Young (EY) to consider the objection received in relation to the 2018/19 accounts, informed by the conclusions that KPMG has made.
- 3.6.7 Whilst the objections remain unresolved, the external audits for the years in question cannot be formally concluded and a completion certificate issued.
- 3.6.8 No objections were received in relation to the 2019/20 accounts and the inspection period is now closed. Owing to the delays described the Council has not yet opened the 2020/21 accounts for public inspection.

Audit Fees

- 3.6.9 The Council asked the PSAA (Public Sector Audit Appointments Ltd) to arbitrate to determine an appropriate fee for the 2018/19 audit. The process concluded that EY's proposed fee of £219,171 should be reduced by £20,049 to £199,122. This compares to the scale fee, set by PSAA, of £91,689.
- 3.6.10 Whilst EY has produced an audit plan for 2019/20 including a proposed audit fee of £188,271, this has not yet been agreed by officers. The Director of Finance has again requested that PSAA review EY's proposed fee and it is hoped this will lead to agreement on a revised figure. EY has yet to issue its plan for 2020/21, including the proposed fee for this period.
- 3.6.11 PSAA is currently consulting on and developing its procurement plans for the next round of audit appointments commencing in April 2023. This is against a challenging national backdrop of a fragile supplier market, lacking competition and capacity, and with an underlying tension concerning the level of audit fees, particularly when considered against the increasing level of audit work that is being driven by the regulator, the Financial Reporting Council.

3.7 Fraud Summary

- 3.7.1 **This report provides an update on both new and previous cases of fraud and special investigations. The RB Greenwich Fraud Team covers all aspects of fraud including maintenance of a fraud register. Internal Audit also carry out investigations into conflicts of interests, breaches of rules and regulations and will assist the Fraud Investigators where there is a requirement to understand or examine LBB systems.**

Blue Badge Fraud

- 3.7.2 Members are aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. Civil Enforcement Officers (CEOs) carry out inspections and ask drivers of vehicles displaying a Blue Badge specific questions to determine whether or not misuse is taking place. CEOs and authorised Council Officers can legally confiscate a Blue Badge and return it to the issuing Local Authority should any misuse be suspected. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.
- 3.7.3 Following investigation after confiscating a badge, evidence is collected, and the case passed to the Greenwich Fraud Team (GFT). The Greenwich Team will carry out an investigation, identifying drivers, arranging interviews under caution, establishing intent and mitigation and undertaking public interest and evidential tests on cases which may be suitable for prosecution before being passed to Legal for final authorisation. Feedback is

also provided where evidence or process errors affect the suitability for prosecutions so that this can inform CEO training.

- 3.7.4 Prosecutions are undertaken by Bromley Legal Services utilising the Single Justice Procedure. The Criminal Justice and Courts Act 2015 introduced the Single Justice Procedure which applies only to cases involving adults charged with summary-only non-imprisonable offences. It enables such cases to be dealt with by a single magistrate sitting with a legal adviser on the papers without the attendance of either a prosecutor or the defendant. The defendant will instead be able to engage with the court online (or in writing) and the case will not be heard in a traditional courtroom. The Single Justice Procedure was designed to save Court time in cases where a full hearing may not be necessary. Magistrates Courts were finding that their Court lists were becoming clogged up with lower level offences.
- 3.7.5 It is for prosecutors to identify cases which are suitable for the single justice procedure. These are commenced by a written charge and a document called a 'single justice procedure notice'.
- 3.7.6 The single justice procedure notice is sent to the defendant explaining the offence which has given rise to the proceedings, the options available to the defendant, and the consequences of not responding to the notice. It is accompanied by the evidence upon which the prosecutor will be relying to prove the case. The notice will give the defendant a date to respond in writing to the allegation - rather than a date to attend court. However, the defendant has the right to request a traditional hearing in open court. If they wish to plead not guilty, or otherwise want to have a hearing in a traditional courtroom, the defendant can indicate these wishes in the response to the single justice procedure notice. In such circumstances the case will be referred to a traditional court and the case will be managed in the normal way.
- 3.7.7 In cases where a defendant pleads guilty and indicates that they would like to have the matter dealt with in their absence, or fails to respond to the notice at all, a single magistrate will consider their case on the basis of the evidence submitted in writing by the prosecutor, and any written mitigation from the defendant. The single magistrate can convict and sentence or dismiss the charge as appropriate.
- 3.7.8 If a single justice considers at any point that it would be inappropriate to conduct the case under the single justice procedure, the justice can refer it to a traditional magistrates' court.
- 3.7.9 The Parking Services Blue badge policy was reviewed in November 2020 with a new set of procedures which included an additional outcome of a simple Caution. This additional outcome is now included in the statistics.

Covid-19

- 3.7.10 The lockdown and restrictions as a result of the pandemic had a significant impact on the volume of Blue Badge referrals generated by the Council. The table below provides a comparison of referrals received for a whole year with the pre Covid-19 affected year and the figure for the current year so far.

Table 1 – Blue Badge Referrals

	2019/20	2020/21	April 2021 to Dec 2021
Total	129	22	51

- 3.7.11 The table above shows that there is now a gradual increase in the number of new cases being referred. Clearly though, the number of cases is still far below pre pandemic levels, when confiscation of badges and engagement with drivers was unrestricted. As engagement with drivers has decreased this has meant that the referrals being sent to the Fraud Team relate predominantly to allegations of stolen or expired Blue Badges being displayed or the use of Blue Badges belonging to persons who are deceased.
- 3.7.12 It has been previously reported that there are delays from Her Majesty's Court Service in informing the Council's Legal Services of the outcome of Blue Badge prosecutions submitted via the single justice procedure. The provision of outcome / result data did not improve during lockdown.
- 3.7.13 The lack of new referrals allowed investigators during lockdown to focus on bringing the caseload held at that time to Legal Services for consideration of further action.
- 3.7.14 As a result of the lockdown, Interviews under Caution were only possible during short windows when the tier level allowed. Interviews have resumed, however attendance is far more intermittent and quite often two or three interviews are scheduled before the individual attends for an interview under caution.
- 3.7.15 As of 1st January 2022, there were 15 cases designated as "prosecution pending". This means that the cases have been fully investigated and are now with Legal Services for consideration of appropriate further action. This figure is significantly higher than the four at the last quarter. The table below provides a comparison of prosecutions and warning letters for the whole year with 2019/20 and 2020/21 and the year to date.

