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DATE: 25 October 2022

AUDIT SUB-COMMITTEE INFORMATION BRIEFING

Meeting to be held on Wednesday 2 November 2022

QUESTIONS ON THE INFORMATION BRIEFING

The Briefing comprises:

Discretionary Housing Payments
Review of Commercial and Non-Office Owned Property Audit
DFG Capital Grant Determination
Parks Management and General Maintenance.

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

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

Copies of the documents referred to above can be obtained from
www.bromley.gov.uk/meetings

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

DISCRETIONARY HOUSING PAYMENTS

Issued to: Assistant Director, Exchequer Services
Revenues and Benefits Manager
Welfare Reform & Benefits Digital Transformation Manager
Director of Finance (final report only)
Director of Housing, Planning, Property and Regeneration (final report only)

Prepared by: Principal Auditor

Reviewed by: Head of Audit and Assurance

Date of Issue: 3 October 2022

Report No.: CEX/01/2022

DISCRETIONARY HOUSING PAYMENTS

INTRODUCTION

1. This report sets out the results of our audit of Discretionary Housing Payments. The audit was carried out as part of the work specified in the 2022-23 Internal Audit Plan. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. The Council receives grant funding each year from the Department for Work and Pensions (DWP) to enable the Council to provide financial assistance as a 'one off' payment or a series of payments to help tenants meet their housing costs, where qualifying criteria are met. The amount received in 2021/22 was £790,000. This has been reduced to £500,000 for the 2022/23 financial year. If the Council makes payments exceeding this amount, the additional amount spent has to be met from the Council's existing budget and cannot be reclaimed from Central Government.
3. From April 2020 the administration of the Discretionary Housing Payments was included in the Exchequer contract. The contract specification required the Council's Exchequer Contractor's staff to be located within the Council's Housing Department with the day to day management being undertaken by a member of the Housing Team.
4. Unfortunately, the pandemic hindered this approach, and the co-location of staff was never adopted although the management function was transferred to Housing. A change to this arrangement was then made at the request of the Council's Housing Team and the Council's Exchequer Contractor was asked to provide a fully managed service with the governance and oversight being provided by the Council's Revenues and Benefits Team from April 2022.
5. The area of Discretionary Housing Payments has not previously been subject to Internal Audit review.
6. We would like to thank everyone contacted during this review for their help and co-operation.

AUDIT SCOPE

7. The original scope of the audit was outlined in the Terms of Reference issued on 13 May 2022.
8. We identified the following key risks:

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- The eligibility criteria for discretionary housing payments are not consistently and robustly applied, leading to incorrect approval of applications and excess funding needing to be met from the Council's budget.
- Fraudulent or duplicate payments are made, leading to financial loss and reputational risk to the Council.
- Reconciliations of the discretionary housing grant are not carried out timely and accurately, leading to late reporting and the risk of sanctions against the Council by the Department for Work and Pensions (DWP).

AUDIT OPINION

9. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Reasonable Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	4	1

DISCRETIONARY HOUSING PAYMENTS

SUMMARY OF FINDINGS

10. Our audit identified areas of good practice and sound controls as set out below:

- Governance and management arrangements for the DHP service are in place to provide sufficient oversight. The respective roles and responsibilities of the Council's Exchequer Contractor and Bromley Council's Exchequer Services Revenues and Benefits Team are clear.
- The potential financial impact on the Council of the reduction in the DHP grant allocated by Central Government for 2022/23 has been assessed, with plans put in place to reduce the risk. The total amount of the DHP grant spent during the current financial year is maintained and monitored by the Council's Exchequer Contractor and the Revenues and Benefits Team.
- Our sample testing for payments made in the six month period between 1 October 2021 and 31 March 2022 showed that payments had been made following receipt of a completed application form, with the eligibility criteria met and the payment amount calculated correctly. The monthly payments made to the claimant had ceased on the DHP end date with no overpayment occurring. No duplicate payments had been made.
- We tested a sample of cases where an application had been refused and then reconsidered on appeal, with either the original refusal decision upheld or a DHP award made. In each case we examined the documentation and case notes available and concluded that the correct decision had been made each time.
- Annual reconciliations of the DHP grant are carried out timely, accurately, and reported to the Department for Work and Pensions as required.

11. Our audit review has, however, identified the following areas which we would like to bring to management's attention:

- Whilst the Council has a comprehensive DHP Policy it does not have a designated owner, reviewed date and future review date. It refers to the Theft Act 1968 and therefore needs to be revised to include reference to the Fraud Act 2006.

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- The Council's DHP guidelines need to be reviewed and revised to include the need for documented evidence of the amount of rent arrears before an award is made involving rent arrears and other matters identified during our audit testing.
- In four cases from our sample there was no evidence of a bank statement provided by the claimant to confirm the bank account details for the award to be paid into; handwritten details had been provided instead. In one case there was no documentary evidence confirming the amount of rent arrears owed by a claimant. For this case a 'one off' DHP payment had been made instead of the regular practice of monthly amounts. In two appeal cases we could not see the DHP award letter which had been sent to the claimant after a successful appeal.
- In four cases from our sample the application had not been processed within 28 days as set out in the DHP service contract specification. In two appeal cases we noted lengthy delays (49 and 73 days respectively) taken to process an appeal once the required information had been received. In another case from our sample, there was an 84 day period between the appeal being made and the Council's Exchequer Contractor writing to the claimant, stating that not enough information had been provided and asking for any supporting evidence and bank account details.
- The wording in the standard DHP award letter sent to a claimant is not clear and concise. For claimants wishing to appeal against a decision not to award a DHP the letter gives a P.O. Box address but does not offer any other way to appeal in writing e.g., by email.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

12. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

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DETAILED FINDINGS AND ACTION PLAN**

APPENDIX A

1. DHP policy

Finding

The DHP policy is available for residents to view on the Council’s website. Examination of the policy shows that it clearly states the objectives of the policy, what DHP will and will not cover, where priority will be given in areas such as Benefit Cap and Social Rented Sector Size. It also covers how to claim DHP, the assessment process and payment arrangements.

The paragraph on fraud refers to the Theft Act 1968, which has now been superseded by the Fraud Act 2006.

The policy does not have a published date, review date or ownership assigned.

Risk

Without a reviewed and updated policy, it may not comply with current laws and regulations and lead to inconsistent and ineffective practices.

Recommendation

Review and revise the Council’s DHP policy to include reference to the Fraud Act 2006, and with a designated owner, reviewed date and future review date assigned.

Rating

Priority 2

Management Response and Accountable Manager

The policy will be reviewed and revised, with a designated owner, reviewed date and future review date assigned.

Agreed timescale

1 November 2022

Accountable Manager

Revenues and Benefits Manager

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2. DHP guidelines

Finding

There is a 'Bromley DHP guidelines' document which was drawn up by the Council's Exchequer Contractor in conjunction with the Council's Revenues and Benefits Team in April 2022.

It documents the processes to be followed when DHP applications are received, the criteria which should be applied and supporting information required. It was updated during our audit to include one of our audit findings; the need for a bank statement to be provided by the claimant to confirm the bank details for the DHP award payment to be paid in to.

We identified other areas from our audit testing which require inclusion or clarification in the guidelines, in particular the process to be followed and timescales for appeals received from claimants who have been refused a DHP award.

