



BROMLEY CIVIC CENTRE, STOCKWELL CLOSE, BROMLEY BRI 3UH

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DATE: 22 June 2023

To: Members of the
AUDIT AND RISK MANAGEMENT COMMITTEE

Councillor Michael Tickner (Chairman)
Councillor Robert Evans (Vice-Chairman)
Councillors Jeremy Adams, Felicity Bainbridge, Simon Fawthrop, Julie Ireland,
Simon Jeal, Jonathan Laidlaw, Ruth McGregor,

Co-opted Members:
Greig Allen and Theresa Farr

A meeting of the Audit and Risk Management Committee will be held at Bromley Civic Centre on **TUESDAY 4 JULY 2023 AT 7.00 PM**

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 8TH MARCH 2023 (EXCLUDING THOSE CONTAINING EXEMPT INFORMATION)** (Pages 5 - 14)
- 4 **ADOPTION OF INDEPENDENT MEMBERS** (Pages 15 - 18)
- 5 **QUESTIONS FROM COUNCILLORS OR MEMBERS OF THE PUBLIC**

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

Questions specifically concerning reports on the agenda should be received within two working days of the publication date of the agenda. Please ensure that questions specifically regarding reports on the agenda are received by the Democratic Services Team by **5pm on Wednesday 28th June.**

6 MATTERS ARISING (Pages 19 - 22)

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

Questions specifically concerning the published internal audit reports should be received within two working days of the publication date of the reports. Please ensure that questions specifically regarding the published internal audit reports are received by the Democratic Services Team by **5pm on Wednesday 28th June.**

The link to the published internal audit reports is:

[Internal Audit Reports](#)

INTERNAL AUDIT REPORTS

- 1. Housing Schemes (Governance of Partnerships)**
- 2. Quality of Placements (External): Children's Social Care**
- 3. Adult Social Care Residential Placements**
- 4. Appraisals**
- 5. Complaints (2022/23)**
- 6. Virtual School**
- 7. Referral and Assessment ASC**
- 8. Revenue Budget Monitoring (2022/23)**
- 9. Sickness Management**
- 10. HMO Licensing (2022/23)**

8 2019/20 EXTERNAL AUDIT REPORTS (Pages 23 - 38)

9 ANNUAL INTERNAL AUDIT REPORT 2022/23 (Pages 39 - 98)

10 ANNUAL GOVERNANCE STATEMENT 2022/23 (Pages 99 - 134)

11 COUNTER FRAUD PROGRESS REPORT (Pages 135 - 142)

12 RISK MANAGEMENT (Pages 143 - 170)

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

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

Items of Business

Schedule 12A Description

- | | | |
|-----------|---|---|
| 14 | EXEMPT MINUTES OF THE MEETING HELD ON 8TH MARCH 2023 (Pages 171 - 172) | Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime. |
| 15 | APPENDIX F - ANNUAL INTERNAL AUDIT REPORT (Pages 173 - 176) | Information relating to the financial or business affairs of any particular person (including the authority holding that information) |

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AUDIT AND RISK MANAGEMENT COMMITTEE

Minutes of the meeting held at 7.02 pm on 8 March 2023

Present:

Councillor Michael Tickner (Chairman)

Councillors Jeremy Adams, Simon Fawthrop,
Kira Gabbert, Julie Ireland, Jonathan Laidlaw, Simon Jeal,
Ruth McGregor and Keith Onslow

Also Present:

Hannah Lill—Senior Manager—Ernst and Young

138 APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTE MEMBERS

Apologies were received from Councillor Robert Evans and Councillor Keith Onslow attended as substitute.

139 DECLARATIONS OF INTEREST

There were no declarations of interest.

140 CONFIRMATION OF THE MINUTES OF THE MEETING HELD ON 2nd NOVEMBER: EXCLUDING THOSE CONTAINING EXEMPT INFORMATION

The minutes of the meeting held on the 2nd of November 2022 were agreed and signed as a correct record.