Table 2 – Blue Badge Prosecutions and warning letters

	2019/20	2020/21	April to December 2021
Prosecutions	46	57	10
Warnings	30	30	10
Cautions			2
Total	76	87	22

- 3.7.16 Members are asked to note that the figures for 2020/21 will include cases for 2019/20 that were delayed as a result of the pandemic.

Joint Working – Department of Work and Pensions (DWP)

- 3.7.17 This is an area severely hit by the Covid-19 pandemic. The DWP had seconded all of their fraud investigation staff to other duties. There has been some indication that DWP officers will be returning to fraud duties. Meanwhile, all referrals are sifted centrally and it transpires that the majority of existing investigations when Covid-19 began were closed by the DWP.
- 3.7.18 As with all joint working cases with the DWP, it is the DWP who are in control of the prosecution process. There are no new joint working cases in action in this current year.

Miscellaneous Cases

- 3.7.19 There have been 25 cases of suspected Council Tax fraud received in the nine month period. Two Council Tax cases resulted in overpayments of CTRS being recorded with a value of over £6,200 to the Authority.
- 3.7.20 There have been 20 cases of suspected subletting or vacating addresses. One case has resulted in the tenancy being recovered by the Registered Social Landlord (RSL) and an initiative to commence some further joint working with the Council's housing provider is being explored.
- 3.7.21 A total of 42 cases were referred on to the DWP during the course of the year so far, relating mainly to Benefit cases where allegations of undisclosed income and living together were made. In most cases of this type the DWP benefit needs a decision before any CTRS decision can be made. As already mentioned, the effect on DWP investigations during the pandemic have been far reaching and case outcomes are not forthcoming.

National Fraud Initiative (NFI) - Covid-19 Business Grants

- 3.7.22 A significant area of new work is suspected fraud associated with the Covid-19 business grants, in particular the payments associated with the Small Business Grant Fund. In order to receive this grant, the individual / business had to be eligible for a Small Business Rate Relief.
- 3.7.23 The National Fraud Initiative completed its first data matching exercise using data provided by all local authorities in respect of the initial tranche of Covid-19 business support grants awarded by local authorities on behalf of the government. Subsequently, the Cabinet Office has run a further matching exercise, again matching grant payment data from all local authorities from the first three Covid-19 grant schemes. In total some 50 matches were generated via the National Fraud Initiative in relation to Covid-19 grant awards.
- 3.7.24 All of these matches have been fully reviewed and investigated by the Greenwich Fraud Team. In the majority of cases the grants have either been awarded correctly or there is no financial loss within the grant schemes.
- 3.7.25 However, a small number of matches have identified properties occupied elsewhere by the same individual / business that may potentially impact on their eligibility for Small Business Rate Relief (SBRR) either within Bromley Borough or in the matched local authority area.
- 3.7.26 Investigations established that there were eight individuals / businesses where the Small Business Grant Fund payment should not have been awarded; a total sum of £90,000. Recovery has been sought in respect of each individual / business.
- 3.7.27 In addition, there were nine individuals / businesses where it was established that they were not eligible to receive SBRR. This equates to SBRR totalling just over £176,000.
- 3.7.28 We have also recently obtained and uploaded information to the NFI data matching system relating to the grant recipients for:
- Christmas Support Payment (CSP)
 - Local Restrictions Support Grants (LRSG)
 - Closed Business Lockdown Payment (CBLP)
 - Restart Grant (RG)
 - Additional Restrictions Grant (ARG)
- 3.7.29 This data was submitted to meet the government's deadline of 24th January 2022. This exercise should identify potential indicators of fraud to be investigated in relation to:

- multiple grants paid to businesses within or between LAs;
- duplication between grant schemes where relevant; and
- payments made to business or individuals flagged in proven fraud 'watchlist' data, where available.

3.7.30 The Fraud Team will review the potential matches when released.

National Fraud Initiative (NFI) – other data sets

- 3.7.31 The review of matches highlighted by the National Fraud Initiative 2020 exercise is mostly complete. We continue to work with operational management to conclude their investigation of the remaining few data sets.
- 3.7.32 The DWP lack of responses to routine enquiries makes a number of the matches dependant on declarations to the DWP where a "passported" benefit is involved. A list of cases has been provided to the Council's Exchequer Services Contractor so that they may adjudicate and establish whether there have been any overpayments.
- 3.7.33 The Council Tax and Electoral Register data is required by the NFI annually for single person discount matching. We have obtained the data sets and uploaded these to the NFI secure system by the deadline of 29th January. The Council also does its own separate data matching exercise annually on Single Person Discounts.

Housekeeping

- 3.7.34 Following the Pandemic, in an effort to maintain an efficient investigation service and react quickly to any incoming investigations, cases are assessed regularly for progress. There are currently 58 current investigations open of which 13 are over one year old and under review. At the end of the previous year there were 129 open investigations.

Further fraud related information is recorded in Part 2 of this report.

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 effective Internal Audit Function.