The Contract Specification with the Council's Exchequer Contractor for the DHP Service states that 'The Service Provider shall ensure that an independent employee not involved in the original decision making undertakes a review on receipt of a request from the Claimant'. The DHP Guidelines state, however, that 'The initial review to be considered by the Council's Exchequer Contractor team leader, and any revision in customers favour will be passed to DHP for action.'

In seven out of eight appeal cases tested we could not see evidence that the team leader had been involved in the decision. In six out of those seven cases we could see that another team member had been involved in considering the appeal; in the other case the same officer assessed the case on both occasions, presumably because the claimant was not in receipt of Universal Credit or Housing Benefit on either occasion and therefore the circumstances hadn't changed. The responsibility for deciding appeal cases needs to be clarified in the DHP Guidelines. We would expect that any appeal should be dealt with by someone who did not decide the outcome of the original application.

The guidelines contain several actions which have yet to be completed, including agreeing the process and timescale with the Council's Money Advice Team where a claimant has a shortfall in Housing Benefit or Universal Credit due to the Benefit Cap.

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<p><u>Risk</u></p> <p>Without updated comprehensive procedures, current and new employees may not fully understand their responsibilities concerning the DHP service, leading to errors in operational processes and actions not being carried out.</p>	
<p><u>Recommendation</u></p> <p>Review the ‘Bromley DHP guidelines’ document to include the need for documented evidence of the amount of rent arrears before an award is made, the referral processes and timescale for any claimant with a shortfall due to the Benefit Cap or any claimant where the proposed DHP award exceeds £100 per week, and the appeals procedure.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>The guidelines started to be reviewed during the audit as and when audit findings were raised, and through monitoring carried out by ourselves in Exchequer Services. The review will now be completed.</p>	<p><u>Agreed timescale</u> 1 November 2022</p> <p><u>Accountable Manager</u> Revenues and Benefits Manager</p>

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3.Supporting documentation	
<p><u>Finding</u></p> <p>In four cases from our sample testing of applications and appeals there was no bank statement provided to confirm the bank account details for the award to be paid into.</p> <p>In one case we noted that an award had been paid as a 'one off' instead of a monthly amount and there was no supporting evidence to verify the amount of rent arrears stated by the applicant.</p> <p>The DHP Guidelines were amended during our audit to include the need to obtain a bank account statement. We have recommended separately (recommendation 2 refers) that those Guidelines also include the need to obtain documentary evidence of any rent arrears.</p> <p><u>Risk</u></p> <p>If supporting documentation to confirm bank account details or evidence of rent arrears has not been obtained from a claimant, there is a risk of fraudulent payments being made.</p>	
<p><u>Recommendation</u></p> <p>Remind the Council's Exchequer Contractor's staff of the rules for making 'one off' payments to claimants and the need to obtain and check documentary evidence such as bank statements and confirmation of rent arrears.</p>	<p><u>Rating</u></p> <div style="border: 1px solid black; background-color: yellow; padding: 5px; text-align: center;"> <p>Priority 2</p> </div>
<p><u>Management Response and Accountable Manager</u></p> <p>These findings were raised with the Council's Exchequer Contractor at DHP liaison meetings held with them during the audit.</p>	<p><u>Agreed timescale</u></p> <p>Implemented</p> <p><u>Accountable Manager</u></p> <p>Revenues and Benefits Manager</p>

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4. Processing timescales for applications and appeals

Finding

The Contract Specification with the Council’s Exchequer Contractor for DHPs states (Ref: LEG002) that ‘Decisions to be made within 28 days of receipt of application’. It also states (Ref: LEG003) that ‘The Service Provider shall ensure that an independent employee not involved in the original decision making undertakes a review on receipt of a request from the Claimant’ and ‘Within 10 working days’. We presume that this means the appeal process.

The Council’s DHP guidelines do not state a timescale for DHP appeals to be decided. The Council’s Exchequer Contractor maintains a spreadsheet of cases, and this includes their record of the number of days taken to decide the outcome of an application, once all the required information has been obtained from the claimant.

In four cases from our sample of 18 non-appeal cases tested, the application had not been processed within 28 days as set out in the DHP service contract specification. In two cases from our sample of eight appeal cases tested, we noted significant delays (49 and 73 days) in the processing of an appeal once the required information had been received. In another case from our sample, there was an 84 day period between the appeal being made and the Council’s Exchequer Contractor writing to the claimant, stating that not enough information had been provided and asking for any supporting evidence and bank account details.

One other case from our appeals’ sample, showed that there was a delay of nearly a month responding to an appeal made by a voluntary organisation on behalf of a claimant. The Council’s Exchequer Contractor stated in an email to the voluntary organisation that they had not received an appeal, although we could see that the appeal letter with supporting documents had been date stamped by the Council’s Exchequer Contractor and recorded on the Images system.

In the Council’s Corporate Strategy, the approach to achieving best value from our resources includes ‘providing efficient customer facing finance services’.

Risk

Where there is a significant delay in processing an appeal, the claimant may fall into greater debt. There is also a reputational risk to the Council resulting from poor customer experience.

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<p><u>Recommendation</u></p> <p>Ensure that the Council's Exchequer Contractor puts measures in place to process DHP applications and appeals within the timescales set out in the Council's Exchequer Contractor's contract specification. For any cases processed outside of the specified timescales, record these as a contract default.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>We are liaising with the Council's Exchequer Contractor because the timescale set out in the contract specification saying 'Decisions to be made within 28 days of receipt of application' is not realistic or achievable for several reasons, including the fact that claimants do not always respond promptly to requests for clarification of information provided on their application or supporting information not originally supplied. Once the process and timescales are agreed, a formal amendment to the specification will be made.</p>	<p><u>Agreed timescale</u> 31 December 2022</p> <p><u>Accountable Manager</u> Revenues and Benefits Manager</p>

<p>5. DHP award letter wording and content</p>
<p><u>Finding</u></p> <p>A DHP award letter is sent to the applicant once the award decision has been made, informing them that their claim has been successful, the amount of their DHP award and the period for which it will be paid. The wording in the DHP award letter is not, however, clear and concise and it contains information about the Council's 'permitted total' of DHP award grant, which does not necessarily need to be included.</p> <p>The letter also says that if an applicant does not agree with the decision they should 'write to the Benefit office within one calendar month of the date on this letter.' It gives a P.O. Box address but does not offer any other way to appeal e.g., by email with an email address to send an appeal to.</p>

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<p><u>Risk</u></p> <p>Applicants may be confused by unnecessary information and may be deterred from appealing a decision if the only way to appeal is by sending a letter.</p>	
<p><u>Recommendation</u></p> <p>Review and revise the content and wording of the DHP template letters sent to applicants and include a mailbox address for applicants to appeal a DHP award decision by email.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 3</p>
<p><u>Management Response and Accountable Manager</u></p> <p>The wording of the DHP template letters has been reviewed and the template has been amended. An email address for appeals has been included.</p>	<p><u>Agreed timescale</u></p> <p>Implemented</p> <p><u>Accountable Manager</u></p> <p>Revenues and Benefits Manager</p>

OPINION DEFINITIONS

Assurance Level

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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FINAL INTERNAL AUDIT REPORT

PLACE DIRECTORATE

Review of Commercial and Non-office Owned Property Audit

Issued to: AD Strategic Property
Head of Estates and Asset Management
Director of Housing Planning and Regeneration
Head of Finance ECS and Corporate
AD Exchequer Services

Prepared by: Internal Auditor

Reviewed by: Senior Auditor
Partner

Date of Issue: 20 October 2022

Report No.: PLA/09/2021

INTRODUCTION

1. This report sets out the results of our internal audit of the management of commercial property owned by the London Borough of Bromley.
2. The audit reviewed whether effective management of the Council's commercial property portfolio is in place to ensure that:
 - The maximum return is received from the Council's commercial property portfolio;
 - Properties are managed in compliance with relevant legislation and insurance requirements; and
 - Sufficient management oversight is in place, with issues escalated and resolved promptly.
3. In scoping the audit, it was recognised that the service is developing new systems and processes due to the Transformation of Property Programme. Consequently, as part of the evaluation process, the audit considered whether Managers identified key risks and issues and whether the proposed actions will reduce risks to an acceptable level.
4. This fieldwork for this review was completed remotely in response to Covid-19. However, we could not obtain all information required to complete the review.
5. We would like to thank all staff contacted during this review for their assistance and co-operation.