141 QUESTIONS TO THE AUDIT SUB COMMITTEE

Two questions were received from a member of the public concerning the Net Zero report that had been published on the Council website prior to the meeting. The written questions and responses had been published on the Bromley Council website and emailed to the questioner.

142 MATTERS ARISING

CSD 23041

Members noted the matters arising from the previous meeting.

Resolved that the Matters Arising report be noted.

143 QUESTIONS REGARDING THE AUDIT REDACTED REPORTS

As previously mentioned, two questions had been received concerning the audit redacted reports published on the Council website. These were regarding the Net Zero report; the answers to the questions had been published on the Bromley Council website and emailed to the questioner.

The Chairman asked about the redacted published report concerning Edgebury school. This was the only published redacted report where there was an outstanding priority one recommendation. There had been issues with 16 missing computers and loose financial controls. He asked if this priority one recommendation was being followed up. The Head of Audit and Assurance responded and said that the school had installed more robust processes, but the Audit Team would return in April to see how these processes were being implemented.

RESOLVED that the redacted reports published on the Council website be noted.

144 LBB DRAFT AUDIT RESULTS REPORT-YEAR ENDED 31st MARCH 2020

Hannah Lill, Senior Manager with Ernst and Young, attended to present the report and answer questions. She was supported by Mr. David Dobbs (LBB Head of Corporate Finance and Accounting—CEX). The Committee was informed that this report had previously been presented to the General Purposes and Licencing Committee and that modifications and changes to the report had been highlighted in blue. Ms Lill directed Members to the objections to the accounts. It was noted that with respect to the 2018-2019 accounts, an acceptance decision letter had been sent to the objector and that matters relating to the closure of these accounts were progressing. Members noted that due to the outstanding objections on the 2017/18 and 2018/2019 audits, Ernst and Young had been unable to conclude on the value for money arrangements for the 2018/19 and 2019/20 accounts.

Ms Lill referred the Committee to page 9 of the Ernst and Young report which stated that E&Y had completed the audit of LBB's financial statements for the year ended the 31st of March 2020 and they had performed the procedures that were outlined in their audit planning report. Ms Lill reminded Members that E&Y had previously reported to the July 2021 committee meeting where they had highlighted a potential qualification on property, plant and equipment which had resulted from errors identified in furniture and equipment valuations. The Council had since suggested an alternative approach which addressed the matter and which would result in a Prior Period Adjustment; so this work was now substantially complete.

Ms Lill said that due to the significant amendments required to the draft audited accounts, Ernst and Young had envisaged that they would work through the revised statements with officers during February and March 2023; they would then report to the 8th of March committee with a view to signing

the financial statements later in March 2023. This would include the signing of the separate opinion on the London Borough of Bromley's Pension Fund and the 2019/20 statement of accounts.

Page 10 of the report provided a further summary of risk areas. These were summarised as follows:

- Management Override--misstatements due to fraud or error
- Incorrect capitalization of revenue expenditure
- Valuation of land and buildings
- IAS 19 valuations

Ms Lill said that Ernst and Young had concluded their work on management override and had found no indication of any mis-management involving the override of controls.

Ernst and Young had concluded their work on incorrect capitalization of revenue expenditure and a separate report had been drafted concerning this.

Ms Lill stated that as a result of material issues identified with 'furniture and equipment' and also with the depreciation of revalued assets, the Council had corrected these using Prior Period Adjustments.

Ernst and Young had agreed the LBB's pension liability disclosures to the actuarial report. They had noted an unadjusted misstatement on IAS 19 in respect of the Goodwin case. They had reviewed the roll forward of liabilities under ISA 540 estimates and the E&Y pension specialist had confirmed that the liabilities were within an expected range.