9. PROCUREMENT IMPLICATIONS

- 9.1 The content 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

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Appendix A – Progress against Internal Audit Plan 2021-22

Audit Title	Status	Assurance Level	Links to Corporate Risk Register	Links to Making Bromley Even Better Priorities
Information Governance and General Data Protection Regulations	Complete	Limited	CRR6 - Cyber Attack and failure to comply with GDPR	Ambition 5 - Managing our resources well
FOI & Subject Access Requests	Complete	Limited	CRR6 - Cyber Attack and failure to comply with GDPR	Ambition 5 - Managing our resources well
Tax arrangement risk assessment following introduction of the Criminal Finances Act	Fieldwork	NA		
Cyber security risk	Draft Report Issued	TBC		
Housing benefit	Complete	Substantial		Ambition 3 - Our families, businesses and communities thrive Ambition 5 - Managing our resources well
IT Asset Register	Complete	Limited		Ambition 5 - Managing our resources well
Delivery of ICT Strategy	Proposed to defer	NA		
Value Added Tax	Planning	TBC		
Payroll - A review of controls to	Fieldwork	TBC		

record and process tax				
PPN 02/20 and with PPN 01/20	Complete	Substantial	CRR12 - Impact of COVID-19 pandemic on service delivery	Ambition 3 - Our families, businesses and communities thrive Ambition 5 - Managing our resources well
Health & Safety - Review of COVID-19 risk assessment and arrangements	Complete	Reasonable	CRR12 - Impact of COVID-19 pandemic on service delivery	Ambition 5 - Managing our resources well
Review of engagement of consultant in YOS (unplanned review)	Complete	NA		Ambition 1 - Our children thrive and flourish secure into adulthood
Learning disability supported living schemes	Complete	Reasonable		Ambition 2 - Our adults enjoy fulfilling and successful lives
Appointeeship and Deputyship	Fieldwork	TBC		
Social Care Management System replacement (On-going risk & control advice for replacement IT system)	Complete	NA		Ambition 1 - Our children thrive and flourish secure into adulthood Ambition 2 - Our adults enjoy fulfilling and successful lives Ambition 5 - Managing our resources well
Blue Badge Scheme operation	Complete	Reasonable		Ambition 2 - Our adults enjoy fulfilling and successful lives
Direct Payment Pre Paid Cards Adults	Proposed to defer	NA		

Troubled Families Grant Claim Certification (carried out every six months in Sept and March)	September - Complete	September - Terms and Conditions of Grant Met		Ambition 1 - Our children thrive and flourish secure into adulthood
Direct Payment Pre- Paid Cards Children	Planning	TBC		
Mental Health Service Agreements and Section 117	Planning	NA		
Financial Assessments for Social Care Clients	Complete	Reasonable		Ambition 2 - Our adults enjoy fulfilling and successful lives
SEND Reforms	Fieldwork	TBC		
Downe Primary School	Complete	Reasonable		Ambition 1 - Our children thrive and flourish secure into adulthood Ambition 5 - Managing our resources well
Marjorie McClure	Complete	Reasonable		Ambition 1 - Our children thrive and flourish secure into adulthood Ambition 5 - Managing our resources well
St Olaves Grammar School	Proposed to defer	NA		
Test and Trace Service Support 2020/21	Not yet required	TBC		

Local Authority Community Testing Funding Grant determination	Not yet required	TBC		
Pre Exposure Prophylaxis (PrEP) Funding Grant	Complete	Terms and Conditions of Grant Met		Ambition 5 - Managing our resources well
Step Up to Social Work – Cohort 6 Grant determination	Complete	Terms and Conditions of Grant Met		Ambition 1 - Our children thrive and flourish secure into adulthood Ambition 5 - Managing our resources well
Environmental Services Waste Contract Review	Complete	Substantial	CRR 5 - Ineffective governance and management of contracts	Ambition 4 - Our borough is safe, clean and sustainable for the future
Contract Monitoring Environmental Services Contracts	Draft Report Issued	TBC		
Drainage cleaning	Planning	TBC		
Temporary Accommodation and Housing Rents	Fieldwork	TBC		
Housing Needs - early intervention & advice	Complete	Reasonable	CRR9 - Temporary Accommodation	Ambition 3 - Our families, businesses and communities thrive
Bromley Housing stock – responsibilities arising from managing housing	Proposed to Cancel	NA		

The Disabled Facilities Capital Grant (DFG)	Complete	Terms and Conditions of Grant Met		Ambition 3 - Our families, businesses and communities thrive
Planning (CIL)	Planning	TBC		
Building Control	Fieldwork	TBC		
Commercial and non-office owned Property	Planning	TBC		
Meadowship LLP	Complete	NA	CRR9 - Temporary Accommodation	Ambition 3 - Our families, businesses and communities thrive Ambition 5 - Managing our resources well

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Appendix B - Assurance and Priority Ratings

Assurance Levels

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.

Recommendation ratings

Risk rating	Definition
Priority 1	A high priority finding which indicates a fundamental weakness or failure in control which could lead to service or system objectives not being achieved. The Council is exposed to significant risk and management should address the recommendation urgently.
Priority 2	A medium priority finding which indicates a weakness in control that could lead to service or system objectives not being achieved. Timely management action is required to address the recommendation and mitigate the risk.
Priority 3	A low priority finding which has identified that the efficiency or effectiveness of the control environment could be improved. Management action is suggested to enhance existing controls.