AUDIT SCOPE

6. The original scope of the audit was outlined in the terms of reference issued in March 2022.
7. The audit included a review of relevant documentation, interviews with key officers and testing of related procedures and processes. The controls in place to mitigate the impact of the key risk areas were examined. Controls relating to departmental risks were also examined where applicable.
8. The following were considered to be the key risks to the process:
 - Tenancy agreements are not in place, providing scope for potential disputes between tenants and the Council;
 - Actions are not taken to mitigate risks identified by the Insurance provider within the proposed timeframe;
 - Properties are not maintained following health and safety and insurance requirements;
 - Rent opportunities afforded via lease arrangements are not managed on time so as to result in missed opportunities or delayed revenue streams;
 - Insufficient record-keeping and monitoring of rental income, resulting in financial loss to the Council and debts become irrecoverable (this function is outsourced to the Council's Exchequer Services contractor); and

- There is inadequate governance and reporting on the management of properties. This includes the availability and sharing of relevant information to ensure decision-making robustness.

AUDIT OPINION

9. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Reasonable Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
0	3	2

SUMMARY OF FINDINGS

10. Below are examples of controls noted to be in place and working effectively, based on the audit testing conducted. In addition, where we have identified issues, we have also highlighted these below:
- Following the Council's property portfolio management handover from a contractor in May 2021, a gap analysis was conducted by the Asset Management & Estates Team to identify areas where service delivery was not as desired. This gap analysis identified that the existing Property Management System was not meeting the Council's basic requirements for several reasons. These were detailed in a specification for procuring a new Property Management System. The gap analysis also found insufficient capacity to effectively deliver the service functions of the Estates and Asset Management

team, with the team comprising three fewer members than it did before outsourcing. We confirmed that actions were taken to address these issues by filing business cases for additional resourcing and procuring a new Property Management Software System. Our review of these business cases found that the request to award the contract was approved by the Director of Housing, Planning and Regeneration. The Head of Estates and Asset Management indicated that the business case for additional funding for recruiting four surveyors was signed off recently. However, we did not obtain evidence of formal approval for this business case.

The Head of Estates and Asset Management indicated that a risk register relating to Operational Estates is maintained by the Facilities Management team. However, we noted that an operational risk register detailing all of the key risks associated with the management of the Commercial Property Portfolio was not in place (*see Issue 1 in the detailed findings section*).

The Estates and Asset Management team maintains a workstream tracker, which is updated and reviewed weekly. Lease events are identified in a caution list, allowing for projects to be allocated to surveyors in a time-efficient manner to ensure effective property portfolio management. The lease events identified within the caution list are added as tasks to the workstream tracker, which are allocated to surveyors accordingly. Our review of the workstream tracker confirmed that each task is RAG rated in terms of value and the risk profile of the task at hand. Through a review of calendar invites, we also confirmed that weekly meetings to review the workstream tracker were scheduled by the Head of Estates and Asset Management, effective from March 2021.

- The Estates and Asset Management team has documented procedures for the functions associated with managing the Council's property portfolio. Our review identified that these procedures constitute an overarching procedures manual, which was last reviewed in November 2015, before the Council outsourced the property and facilities management of its Estate in November 2016. The Estates and Asset Management team are in the process of reviewing these documented procedures to create a suite of documents that will aid in training recruits to junior surveyor positions. This project is also simultaneous with the creation of technical workflow plans for the new Property Management Software System. We obtained a manual workflow plan and confirmed that procedural documents for each function undertaken by the team were proposed as items to be developed and incorporated into the Property Management Software System. We have not raised a recommendation as a result. The manual workflow plans are a live project that has not yet been completed.

We obtained the work-in-progress guidance notes and flowcharts. Our review of the rent review guidance notes confirmed that the importance and benefits of undertaking rent reviews for the Council are defined. Further, we found that proformas used at different stages of the rent review process are referenced where relevant. The flowchart depicting the rent review procedure is consistent with the information in the rent review guidance notes.

- Proformas had been developed as part of the work-in-progress suite of documents detailed in the manual workflow plan. The Head of Estates and Asset Management indicated that standard documents for external communications are also a

work in progress. A review of the documents produced at the time of writing confirmed that these had been standardised to ensure that a consistent approach in completing process-driven tasks is followed. Our review found that all documents produced for internal use were consistent in design, enhancing the efficiency of the Estates and Asset Management team in completing tasks that are process driven.

- Our testing of a sample of five commercial properties owned by the Council confirmed that:
 - In all five cases, a tenancy agreement was retained on file, with the rights and responsibilities of the tenant and the Council detailed.
- Lease expiry dates and therefore renewals vary from year to year and across different properties. The Head of Estates and Asset Management confirmed that only two lease renewals had occurred during 2021/22 at the time of our fieldwork. Examining these two lease renewal events confirmed that Lease Renewal Agreements were retained on file in both cases, with the rights and responsibilities of both the tenant and landlord defined.
- Our testing of a sample of five rent reviews occurring between May and December 2021 found that:
 - In all five cases, rent reviews were linked to the Retail Price Index (RPI), for which rent review memorandums are not required.
 - In two of the five cases reviewed, the Head of Estates and Asset Management indicated that the Council leases the property from the freeholder. We noted that in these cases, there is no need for the Council to document rent reviews and issue instructions to the Exchequer contractor to ensure that the revised rent is collected following review, as this is the landlord's responsibility. However, the Estates and Asset Management team performs calculations and adjusts rental payments to the landlord accordingly. This is to mitigate the risk of delays in the landlord implementing changes resulting from each RPI-linked rent review.
 - Examination of the data extract from the pre-existing Property Management System found that there were 60 rent reviews due in 2021/22 (15 of which were RPIs). The Property Management System extract indicates that rent reviews were not undertaken for 43 out of the 60 properties for which rent reviews were due in 2021/22 (*see Issue 2 in the detailed findings section*)
- We reviewed the Council's Insurance Policy relating to Council-owned property. We observed that conditions outlining the Council obligations in taking precautions, such as fire precautions, were detailed. However, the Assistant Director of Property indicated that the Facilities Management team maintains a risk register relating to operational estates owned by the Council. We confirmed that, although a risk register specific to commercial property was not in place, risk assessments for undertaking site visits and lone working were available and signed off by the Head of Estates and Asset Management in February 2022. Further, we noted that the Estates Team do not obtain assurance confirming properties are insured by Tenants (when they are required to do so) (*see Issue 3 in the detailed findings section*).