Another area of significant risk that had been audited by the external auditors was the possibility of the incorrect capitalization of revenue expenditure which could pose a risk of fraud. Two errors had been identified:

- The Council had inappropriately classified additions to assets under construction; the external auditors had extrapolated this error and the resulting projective error was £915k.
- The Council had also inappropriately capitalised VAT within certain additions, causing an immaterial error in the value of the additions.

Ms Lill stated that E&Y had challenged management assessments of the classification of expenditure as 'REFCUS'. The external auditors testing in this area was now complete and they had noted an adjustment of £3.65m in respect of IT transformation which was reclassified as PPE additions.

The next area of significant risk that the Committee was briefed concerning was the risk of error in the valuation of land and buildings. Revised valuations had been obtained for car parks and had been agreed by EY valuers as reasonable. Additionally, a number of assets had been revalued due to

incorrect floor size. Revised valuations had been received and were agreed as being reasonable by EY valuers. EY had challenged officers on the valuation of assets not revalued in year and their assessment did not highlight any material issues.

The work of the auditors with respect to the risk of error in the valuation of the pension liability had been completed previously and there was nothing further to add.

It was noted that regarding the Council's 'Going Concern' disclosure, EY had taken part in discussions with senior officers. As a result of this, a request had been sent through for supporting documentation which would corroborate the Council's going concern assertion. Ernst and Young's assessment of going concern would need to consider any revised going concern disclosures--these should show their latest financial position and also the future financial projections for the Council; these disclosures should also include full consideration of the ongoing impact of COVID-19. It was noted that this work was well progressed.

Ms Lill explained that a material error existed with respect to furniture and fittings. This was because the Council had not historically maintained a register of assets, furniture and fittings. The Council had instead made an estimate of the value of expenditure on property in year and recorded this as the asset value for this class of assets. Members were informed that these errors had been corrected through a Prior Period Adjustment (PPA). It was noted that going forward the Council had changed its accounting policy so that now any expenditure on furniture and equipment would be expensed in year.

Ms Lill drew the Committee's attention to factual Mis-Statements as follows:

- Depreciation had not been charged on assets revalued in year. This was corrected through a PPA.
- Car park valuations had been re-valued as a result of challenge on the original methodology applied by the external valuer.
- RESCUS reclassification to 'additions' resulted in an adjustment of £3.655m.
- EY's internal valuation specialists completed a review of 14 assets across a number of different asset classes. Revaluation had been made to the Churchill Theatre and the Central Library. The Churchill Theatre had been re-valued at £19.23m from a previous valuation of £5.76m. Central Library had been revalued at £10.65m, from a previous valuation of £3.51 million.

The Committee's attention was drawn to page 54 of the EY report which dealt with two recommendations from the external auditors. With respect to the 2019/ 2020 accounts, it was recommended that the Council should set out a clear timeline when queries would be responded to and escalated if required.

With respect to 2021 and beyond, the Council should ensure that they had plans in place to address the backlog of work which would include a resourcing plan and a task allocation plan. The Council should have a clear timetable for closing down the 2020/21 accounts. The Council should develop a sustainable resource strategy with appropriate skills and capacity.

The Chairman highlighted that the report stated that the contents were for the attention of committee members and relevant officers only. The Chairman queried this on the basis that the reports had been published on the Council website with the aim of transparency. Ms Lill responded that EY were aware of this, but the main concern was that the reports should not be relied upon in terms of assurance by third parties.

A discussion took place concerning the definition of 'materiality' and of the 'pervasive errors' that were referred to in the EY reports. It was hoped that the financial statements could be signed off by the end of March 2023. A discussion also took place regarding the difference in valuations for the Central Library and the Churchill Theatre.

A Member expressed concern regarding a lack of resource in the Finance Team. The Head of Corporate Finance and Accounting provided assurance that additional resources had been allocated to the LBB Finance Team to help clear the backlog. Ms Lill said that she was aware of additional resource that had been allocated to the Finance Team and that this had speeded up the finalisation of the Pension Fund accounts. She commented that the real test would come with respect to the finalisation of the 2021 audit.