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Priority 1 list - March 2022

Appendix C

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
CORP/01/2020 Finalised 30th September 2021	Review of Information Governance and GDPR	Limited	1	See Part II report.	Director of Corporate Services	Head of Information Management	October 2021 See Part II Report March 2022 See Part II Report
CORP/01/2021 Finalised 28th September 2021	Review of Freedom of Information and Subject Access Requests	Limited	1	All correspondence with requestors should be retained centrally, to ensure that it is available irrespective of staff changes.	Director of Corporate Services	Head of Information Management	We re-tested a sample of SARs, FOIs and EIRs w/c 17 th January 2022. This testing evidenced a significant improvement since the original audit with only one exception and as such, we consider this recommendation closed.
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	July 2020 See Part II Report See Part II Report March and June 2021 See Part II Report October 2021 See Progress Report March 2022 See Progress Report
PE/03/2020 Finalised 7th December 2021	Review of Supported Living Audit 2020-21	Reasonable	1	Management should ensure that a voids monitoring process is implemented by Commissioning, to regularly monitor voids to keep them at a minimum to ensure that unnecessary costs are not incurred by the Authority. -Void costs within the supported living service should be easily identifiable. -An agreed process should be in place for the monitoring of voids which should be undertaken by an officer identified by management. -The average void weekly cost will need to be determined for contracts going forward, in order to determine the total costs for the voids identified at each unit.	Director of Adult Services	Head of Service Complex & Long Term Commissioning	March 2022 See Progress Report

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
CEX/01/2021 Finalised 28 January 2022	Review of the IT asset register	Limited	1	Management should put appropriate procedures and controls in place to enable them to gain assurance that the information recorded in the IT asset register by the Council's IT contractor is accurate, complete and up to date. This should include: (i) specifying to the Council's IT contractor what detailed information should be recorded, how it should be categorised and what management information is required and when, and (ii) carrying out, periodically, an independent review of the information recorded in the register to identify any gaps in information or inaccuracies and confirming that assets purchased have been correctly added to the register.	Director of Corporate Services	IT Contract and Operations Manager	March 2022 See Progress Report

The following P1 recommendations have been implemented :

Review of Freedom of Information and Subject Access Requests -see Progress Report

Report No.
FSD 22021

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Wednesday 2nd March 2022**

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

Title: **ANNUAL INTERNAL AUDIT PLAN 2022/23 AND INTERNAL
AUDIT CHARTER**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
Tel: 020 8313 4308 E-mail: francesca.chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This paper presents the Internal Audit Plan April – October 2022 for approval. It explains the risk-based planning process and the underlying assumptions behind the resource assessment used to produce the Plan.

It also includes Internal Audit's Charter which has been comprehensively reviewed and updated for 2022/23 in compliance with the Public Sector Internal Audit Standards (PSIAS).

2. **RECOMMENDATION(S)**

2.1 That the April – October 2022/23 Audit Plan is approved.

2.2 That the Internal Audit Charter is approved.

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
 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 including 1 FTE Insurance and Risk Manager
 2. If from existing staff resources, number of staff hours: 2022/23 1121 audit days are proposed to be spent on direct audit work, including counter fraud and risk management activity, excludes RB Greenwich time.
-

Legal

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

Procurement

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

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

- 3.1 The Public Sector Internal Audit Standards (PSIAS) are mandatory for internal audit practice in the public sector. Under these Standards, Internal Audit is required to produce a risk-based plan of work which sets out how its resources will be utilised in the forthcoming period. The draft Plan for April – October 2022 is included at **Appendix A** for approval.
- 3.2 The overall aims of the Plan are to:
- Ensure that Internal Audit coverage is aligned with the strategic objectives and risks of the Authority
 - Meet the assurance needs of key stakeholders
 - Provide assurance on a sufficiently broad range of risks to ensure that an opinion on overall systems of risk management, governance and control can be provided
 - Provide an appropriate balance of assurance and consultancy work – consultancy work is usually particularly valuable in times of change
 - Ensure optimal and effective use of Internal Audit resource.
- 3.3 At the London Borough of Bromley, Internal Audit has traditionally produced an annual plan of work. This practice is in line with many public sector organisations due to the specific public sector requirement to produce an annual opinion at the end of the year on overall systems of risk management, governance and control. However, there is no professional requirement to produce an annual plan and many organisations (particularly in the private sector) have produced more frequent or rolling plans for some time.
- 3.4 At the time of writing this report, both the organisation and the wider sector are experiencing a period of significant change. As such, it is increasingly difficult to produce a long-term plan that will remain fully relevant and aligned to the needs of the organisation for the duration of that term. Consequently, for 2022-23, we are trialling two Plans of approximately six months each (with the second Plan approved by Audit Sub-Committee at its November meeting). This should allow greater flexibility and ability to respond to changing or emerging risks and priorities.
- 3.5 It is important that the planning process is rigorous so that the proposed work supports a robust overall opinion. In order to produce the draft Plan, we have undertaken a risk-based assessment which has included:
- Review of the Authority's strategies, Corporate Risk Register and Departmental Risk Registers
 - Consultation with individual members of the Chief Officer Executive and their Senior Leadership Teams
 - Consideration of external reports on emerging risks
 - Review of previous audit coverage, to identify potential gaps in assurance with some areas not reviewed for some time.
- 3.6 Crucially, the Internal Audit Plan must link to London Borough of Bromley's strategies and key risks and to this end, the draft Plan in **Appendix A** is mapped against the five key Ambitions set out in 'Making Bromley Even Better' and against the Council's key strategic risks as stated in the Corporate Risk Register. Currently, there are more audits proposed against Ambition 5 (Manage our resources well) than any other; in my opinion this is likely to be appropriate as

Ambition 5 underpins all of the Council's work. There is one strategic risk with no coverage (Health and Social Care Integration) but this is currently rated Low.