- The Head of Estates and Asset Management and the Assistant Director of property indicated that the Council are not responsible for conducting Health and Safety checks on commercial properties as this is not a statutory requirement. Maintaining properties following Health and Safety standards is contracted to tenants by default. Our review of the lease agreements received for a sample of five commercial properties owned by the Council confirmed that this is provided in each contract. We were also informed that, although not a statutory requirement, there are certain high-risk retail premises for which Health and Safety checks should be conducted. However, we noted that procedures for how this should be done have not yet been documented (*see Issue 4 in the detailed findings section*). It was confirmed that a third-party Health and Safety Consultant, was commissioned to undertake Retail Compliance Audits for these premises in March 2021. We found that the Estates and Asset Management team produced a Health and Safety Compliance Schedule for these audits based on the tenants' statutory requirements. We identified that the Health and Safety Consultant conducted safety checks for 60 retail premises in total during 2021/22. The Head of Estates and Asset Management confirmed that the Council has consulted with external legal advisors to issue legal notices to any tenants identified as non-compliant with Health and Safety standards, reminding them of their legal obligations to comply with Health and Safety legislation.
- The Council requested the services of external legal advisors, in issuing legal notices that remind non-compliant Shop Parades of their legal obligations to comply with Health and Safety standards. We were informed that where tenants fail to demonstrate compliance with Health and Safety standards within a given timeframe, the Council's legal representatives would commence enforcement action.
- The Council's Exchequer Services contractor is responsible for raising and rendering invoices upon request from the Estates and Asset Management team. Recurring sessions to review the rent schedule had been arranged to occur monthly from November 2021. This allows the Estates and Asset Management team to raise any concerns and determine in real-time that the Exchequer contractor has actioned instructions. Our review of email correspondence between the Estates and Asset Management Team and the Exchequer contractor confirmed that an instruction template was created and jointly signed off by both parties. This was used in all instances between December 2020 and March 2022 where instructions were raised. We also confirmed that an agreed action plan was communicated by the Estates and Asset Management team to the Exchequer contractor following each rent review session. However, our review of email correspondence found cases where there were inefficiencies in the communication between the Estates and Asset Management team and the Exchequer contractor (*see Issue 5 in the detailed findings section*). This included an email chain with a request raised by the Head of Estates and Asset Management to the Exchequer contractor for the inclusion of a column that identifies the property address of each tenant detailed in the monthly debtor reports on 1st December 2020. In this instance, we found that this amendment to the monthly debtor report was not actioned until 22nd September 2021, ten months after the query was raised.
- Through discussion with the Operations Manager of Income and Recovery (Exchequer contractor), we confirmed that the Exchequer contractor is responsible for recovering missed rental payments. We were also informed that the Exchequer

contractor issued an aged debtor report to the Council every month. This has recently been amended to include information on the address of each tenant listed in the report. Our review of the aged debtor reports for the months covering March 2021 to March 2022 confirmed that the Exchequer contractor issues aged debtor reports monthly. Furthermore, debt review sessions to discuss unresolved disputes were scheduled quarterly from November 2021. We confirmed that the Estates and Asset Management team share an Action Plan following each session, which includes debt-specific queries. The Exchequer contractor's monthly aged debt reports indicate the following debt over 30 days from December 2021 to March 2022:

- Dec 21: £5.2m (over 30 days)
 - Jan 22: £5.1m (over 30 days)
 - Feb 22: £3.8m (over 30 days)
 - Mar 22: £4.3m (over 30 days)
- We obtained a copy of the system workflow for the debt recovery process agreed upon by the Council and the Exchequer contractor. Our review of this system workflow confirmed that steps taken at each stage of the debt recovery process, following the issuance of two reminder letters at 21 and 35 days after invoicing, are detailed. The stages of debt recovery followed by the Exchequer contractor include calling the debtor and discussing reasons for missed payments. Where the tenant refuses to pay, and the debt exceeds £5000, the system is instructed to auto-transfer the case to a Court Action Workflow. If the debt is less than £5000, the case is auto-transferred to a Debt Collector Workflow. In instances where the tenant agrees to pay the amount of outstanding debt, a payment plan is agreed upon. No further testing was undertaken on this area as the responsibility for debt recovery is with the Exchequer contractor.
 - The Finance team is responsible for reporting on rental income and collection performance, which assists the Estates and Asset Management team in making informed decisions on rental payment plans. We obtained rent reports covering the months April 2021 to March 2022 from the Head of Finance (Environment and Corporate Services). These reports are issued to the Estates and Asset Management team monthly. It was also noted that these reports are a useful indicator of the performance of the Estates and Asset Management in managing the property portfolio.
 - We were informed that annual Investment Portfolio reviews are issued by the Head of Estates and Asset Management to the Council's Resources Scrutiny Committee. These reports are available to the public and detail the investment fund's performance, aiming to demonstrate this performance in a wider market context. Our review of the annual report issued in February 2022 confirmed that the performance of the property portfolio and governance around the portfolio management had been reported.

11. The findings of this report and an assessment of the risk associated with any control weaknesses identified are detailed in the Detailed Findings / Management Action Plan. Any management recommendations are prioritised in line with the criteria set within Appendix A.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

APPENDIX A

No.	Finding	Risk	Recommendation and Priority	Management Response	Agreed Timescale and Responsible Manager
1	<p><u>Internal Control Framework</u></p> <p>The Head of Estates and Asset Management led the gap analysis undertaken with the assistance of the Estates and Asset Management team.</p> <p>This analysis identified two key risks relating to resourcing and the pre-existing Property Management System.</p> <p>The Head of Estates and Asset Management indicated that a risk register relating to Operational Estates is maintained by the Facilities Management team.</p> <p>However, we noted that an operational risk register detailing all of the key risks associated with the management of the Commercial Property Portfolio was not in place.</p>	<p>Where operational risks are not identified and mitigated, risks could materialise, leading to disruption in the management of the Commercial Property Portfolio.</p>	<p>We recommend that a risk register specific to the Estates and Asset Management team is developed to ensure that appropriate measures are being taken to mitigate all risks associated with the management of the Commercial Property Portfolio.</p> <p style="text-align: center;">Priority 2</p>	<p>The Caution list and Tracker is the Estates' Team day to day operational risk register.</p> <p>This highlights lease events that require monitoring and action and there is a RAG status against each task to prioritise both importance and progress.</p> <p>This was shared with audit.</p> <p>A further risk register to highlight strategic or overarching risks that sit out of the day to day management of the Estate has now been created and forms part of the agenda of the bi-weekly head of service meetings within the Strategic Property department.</p>	<p>Head of Estates & Asset Management</p> <p>Action Completed.</p>