- 3.7 We have assessed the resources required to deliver the Plan and concluded that current resources are sufficient. A key underpinning assumption is that Internal Audit resource will not be redeployed to Covid-related activity in the 2022-23 financial year and that our involvement in Covid-related grants is nearing its conclusion. Should this assumption not be correct, we will re-visit the Plan and the resource assessment and report accordingly to this Committee.
- 3.8 Within the whole audit year, there are approximately 1121 available days, after allowances for indirect work such as 121s, training and other administrative tasks. We have then made provision for other work, broken down as follows, leaving 721 days available for specified audit reviews. These provisions are broadly in line with previous years, although we have increased the provisional days for follow up to allow for Priority 2 / 3 follow up work and the days available for Counter Fraud to allow for review of the Strategy, including an assessment against best practice, and provision of fraud awareness. The provisional days below will be revisited for the second six-monthly Plan in light of actual activity between April – October.

Days available for direct work	1121
Risk Management	60
Counter Fraud including NFI, contract management, review of Strategy and Framework and provision of fraud awareness	70
Provision for investigations	60
External Quality Assessment	15
Committee work	30
Follow up work	60
Annual Audit Planning	15
Annual Governance Statement	10
Provision for Advice including attendance at ad-hoc or Corporate working groups	60
Provision for completion of 2021/22 work	20
Total Other Direct	400
Total available for audit plan	721

3.9 Internal Audit Charter

Under the PSIAS, the Internal Audit service is required to have a Charter which delineates various aspects of how the service will be delivered with the organisation. These aspects include Internal Audit's adherence to professional standards, together with its purpose, authority, responsibility, scope and arrangements for maintaining independence. The Charter is agreed by COE but final approval of the Charter rests with the Audit Sub-Committee as the body charged with oversight of the quality and effectiveness of Internal Audit. The Charter is reviewed periodically; generally, this is best done alongside the Internal Audit Plan so that expectations of all parties and governance arrangements are clear from the outset of service delivery. The Charter has been reviewed and updated for 2022-23 in line with professional standards and best practice and is attached at **Appendix B** for approval.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

- 4.1 The content of this report will have implications for both adults and children in respect of audits that will be undertaken in both Children's and Adult 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 Staff in breach of financial rules or procedures or acting inappropriately against the Council's legal and financial interests may be subject to disciplinary or/and criminal investigation.

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.

9. PROCUREMENT IMPLICATIONS

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

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

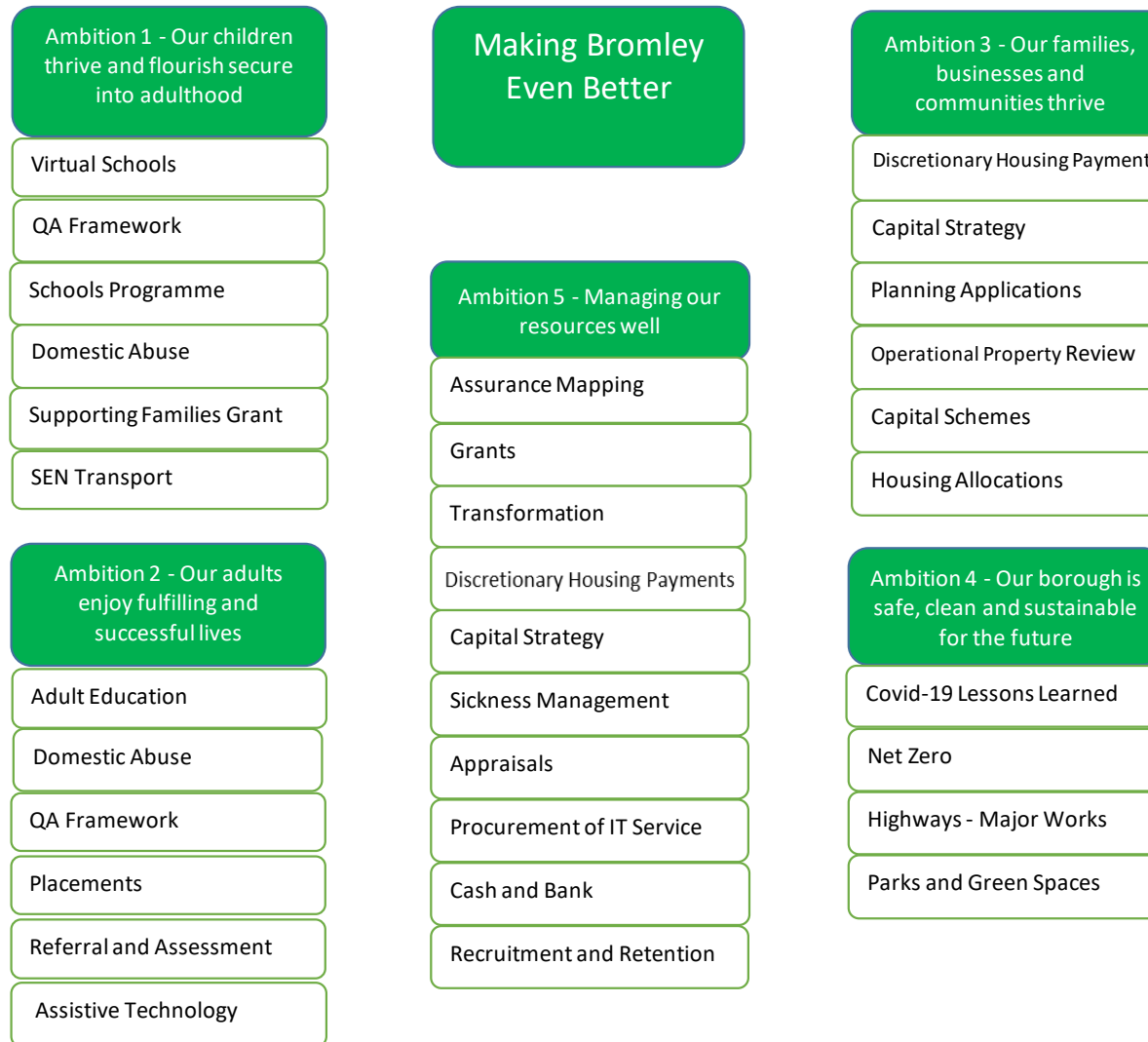
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Draft Internal Audit Plan

April – October 2022

Internal Audit Proposed Coverage against 'Making Bromley Even Better' Ambitions and the Corporate Risk Register:



Risk	Current Net Rating	Audit Coverage
Failure to deliver a sustainable financial strategy	20	Transformation Capital Strategy
Failure to deliver partial implementation of HSC integration	4	None
Failure to manage change and maintain an efficient workforce	8	Sickness Management Appraisals Recruitment and Retention
Ineffective governance and management of contracts	8	Procurement Fraud Risk Assessment Highways Major Projects Parks and Green Spaces
Failure to maintain and develop IT information systems	6	Procurement of IT Service
Cyber Attack and failure to comply with GDPR	15	None in April - October 2022/23 but audits of GDPR and of Cyber Security undertaken in 2021/22 which will be followed up in 2022/23
Failure to maintain robust BC and EP arrangements	12	As part of every contract review, we will consider supplier BC arrangements
Failure to deliver effective Children's Services	12	Quality Assurance Framework Virtual Schools Bromley
Temporary Accommodation	16	Domestic Abuse Housing Options and Housing Rents reviewed 2021/22
Failure to deliver Transforming Bromley Programme	15	Transformation
Impact of Covid-19 pandemic on service delivery	12	Public Health Covid-19 Response Lessons Learned
Climate Change	8	Net Zero

Draft Internal Audit Plan April – October 2022 - Full

Audit	Department	Outline Scope	Number of Days
Assurance Mapping	Authority-Wide	Development of an assurance map for the organisation to identify gaps and duplication in coverage and indicate where Internal Audit may be able to place reliance on the work of others to make more efficient use of resources.	20
Provision for grant work including: Post payments assurance work Disabled Facilities Grant Supporting Families	Authority-Wide	Post payment assurance work and statutory sign off for various grants.	30
Domestic Abuse	Authority-Wide	Review of the adequacy and effectiveness of the Council's arrangements to discharge its duties under the Domestic Abuse Act.	15
Transformation	Authority-Wide	A review of the delivery of the Council's Transformation programme. This is likely to be a cyclical review which will focus on different aspects or workstreams each year.	20
Discretionary Housing Payments	Finance	Review of the adequacy and effectiveness of the controls in place to minimise fraud and ensure that payments are awarded fairly and in line with the principles of the scheme.	10
Cash and bank	Finance	Assessment of the key controls in place to ensure income is received, allocated and banked accurately and intact.	15

Capital Strategy, Planning and Monitoring	Finance	Review of the controls in place for capital planning, budgeting and monitoring, including in light of CIPFA's Prudential Code and Capital Strategy Guidance.	15
Sickness Management	Human Resources / Authority Wide	Review of the adequacy and effectiveness of the Council's management of sickness absence, including returning to work and reporting arrangements.	15
Appraisals – <i>this depends on the extent of work that has been undertaken in Corporate Transformation re Appraisals</i>	Human Resources / Authority Wide	Review of the effectiveness of the appraisals process, including the quality of appraisals undertaken.	15
Recruitment and retention - <i>an alternative to Appraisals above</i>	Human Resources / Authority Wide	Included as a risk on several departmental risk registers, the review would consider the Council's strategies for recruiting, onboarding and retaining staff in key or hard to fill posts.	15
Procurement Fraud and Corruption Risk Assessment	Corporate Services	Joint exercise with Procurement to undertake a fraud risk identification and assessment exercise in light of the Ministry of Housing, Communities & Local Government 'Review into the risks of fraud and corruption in local government procurement' published in June 2020.	10
Members' Induction	Corporate Services	Review of the sufficiency of the Members' induction process to ensure they have the training they need to understand Council policies and systems and discharge their duties effectively.	10

Procurement of IT service	Corporate Services	Consultancy piece of work alongside the preparation for procurement to ensure stakeholder needs are identified, risks are considered and options effectively appraised. All of our contract work in 2022/23 will also consider supplier Business Continuity arrangements.	10
Public Health Covid-19 Response - Lessons Learned	Public Health	'Lessons Learned' review of the Council's response to the pandemic.	15
Placements	Adults Services	Review of the placement process to ensure that placements are made taking into account the needs and wishes of the client whilst also being cost effective.	15
Assistive Technology	Adults Services	Consultancy piece of work to ensure robust decision making, governance and options appraisals as project rolled out.	5
Adult Social Care Referral and Assessment Process	Adults Services	Review of the referral and assessment process to ensure that clients' needs are effectively assessed and addressed to achieve personal outcomes.	15
Quality Assurance Framework - Adults	Adults Services	Review of the effectiveness of the arrangements in place to assure quality of practice and a safe service. We will also aim to share best practice across the Childrens and Adults frameworks and the audits will feed into our Assurance Map.	20