<p>2</p>	<p><u>Rent Reviews</u></p> <p>The Rent Review Guidance Notes detail that the Estates and Asset Management team will be notified of rent reviews nine months in advance of the effective review date. This will be followed by the issuance of two reminders six months and three months prior to the review date.</p> <p>Examination of the data extract from the pre-existing Property Management System found that there were 60 rent reviews due in 2021/22 (15 of which were RPIs). The system extract indicates that rent reviews were not undertaken for 43 out of the 60 properties for which rent reviews were due in 2021/22.</p>	<p>Where open market rent reviews are not conducted for Commercial Properties owned by the Council, there is a risk that the rent does not reflect the rent that would be achieved on a letting in the open market, resulting in financial loss to the Council.</p>	<p>We recommend that the Team Tracker is reconciled with the Property Management System to ensure that rent reviews are undertaken when due.</p> <p style="text-align: center;">Priority 2</p>	<p>The backlog of work that was handed back to LBB on termination of the contract in May 2021 was significant.</p> <p>This was outlined in great detail in a business case to Senior Officers and Members dated March 2022 recommending additional resource would be required to clear the backlog and avoid a build-up of overdue cases reoccurring.</p> <p>Members agreed to the recommendations and recruitment for additional resources is now underway.</p> <p>This was shared with audit.</p> <p>During the audit which was commenced in April 2022, the team confirmed that the new property management system that was being set up would flag rent review dates automatically.</p> <p>This has now been completed.</p>	<p>Head of Estates & Asset Management</p> <p>Action completed.</p>
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<p>3</p>	<p><u>Assurance on Properties' Insurance</u></p> <p>The Assistant Director of Property indicated that the Insurance Provider issues advisory alerts, usually following a reform in the insurance industry.</p> <p>However, no evidence was provided to internal audit to support these were received regularly. In addition, the Head of Insurance indicated that they are not aware of any regular advisory notes issued by the Insurer.</p> <p>We noted that the Estates Team does not obtain assurance to confirm properties are insured by tenants (where tenants are responsible to do so).</p>	<p>Tenants are unaware of their obligations to maintain property following insurance requirements.</p>	<p>The Council should obtain assurance, where the tenant is responsible for the insurance, that all commercial properties are insured to the Council's requirements.</p> <p style="text-align: center;">Priority 3</p>	<p>The Estates Team will obtain assurance confirming that tenants responsible for their insurance arrangements have actually insured the properties in line with Council's requirements.</p>	<p>Head of Estates & Asset Management</p> <p>Sept 22 – Actioned / ongoing action</p>
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<p>4</p>	<p><u>Health and Safety Checks</u></p> <p>We noted that a third-party Health and Safety Consultant had been appointed in March 2021 on an ad-hoc basis to conduct Retail Compliance Audits on Shop Parades.</p> <p>We were also informed that there are plans for the Estates and Asset Management team to conduct Health and Safety checks of these properties, whereby tenants must demonstrate compliance with Health and Safety standards and thus, the terms laid out in the lease agreement.</p> <p>However, we found that the procedures for these checks have not yet been formally documented.</p>	<p>Where Health and Safety checks are not periodically conducted for high-risk retail premises, there is an increased risk that commercial properties are not maintained in line with Health and Safety standards.</p>	<p>Management should identify high-risk retail premises and produce an action plan to conduct Health and Safety checks for a sample of these properties per annum.</p> <p>We recommend that the procedures for conducting these checks are formally documented and that Health and Safety checklists are designed in line with statutory Health and Safety requirements.</p> <p>Further to this, the outcomes of Health and Safety checks undertaken for retail premises should be reported in the annual Portfolio Investment reviews.</p> <p style="text-align: center;">Priority 2</p>	<p>We will (and do) request H&S information from tenants who are legally responsible to discharging these obligations and store these responses on our system.</p> <p>Where no response is received, then appropriate action to clarify the area of concern is made which ultimately could lead to enforcement action.</p> <p>However, we cannot undertake site inspections as we are not resourced to do this and it would expose the Council to liability for matters that are wholly the responsibility of the tenant if we were to start inspecting.</p> <p>In terms for recording outcomes of H&S Checks; this will cover all properties that are reported on within the Investment Fund Annual Report.</p>	<p>Head of Estates & Asset Management</p> <p>Sept 22 Action completed / ongoing</p>
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<p>5</p>	<p><u>Communication with the Exchequer contractor</u></p> <p>The functions of rental payment collection and debt recovery are outsourced to the Council's Exchequer Services contractor.</p> <p>Our review of email correspondence between the Estates and Asset Management team and the Exchequer contractor found one instance where a query was raised by the Estates and Asset Management team for the Exchequer contractor to include the address of each tenant listed in the monthly debtor report. We confirmed that this query had been actioned, but ten months after it was raised.</p> <p>We also found cases where there was more than a one-week time lag between instructions raised by the Estates and Asset Management team, and confirmation received that the Exchequer contractor had actioned these</p>	<p>Where issues in rental payments made by tenants are identified, there is a risk that such issues are not resolved in a time-efficient manner, resulting in financial loss to the Council.</p>	<p>We recommend that the communication between the Estates and Asset Management team is tightened through the introduction of monthly meetings between the Estates and Asset Management team, the Contract Monitoring team and the Exchequer contractor. Minutes from these meetings should be recorded and distributed to all attendees. This would ensure that underlying queries are raised and resolved and assist in monitoring the performance of the Exchequer contractor against their Service Level Agreement.</p> <p>Management should consider implementing the use of an online portal through which instructions can be submitted to the Exchequer contractor by the Estates and Asset Management team.</p> <p>We recommend that the online platform allows the Exchequer contractor to confirm the status of instructions as and when these are completed. This would improve the visibility of actions taken by the Exchequer contractor and allow for the Estates and Asset Management team to monitor the status of instructions raised each month.</p> <div data-bbox="1061 1406 1240 1465" style="text-align: center; background-color: #90EE90; border: 1px solid black; padding: 2px;"> <p>Priority 3</p> </div>	<p>The recommendation is welcomed by the Estates Team as it would bolster the monthly meetings already taking place between the Exchequer contractor & Estates.</p> <p>The Director of Finance has already set in motion a series of meetings to address the audit findings and operational concerns that property raised as part of that audit.</p> <p>Monthly meetings are already taking place between the contractor and the Estates Team. These will be attended by a member of the Contract Monitoring Team.</p> <p>The use of an online portal will be explored with the Estates Team.</p>	<p>Assistant Director Exchequer Services / Service Delivery Manager</p> <p>September 2022 Action completed / ongoing.</p>
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OPINION DEFINITIONS

Assurance Level

APPENDIX B

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.



Financial Services

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Housing Support Division
Department for Levelling Up, Housing and Communities

REDACTED

Sent by email to:
(Address redacted)

Dear Sir,

Disabled Facilities Capital Grant (DFG) Determination 2021-22 [31/5155] - £2,442,564

Further to the conditions attached to the above grant funding, it is confirmed that:-

“To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the **Disabled Facilities Capital Grant Determination (2021-22) No [31/5515]** have been complied with”.

Work continues, with the remainder of the funding carried forward to, and spent during, the first quarter of the 2022-23 Financial Year.

Yours faithfully,

Signed

(Signature redacted)

Francesca Chivers
Head of Audit & Assurance

Date:- 03 October 2022

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INTERNAL AUDIT FINAL REPORT (REDACTED)

PLACE DEPARTMENT

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

Issued to: Assistant Director, Carbon Management and Greenspace
Director of Environment & Public Protection
Neighbourhood Manager
Head of Performance Management and Business Support
Head of Finance, ECS and Corporate

C.c Assistant Director Environment

Prepared by: Principal Auditor

Reviewed by: Head of Audit and Assurance

Date of Issue: 28 September 2022

Report No.: PLA/06/2022

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

INTRODUCTION

1. This report sets out the results of our audit of Parks Management and Grounds Maintenance. The audit was carried out as part of the work specified in the 2022-23 Internal Audit Plan agreed by the Audit Sub-Committee. The controls we expect to see in place are designed to minimise the Council's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be addressed by management.
2. Parks Management and Ground Maintenance is delivered by a contractor. The 8 year (+8) contract commenced on 1 April 2019 with an annual value of £4.699m. The contract is managed and monitored by a Bromley Client Team of one Neighbourhood Manager and two Neighbourhood Officers.
3. We would like to thank everyone contacted during this review for their help and co-operation.