Virtual School Bromley	Childrens Services	Review of Council's arrangements to discharge its statutory duty to promote the educational achievement of looked after children. The review will also consider the expansion of the Virtual School Head role to cover all children with a social worker.	15
Quality Assurance Framework - Childrens	Childrens Services	Review of the effectiveness of the arrangements in place to assure quality of practice and a safe service. We will also aim to share best practice across the Childrens and Adults frameworks and the audits will feed into our Assurance Map.	20
Adult Education	Childrens Services	A review of the Adult Education service to include quality of service delivery and income management.	15
Schools - Rolling Programme	Childrens Services	Cyclical programme of financial controls review within schools.	15
SEN Transport	Childrens Services	Consultancy work alongside the organisation's review of SEN Transport arrangements. All contract work in 2022/23 will also consider supplier Business Continuity arrangements.	5
Planning Applications	Housing, Planning and Regeneration	Exact scope would be discussed with the service but could include pre planning advice, validation, decision making processes.	12
Operational Property Review	Housing, Planning and Regeneration	Consultancy work at key points to ensure governance and risks appropriately managed	5
Capital Schemes - Project Management	Housing, Planning and Regeneration	Review of capital schemes to ensure controls in place to build to time, cost and quality.	15
Housing Allocations	Housing, Planning and Regeneration	Review of the allocations process to ensure needs are effectively prioritised.	15

Highways - Managment of Major Works	Environment and Public Protection	Review of the management of a sample of capital works to include controls in place to deliver to time, cost and quality. All contract work in 2022/23 will also consider supplier Business Continuity arrangements.	15
Parks and Greenspace	Environment and Public Protection	Review of contractual arrangements to ensure the design and management of the contract is robust to ensure value for money and delivery of outcomes. All contract work in 2022/23 will also consider supplier Business Continuity arrangements.	15
Net Zero	Environment and Public Protection	Review of the Council's approach towards delivery of net zero, including governance, project and action planning. The audit will also include data integrity and reporting.	10



Internal Audit Charter

March 2022

Approved By	Date
Chief Officer Executive (COE)	8 February 2022
Audit Sub-Committee	

Internal Audit Charter

3.1 Purpose

Internal auditing is defined by the Public Sector Internal Audit Standards as:

“an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.”

The Accounts and Audit Regulations 2015 require the London Borough of Bromley to maintain an “effective system of internal audit to evaluate its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance”.

The Council fulfills this requirement through a dedicated in-house Internal Audit service, supported by co-sourcing arrangements with external agencies to fill resource or skills gaps.

Fundamentally, the service aims to achieve the mission of Internal Audit as set out in the Public Sector Internal Audit Standards to: “enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”

To achieve this mission, Internal Audit will, through the provision of objective and timely assurance and advice:

- Facilitate the Council’s achievement of its core purpose and its objectives as set out in ‘Making Bromley Even Better’ and other supporting strategies
- Enhance the effectiveness of governance, risk management and control throughout the Council
- Make an effective contribution towards the ethical governance and culture of the Council, including the counter fraud culture and framework

3.2 Authority

Deriving authority from the Accounts and Audit Regulations and the approval of this Charter by COE and the Audit Sub-Committee, Internal Audit:

- Is free to plan and undertake any audit work that the Head of Audit and Assurance deems necessary, without limitation on scope
- Has a right of direct access to the Chair of the Audit Sub-Committee and the Chief Executive
- Has full unrestricted access to all records, physical properties, assets and personnel pertinent to carrying out any engagement.

As set out in the Accounts and Audit Regulations, any officer or Member must provide documents, records, information and explanations that are required for the purposes of the internal audit.

Internal Audit will appropriately safeguard all records and information that it receives, in line with the Internal Audit Code of Ethics and London Borough of Bromley’s suite of information governance policies and procedures.

3.3 Responsibility

Responsibility for maintaining an effective system of internal audit within the London Borough of Bromley lies with the Director of Finance (the s151 Officer).

The Head of Audit and Assurance is responsible for fulfilling the role of the Chief Audit Executive in accordance with the Public Sector Internal Audit Standards and CIPFA's Statement on the Role of the Head of Internal Audit. This includes:

- ensuring that the internal audit service is managed and delivered in accordance with the mandatory elements of the International Professional Practices Framework
- providing an annual opinion in the Annual Governance Statement to the Council and to the Section 151 Officer, through the Audit Sub-Committee, on the adequacy and the effectiveness of risk management, governance and control for the whole Council
- Developing a Quality Assurance and Improvement Programme for the Service
- Identifying, and liaising with, other assurance providers to minimise duplication or gaps in coverage.

The International Professional Practices Framework makes reference throughout to 'Senior Management' and 'the Board' and it is incumbent on the Head of Audit and Assurance to consult with, report to and seek approval from these two bodies at various stages as set out in professional standards. Within the London Borough of Bromley, the Chief Officer Executive (COE) fulfills the role of Senior Management and the Audit Sub-Committee fulfills the role of the Board.

3.4 Scope

Internal Audit's remit covers all of the Council's risks, activities, systems and services including satellite sites such as schools and other centres. As the Council is a Commissioning Authority, Internal Audit's scope also includes services provided in partnership with others or by third parties.

Internal Audit assessments include evaluating whether:

- Risks relating to the achievement of the London Borough of Bromley's strategic objectives are appropriately identified and managed
- Controls are adequate, effective and efficient, including those designed for compliance with laws, regulations, policies and procedures and those designed to safeguard the Council's assets
- Governance, including ethical governance, is robust and effective.

As per the Definition, Internal Audit work may include both assurance and consultancy reviews.

Consultancy Work

Internal Audit resource is sometimes better focused on providing advice and consultancy reviews rather than assurance. Typically, these types of review will be undertaken when changes are being designed or implemented or during project work. In order to maintain organisational independence, Internal Audit will not assume management responsibility for the design or implementation of systems or controls.

The nature and scope of any consultancy work will be agreed with the client. Significant pieces of consultancy work (defined as those requiring five or more days of resource) will require approval from the Audit Sub-Committee, either as part of the periodic Plan or as an amendment to the Plan. A summary of outcomes from significant pieces of consultancy work will be reported to the Audit Sub Committee as part of the standard progress reporting.