AUDIT SCOPE

4. The original scope of the audit was outlined in the Terms of Reference issued on 12 May 2022.
5. We identified the following key risks:
 - Robust governance arrangements are not in place to manage the Parks Management and Grounds Maintenance contract delivered by the contractor including value for money.
 - The Authority pay for services not received.
 - The Authority's asset list is not regularly updated to account for all P&G sites.
 - The standards contained within the grounds maintenance contract do not meet maintenance needs/public expectations or the Authority's ambitions, resulting in complaints or reputational damage.
6. Our scope included:
 - review of the contract documents to identify and assess the terms and conditions specifically related to monitoring and payment.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

- review of the contract monitoring procedures, including the design of these procedures, quality assurance, selection of sample sites, physical inspection, upload of information, application of PAV, feedback to the contractor and timely remedial action.
 - review of the process to maintain the asset list on the Parks case management system (all sites) to ensure it is complete, accurate and reconciles to the system used by the contractor to plan and deliver the service.
 - review of the process to maintain standards demanded by the contract and to meet the MBEB ambition.
 - evidence that the supplier Business Continuity check list had been completed.
7. We reduced the scope of the audit during the fieldwork to focus on the performance threshold and monitoring issues identified. Consequently, the payment process, including ad hoc works, parks projects and events was not tested. The payment of invoices had been satisfactorily reviewed in our Internal Audit review of ECS contracts finalised 8/03/2022.
8. A realignment of the ECS Neighbourhood Management officers to ECS contracts was effective from February 2022. We considered client monitoring for the period February 2022 to May 2022 to identify any issues in the current, contract specific monitoring procedures.

AUDIT OPINION

9. Our overall audit opinion, number and rating of recommendations are as follows.

AUDIT OPINION	
Limited Assurance	(Definitions of the audit assurance level and recommendation ratings can be found in Appendix B)

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

Number of recommendations by risk rating		
Priority 1	Priority 2	Priority 3
2	3	0

SUMMARY OF FINDINGS

10. The audit has identified areas of good practice and sound controls as set out below:-

- The Parks Management and Grounds Maintenance specification is a comprehensive document that clearly sets out Council/provider roles and responsibilities together with service requirements in a logical order
- The monthly performance information provided by the contractor includes both qualitative and quantitative information to give a holistic view, submitted prior to the Service Operations Board (SOB) to allow the client an opportunity to comment
- The role and objectives of the SOB and Strategic Partnership Board (SPB) are clearly set out in schedule 11, Governance and Monitoring. Meeting minutes adequately reflected the discussion and assigned actions
- The Authority had been successful in all seven sites assessed as part of the 2022 Green Flag award.

11. Audit review, interview and testing has identified the following areas that require management attention:-

- Documentation to support key contractual decisions, specifically the 75% performance threshold for Key Performance Indicators (KPI) 1-7, the annual review of this target, the rationale or consideration of the reasonableness of the 75% performance target was not available.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

- The source and accuracy of the monthly inspection data submitted by the contractor for KPIs 1-7 to populate the Performance Monitoring Framework (PMF) and support payment, was not confirmed by the Neighbourhood Manager. Incorrect information relating to joint inspections for February to June 2022 had not been challenged.
 - The LBB client monitoring function is not formalised; the purpose, targeted number/% of visits and how the inspections are to be reported are not evidenced or in documented procedures. There is a lack of clarity around the contractor /client split with regard to monitoring. As a fully managed service LBB officers should evidence monitoring that allows an assurance that the contractor is satisfactorily performing in the management role and delivery of the grounds maintenance service.
 - The July 2022 SOB action log contained 30 open or ongoing actions, the earliest was opened in December 2020. For one closed action point, the commentary did not satisfy the original action.
 - The Park's management system is used to record LBB Park sites and features but does not accurately reflect the current LBB assets. There is no process to alert the system administrator of any change and consequently no changes have been made since 2017. There is no process to reconcile the Park's case management system, used to generate all LBB client monitoring and the contractors system which is used to generate grounds maintenance work and management information submitted to the Council.
12. The Parks Service and contract has transferred to the Assistant Director Carbon Management and Greenspace (CM & G) effective from the beginning of August 2022. This is a good opportunity for the service to review current working practices and consider the findings and recommendations of this audit report. Additionally we have met with the AD (Environment) and discussed the methodology to complete the six and twelve month review of the realignment initiative, using the staff consultation document as a measure of effectiveness.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

13. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised, together with management's responses and timescales for implementation. Appendix B details the definition of the audit assurance and priority ratings.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

1. Availability of Documentation to Support Key Contractual Decisions

Finding

The performance threshold of 75% for KPIs 1-7 is fundamental across management of the whole contract. Initial interviews with ECS officers established that this was an “accepted value” but they could not evidence how or why this had been agreed. We acknowledge that officers involved in the contract award and negotiations have now left the Authority but there was no handover or shared folder of key contractual documentation.

An e-mail from the Department (Performance Management and Business Support) to the contractor in October 2020 highlighted a Member query if the 75% target was challenging enough. The email asked whether the contractor “*are happy with the targets*”, and if there are “*any plans to change the target contractually*”. The contractor’s response included “*this had been discussed at one of our meetings*”, “*the targets are indeed ambitious enough and certainly realistic*”, “*at 75%, we believe this to be above the median for the service type*”, “*would not look to change the target value*”. The exchange does not conform to the management of a contract where the Council should be owning the contract terms and assessing the performance thresholds. There is no evidence that Bromley officers suggested or challenged the performance threshold, considered comparative rates for a grounds maintenance service or agreed to 75% as a reasonable threshold.

There was no documentation to support a formal annual review of KPI performance thresholds although schedule 11 states that this should be considered at the Strategic Partnership Board (SPB). Minutes of both June 2021 and June 2022 SPD refer to a “High Level Review of KPIs” but neither refer to the 75% performance threshold.

The Department use their Contract Filing System (CFS) to store all contract documentation. We acknowledge that this has recently been migrated but this site is not easy to follow or intuitive where key documents would be held.

Risk

The Council pays for services that are not delivered to a satisfactory level.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

<p>The standards contained within the grounds maintenance contract do not meet maintenance needs/public expectations or the Authority’s ambitions, resulting in complaints or reputational damage.</p>	
<p><u>Recommendation</u></p> <p>There should be an adequate audit trail of supporting documentation for all aspects of the contract and decisions agreed with the provider. This should be held as contract documentation in the shared area and should include any supporting documentation for the performance thresholds and annual review.</p> <p>The Department should not defer to the provider for key decisions relating to performance. All officers involved in the contract need to be aware of the contractor and client role and be in agreement how this “partnership” arrangement works in practice. This approach needs to be evidenced in all correspondence with the contractor.</p> <p>The Department should evidence the rationale and reasonableness of a 75% performance threshold for KPIs 1-7.</p> <p>The annual review should be formerly agreed at the appropriate SPB (June).</p> <p>The LBB contract manager should “own” the Parks CFS site. Performance Strategy and Business Support have designed and maintain the site, but the content, completeness and accuracy of information held is the responsibility of the contract owner.</p>	<p><u>Rating</u></p> <div style="background-color: red; color: white; padding: 5px; text-align: center;">Priority 1</div>
<p><u>Management Response and Accountable Manager</u></p> <p>The service acknowledges that there is a lack of historic records relating to decision making, and specifically to the setting of the 75% threshold for the application of a Performance Adjusted Value (PAV) under the Performance Management Framework (PMF).</p>	<p><u>Agreed timescale</u></p>

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

<p><u>Recording of Key Decisions</u></p> <p>Going forward, and in accordance with the contractual process, all key decisions should be recorded and minuted at either the Service Operations Board (SOB) and/or Strategic Partnership Board (SPB), whichever is relevant under the governance process identified in Schedule 11 of the contract. Where a key decision results in a contractual change, these should be recorded in a Change Control Notice.</p> <p>As part of record keeping, all minutes, CCNs and supporting documents for key decisions will continue to be held on the CFS SharePoint site, however supporting documents which provide the detail behind all key decisions shall be kept in one location on the CMF going forward.</p> <p><u>Reaching Key Decisions</u></p> <p>The Assistant Director will arrange training for the contract manager and contract monitoring officers to clarify roles and responsibilities relating to contract management and monitoring and to ensure that there is a robust approach to the client/contractor relationship. This may include mentoring for the contract manager with some work shadowing of other contract managers within the department.</p> <p><u>Ownership of the CFS</u></p> <p>It is agreed that the contract manager should own all documentation pertaining to the contract and should be actively ensuring that these documents are appropriately stored and accessible. Training for contract manager regarding the use of the Contract Filing System will be arranged, and protocols clarifying how the site should be used will be made available.</p> <p>Accountable Manager: Assistant Director Environment (Carbon Management and Greenspace).</p>	<p>Immediately</p> <p>By 31st October 2022</p> <p>By 30th November 2022</p> <p>By 31st October 2022</p>
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PARKS MANAGEMENT AND GROUNDS MAINTENANCE

DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

2. Performance Data

Finding

At the start of the audit contradictory information was offered from officers regarding the source of the inspection visits submitted for upload to the Performance Monitoring Framework (PMF). There was some confusion as to whether the PMF was populated from contractor, client or joint data. Our testing established that all data originates from the contractor which includes some joint visits. Given this is a fully managed service the contractor should be completing the monitoring role for grounds maintenance, the client unit need to evidence their assurance that this function is effectively delivered.

We checked the KPI 1-7 data submission for May 2022. We found that:

- The contractor report incorrectly declared all inspections as joint (only 13 out of 730 were joint) and named Council officers who no longer work on the contract
- There is no formal procedure for joint visits, selection of sites, target number, substitution days for cancelled joint visits or for the client data to record outcomes.

The source data had not been scrutinised by the Neighbourhood Manager to challenge the data and identify the misrepresentation of information. The accuracy of source data is critical to the payment process.

There was no evidence that a formal performance target had been set for the number of features to be inspected by the contractor. The Neighbourhood Manager cited 10% as the accepted rate but there was no evidence to support the rationale that this would deliver a satisfactory level of monitoring.

Risk

The submitted data is inaccurate and misrepresents actual monitoring activity, performance is not effectively monitored and payment to the contractor is based on unsubstantiated data.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

APPENDIX A

DETAILED FINDINGS AND ACTION PLAN

<p><u>Recommendation</u></p> <p>Information received from the contractor should be scrutinised and challenged. The department should consider the role of the BSO and if a level of basic checks could be developed at this first stage.</p> <p>All officers involved in the PMF process should be aware of how performance data is sourced and generated to allow scrutiny and challenge. The checking procedures should be included in guidance notes to support the Parks Monitoring function.</p> <p>The joint visits should be formalised, cancelled and rearranged joint inspections to be noted. Contractor solo visits, joint visits and LBB client visits should be isolated and identified.</p> <p>Clarify the contractor client split with regard to monitoring; the implications of a two tier contracted service as the contractor deliver the management of Parks and confirm what assurance LBB officers have that the contractor perform in their management role.</p> <p>Formalise the percentage target for monitoring that is accepted as a satisfactory level for the contractor to deliver.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>The findings of the audit are accepted.</p> <p>A review of the contract monitoring approach is in progress (as set out in the management response to finding 3: Client Monitoring Function); this review will make recommendations about changes to the contract monitoring approach including what data is used and how it is input to reflect performance in the PMF.</p>	<p><u>Agreed timescale</u></p> <p>By 30th November 2022</p>

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

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<p>Once this review has been completed and changes have been agreed via the appropriate contractual mechanisms, training will be completed with the Client Monitoring Team and the BSO on roles and responsibilities, including the performance of quality checks on the data submitted with the PMF.</p>	<p>By 31st December 2022</p>
<p>Notes on the contract monitoring process will be reflected in the park specific handbook (see management comments on finding 3).</p>	<p>By 31st December 2022</p>
<p>Accountable Manager: Assistant Director Environment (Carbon Management and Greenspace).</p>	

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

DETAILED FINDINGS AND ACTION PLAN

APPENDIX A

3. Client Monitoring Function

Finding

Since the realignment, two neighbourhood officers undertake the monitoring function for the Parks contract. The officers download a random selection of sites from the Park’s management system to handheld devices to allow the grading and narrative to be recorded on site. We interviewed the client team and generated reports from the Park’s case management system to establish levels of monitoring since February 2022. The main issues arising are:-

- The Neighbourhood Manager has set a target of 10% inspections of the 3852 features listed on the Park’s case management system. This target has not been formally set out and there is no evidence that this is based on consideration of the level of monitoring that is achievable, meaningful, representative or complementary to the contractor inspections.
- The actual number of client visits between February and May 2022 ranged from 29 to 248. The two neighbourhood officers had completed the site inspections together in these months which would account for the lower than expected numbers but we have been informed that this practice has now ceased.
- The system administrator generates a monthly report of LBB client visits issued to the Neighbourhood Manager but this information is not then used in any performance management reporting.
- The generic Neighbourhood Officers manual was available to the client officers in hard copy but the proposed Parks specific handbook was work in progress and not available for audit review.
- There were no procedures to support the client function for this contract to monitor all aspects of this fully managed service.

Risk

The performance and compliance to the contract is not effectively scrutinised and challenged to ensure delivery of the contracted service at the required standard.

Inefficient use of resources.

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

APPENDIX A

DETAILED FINDINGS AND ACTION PLAN

<p><u>Recommendation</u></p> <p>The Department should formalise the LBB client monitoring role and visits, the purpose, target number and reporting.</p> <p>The target number of visits should be achievable, meaningful and deliver an assurance of the contractor’s performance with regard to grounds maintenance and their management of the service. The purpose of the client function should be clarified and ensure all aspects of the contract are monitored whilst avoiding duplication.</p> <p>With the 6 month realignment review and the new appointment of the Assistant Director it is timely for the Department to evaluate the operational role of the client team, assess what is being delivered effectively, what should be done and how their work can deliver an assurance that the contractor is meeting the assigned tasks of the managed service not just grounds maintenance functions.</p> <p>The Parks specific handbook should include procedures to support the operational role of the neighbourhood officers. These procedures should be owned, dated and a revision date agreed.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 1</p>
<p><u>Management Response and Accountable Manager</u></p> <p>The findings of the audit are accepted.</p> <p><u>Reviewing the Contract Monitoring Arrangements</u></p> <p>The Assistant Director is working with the Parks Manager and the Head of Performance Management and Business Support to review the contract monitoring arrangements. The scope of the review will consider:</p> <ul style="list-style-type: none"> - the appropriateness of the existing arrangements - the effectiveness of the KSOs, particularly in relation to the contractor’s management responsibilities 	<p><u>Agreed timescale</u></p> <p>By 30th November 2022</p>

PARKS MANAGEMENT AND GROUNDS MAINTENANCE

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- determining the split of monitoring activity between the client and contractor, and the role of joint inspections
- determining how client monitoring should be conducted and recorded
- Determining how contractor led monitoring activity can be assured
- the way that inspections regimes and monitoring activity is generated
- setting and justifying targets for monitoring activity
- determining how monitoring data is reflected in the Performance Management Framework
- How to make best use of the monitoring resources available to ensure that the contract is being delivered according to the specified standards.