Internal Audit Plan

As Internal Audit's remit is Authority-wide, the Head of Audit and Assurance will determine priorities for review by undertaking a periodic risk-based planning process. This will take into account the requirements of key stakeholders, the Council's strategies and objectives and risks to achieving those objectives. Internal Audit will consult with senior management when developing the plan; final approval of the Plan rests with the Audit Sub-Committee.

The Head of Audit and Assurance will assess the resources required to deliver the Plan (both sufficiency and skills) and will report to Chief Officer Executive and the Audit Sub-Committee if there are insufficient resources to deliver the required assurances.

3.5 Independence

Independence and objectivity underpin the effectiveness of Internal Audit. The Head of Audit and Assurance will consider independence and objectivity as part of each audit and will confirm independence and objectivity at least annually to the Audit Sub-Committee.

In order to achieve the degree of independence and objectivity necessary to effectively discharge its responsibilities, Internal Audit:

- will remain free from undue interference in determining the scope and nature of its work
- will not implement internal controls, develop procedures, install systems or prepare records other than for the internal audit activity
- is not authorised to perform executive or operational responsibilities, or to be responsible for any system of internal control other than those set out below (with safeguards in place)
- cannot initiate or approve accounting transactions (outside administration of the service)
- cannot direct the activities of any Council employee (outside administration of the service)
- has the freedom and authority to report in its own name
- recognises and addresses potential conflicts of interest through internal audit staff not undertaking an audit for at least one year in an area where they have had previous operational roles or undertaken consultancy work
- reports in its own name to the Chief Officer Executive and the Audit Sub-Committee
- will disclose any impairment to independence and objectivity to senior management and the Board
- will exhibit professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Counter Fraud

Internal Audit is responsible for maintaining and developing the Anti-Fraud and Corruption Strategy and the role of Internal Audit in relation to Counter Fraud is set out in the Strategy. Internal Audit may assist or lead in the identification and investigation of suspected fraudulent activity in conjunction with its partnership with the Royal Borough of Greenwich Fraud Team. This may include referrals through the Council's Whistleblowing Policy (Raising Concerns), the National Fraud Initiative, or matters identified in the course of audit work. The outcomes of counter fraud work are communicated to the Audit Sub-Committee and senior management where appropriate. As the Head of Audit and Assurance has responsibility for Counter Fraud, any review of Counter Fraud activities will be sourced externally and reported to the Director of Finance.

Risk Management

Internal Audit is responsible for co-ordinating risk management work and developing the risk management approach with the Corporate Risk Management Group. These roles, together with authoring risk reports and providing advice, are legitimate roles for Internal Audit so long as safeguards are in place. The Chartered Institute of Internal Auditor's position paper on 'The role of internal audit in Enterprise-wide Risk Management' defines what is considered legitimate. These include:

- Ensuring that overall responsibility for risk management sits with the Corporate Leadership Team, Directors and the Audit Sub-Committee
- A resource to provide risk management services is made available and reported in the audit plan, agreed by the Audit Sub-Committee

- Internal Audit do not set the risk appetite for the Council, or take operational responsibility for risk actions or managing risks, other than those related to the Internal Audit Service.

Any review or internal audit of the effectiveness of the risk management process will be sourced externally and reported to the Director of Finance. This enables independent assurance to be provided to the Audit Sub-Committee.

Insurance

The Head of Audit and Assurance has line management responsibility for the Insurance service. This is a separate service to the Internal Audit function. Any audit of Insurance will be sourced externally and reported to the Director of Finance.

Annual Governance Statement

CIPFA's Statement on the Role of the Head of Internal Audit sets out that the Head of Internal Audit should not be responsible for the Annual Governance Statement (AGS). Within the London Borough of Bromley, the Head of Audit and Assurance facilitates the AGS process, ensuring that all relevant parties provide their individual assurances and acting as a point of critical challenge throughout the process.

In order to maintain the independence of Internal Audit, decisions on the content of the AGS, including the significant governance issues, the assurance statement and the review of the previous financial year, rest with Senior Management. Any review or internal audit of the AGS process will be sourced externally and reported to the Director of Finance.

3.6 Ethical conduct and due professional care

In carrying out our Internal Audit work we are bound by the requirements of:

- The Mission and Definition of Internal Audit
- The Core Principles of Internal Audit
 - Demonstrates integrity
 - Demonstrates competence and due professional care
 - Is objective and free from undue influence
 - Aligns with the strategies, objectives and risks of the organisation
 - Is appropriately positioned and adequately resourced
 - Demonstrates quality and continuous improvement
 - Communicates effectively
 - Provides risk-based assurance
 - Is insightful, proactive and future-focused
 - Promotes organisational improvement
- UK Public Sector Internal Audit Standards
- Chartered Institute of Internal Audit's Code of Ethics (Competence, Confidentiality, Integrity and Objectivity)
- All Council policies and procedures
- The London Borough of Bromley's Code of Corporate Governance,
- All relevant legislation
- Seven Principles of Public Life (Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty, Leadership)
- The London Borough of Bromley's Financial Regulations and Contract Procedure Rules.

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 programme of Continuous Professional Development (CPD) is maintained for all staff working on audit engagements to ensure that auditors maintain and enhance their knowledge, skills and audit competencies.

3.7 Reporting

The Head of Audit and Assurance reports administratively to the Director of Finance (s151 Officer) and functionally to the Audit Sub-Committee. The reporting to Audit Sub-Committee takes place three times a year and includes:

- Approval of the Charter
- Approval of the Internal Audit Plan, including any significant changes to the Plan
- Regular progress reports, to include Internal Audit's progress and performance relative to its plan and the outcomes of Internal Audit work
- Outcomes of the Quality Assurance and Improvement Programme and Internal Audit's compliance with professional standards
- Management's responses to risk that may be unacceptable to the London Borough of Bromley

By virtue of paragraph(s) 3, 7 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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