The role of the monitoring team

Following the implementation of the recommendations made by the review of the contract monitoring arrangements, training will be arranged for the contract monitoring team to clarify roles and responsibilities in relation to the new approach.

By 31st December 2022

Park specific handbook

Officers will produce a park specific handbook to support the monitoring activity of the team.

By 31st December 2022.

Accountable Manager: Assistant Director Environment (Carbon Management and Greenspace).

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4. LBB Asset List held on the Park’s case management system

Finding

The LBB asset list is held on the Park’s case management system and is used to generate the random client inspections of park features. The contractor use their own system to generate work plans, sites for monitoring inspections and to run the performance and management reports submitted to SOB and SPB. The main issues arising are that:-

- There is no reconciliation between the Authority’s system and the contractor’s system.
- The Park’s case management system has not been updated since 2017 and there is no evidence to support a decision to cease updating the system.
- Change Control Notices (CCN) agreed at Service Operations Board (SOB) are not communicated to the Park’s case management system administrators. Similarly, features identified were as changed/deleted during the contractor’s inspections (17 sites for the May 2022 monitoring) but this is not communicated to the Council’s IT contractor (system administrators).
- Review of a Park’s case management report identified 291 “live” features with “school” in the narrative, but only one school is still a Bromley maintained school.
- A defects report run for the period April 2021 to May 2022 showed no defects later than December 2021. However a monitoring report run for the period February 2022 to May 2022, identified 35 visits graded 2 that would have generated a notification.

The Neighbourhood Manager aims to monitor 10% of LBB features held on the Park’s case management system but given the findings listed above this system is neither accurate, complete nor current.

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<p><u>Risk</u></p> <p>Decisions regarding monitoring and performance are based on inaccurate, out of date information meaning that these may be less effective. The Council may pay for assets that no longer exist.</p>	
<p><u>Recommendation</u></p> <p>The Department should establish if there was a decision not to update their system post 2017, review that decision and agree how the LBB asset list held on this system can be updated.</p> <p>The Department should liaise with system administrators to consider the most resource and cost effective methodology to update the system and align with the contractors system.</p> <p>The Department should include the system administrators to any notifications and CCNs that amend the LBB Asset List.</p> <p>The Department should review the quality of the data held on the Park’s case management system, specifically the features related to schools.</p> <p>The information held on the Park’s case management system should be periodically reconciled to the contractor’s system to verify completeness and accuracy</p> <p>Liaise with the system administrator to resolve the notifications and defects report generated from the Park’s management system.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p>The findings of the audit are accepted.</p> <p>The department will work with the systems administrators and the Council’s IT contractor to try and resolve these issues.</p>	<p><u>Agreed timescale</u></p>

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<p>Officers will review the accuracy of the asset data held on the system and ensure it is updated to reflect the changes made since 2017.</p> <p>A protocol for the updating of the asset list will be agreed with responsibilities clearly assigned to ensure that the data is maintained and kept updated.</p> <p>Investigations into the most cost-effective way to reconcile the data held to the data held in the contractor's system will be undertaken with any resulting action being proposed to the relevant decision maker under the council's corporate governance arrangements.</p> <p>Accountable Manager: Assistant Director Environment (Carbon Management and Greenspace).</p>	<p>By 31st March 2023</p> <p>By 30th November 2022</p> <p>By 31st March 2023</p>
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5. SOB Minutes and Action Log

Finding

The action log is presented and discussed at the monthly SOB meetings. Our testing has raised the following issues:-

- As at July 2022 SOB there were 30 open action points, the first having been open since December 2020.
- The action log is well structured with assigned responsibility and target dates but the commentary is a monthly update and there is no apparent escalation process.
- The log is a lengthy document with the monthly update added for each meeting referring to emails or other meetings but no link to those documents.
- The action ID is not a unique number, for the realignment action (ID 12), it was closed in June and ID 12 reassigned to another action point in July.
- For our selected action point, referring to staff realignment, the action was recorded as *“a CCN may be required if quantity and type of inspections are changed”*. This did not specify that the contractor was required to update their system to reflect realignment and the reduction of neighbourhood officers assigned to the Borough wards. The commentary did not then refer to CCN.
- This action point was closed in June 2022 when the Neighbourhood Manager stated, *“there are sufficient number of inspections coupled with joint inspections”*. It is not clear on what basis this decision was reached.

Risk

Identified actions are not tracked and completed within the target time frame, adversely impacting on the service or at a cost to the Authority.

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<p><u>Recommendation</u></p> <p>The action log should consist of agreed actions for either the client or contractor to investigate, progress or resolve. Any actions that exceed their target time should be escalated. There should be a “master” log of all actions raised during a financial year allocated a unique ID number for tracking purposes. The lengthy commentary could be retained on a word document and a link inserted to the log discussed at SOB All e-mails or meeting notes referred to in the commentary should be available in a shared area, sorted by action point ID number. The action must meet all issues raised in the original enquiry before it can be closed. Business Support record and issue the SOB and SPB minutes but the content, completeness and accuracy of the information held is the responsibility of the contract owner.</p>	<p><u>Rating</u></p> <p style="text-align: center;">Priority 2</p>
<p><u>Management Response and Accountable Manager</u></p> <p><u>Master Action Log:</u> This recommendation is in progress. The Business Support team have started to create an excel version of the SOB action log, which will be saved on the Service Provider collaboration SharePoint site. This will ensure the actions have a unique number. This log will capture all open and closed actions. The action log will no longer be contained in a word document at the end of the minutes, instead it will be on an excel document.</p> <p><u>Individual Actions containing correspondence in a folder:</u> This recommendation is in progress. The contract manager will ensure link to folder is sent to Business Support and it is understood that the contract manager is responsible for updating the contents within the folder.</p>	<p><u>Agreed timescale</u></p> <p>By 30th November 2022</p> <p>To be implemented immediately.</p>

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<p><u>Escalation Process on the Action Log:</u> This recommendation is in progress. An escalation column will be added to the action log. This will ensure owners are responsible for their actions and any actions which are open can be escalated. The proposed escalation procedure will mirror the contractual decision-making levels:</p> <ul style="list-style-type: none"> - Actions open for 3 months to be escalated to the Assistant Director (council) and Contract Director (contractor’s Operations Director) - Actions open for 6 months or more to be escalated to the Director of Environment and Public Protection (council) and Regional Director (Contractor’s Managing Director). <p><u>Review of Action Log:</u> The contract owner (Assistant Director) and contract manager (Parks Manager) will review the action log prior to the Service Operations Board monthly to ensure accountability and track progress on any open actions from the previous SOB.</p> <p>Accountable Managers: Parks Manager and Head of Performance Management and Business Support</p>	<p>By 30th November 2022</p> <p>To be implemented immediately.</p>
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OPINION DEFINITIONS

Assurance Level

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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