A Member asked Ms Lill what other local authorities were doing differently with respect to the processing of their accounts and what Bromley could do better and improve. Ms Lill responded that LBB required a fully resourced finance team that could resolve and close down queries quickly. It was the case that the LBB Audit was large and complex. Members of the LBB Finance Team needed expertise and the willingness to work as a team.

It was queried if there were other local authorities in a similar position to Bromley. Ms Lill responded and said that there were three other local authorities who were late in their submissions. Delays had been caused across the board because of the valuation of infrastructure assets.

A Member asked for an update regarding the 'going concern statement'. The Head of Corporate Finance and Accounting answered this question, commenting that a submission had been sent to EY concerning the Council's various financial projections. The Council was satisfied that there were no going concern issues and no financial risk. The statement was normally shared directly with the external auditors and not to the Committee, but it could be shared with the Committee if required.

RESOLVED that the LBB Draft Audit Results Report (Year ended 31st March 2020) be noted.

**145 LBB EXTERNAL AUDIT PLANNING REPORT: YEAR ENDED
31 MARCH 2021**

Ms Lill highlighted the principal areas of focus and risk :

- Risk of fraud in revenue and expenditure recognition
- Misstatements due to fraud or error
- Potential misstatements in property, plant and equipment and investment properties valued at fair value due to significant judgments involved
- Incorrect valuation for pension liability due to significant judgement involved
- Going concern disclosures
- Incorrect accounting treatment of Covid grants
- Inappropriate infrastructure asset recognition and derecognition

Ms Lill stated there were two new risk areas:

- Incorrect Accounting Treatment of Covid Grants
- Inappropriate infrastructure asset recognition and derecognition.

The latter was a national issue affecting all authorities that held infrastructure assets. Ms Lill said that EY were collaborating with officers to implement the current CIPFA work around, until the Council were ready to move forward in line with the new code.

Members noted that Planning Materiality had been set at £10.52m. Performance Materiality had been set at £5.1m and Audit Differences had been set at £0.52m.

The report set out EY's planned work on the Council's VFM arrangements. EY were now auditing under the Code of Audit Practice 2020. This meant that they would no longer be providing a VFM conclusion. At the end of the audit a commentary would be issued on the VFM arrangements. This would be a public document and so would be discussed with officers prior to publication.

Ms Lill referred Members to Appendix A on page 39 of the EY report. This noted the various proposed fees for the 2020/21 and 2019/20 audits. Additional fees were mentioned in the commentary and Ms Lill stated that these would be discussed with officers, presented to the PSAA and then brought back to the attention of the Committee.

A discussion took place concerning the administration of Covid Grants and the assessment of pension liability risk. Ms Lill said that pensions liability was a significant estimate within the finance statement and EY were obligated to ensure that these statements were reasonable and supportable. This was the same for all local authorities. The Chairman of the LBC Pension Committee was present and he stated that the Council's pension scheme was 120% funded.

RESOLVED that the LBB External Audit Planning Report for Year Ended 31st March 2021 be noted.

146 UPDATE REGARDING INDEPENDENT MEMBERS

The Chairman stated that two candidates had been interviewed for the position of Independent Member. It was intended that a further three candidates would be interviewed in early April. It was hoped that they would be appointed and ready to sit on the committee for the July meeting.

RESOLVED that the Independent Member update be noted.

147 INTERNAL AUDIT AND FRAUD PROGRESS REPORT

FSD23018

The Head of Audit and Assurance updated the Committee regarding the External Quality Assessment and said that the assessment was now going ahead. The External Assessor would be meeting the Head of Audit and Assurance, the Director of Finance, Chief Executive and the Chairman of the Audit and Risk Management Committee. A follow up report regarding the External Quality Assessment would be provided to the next meeting of the Audit and Risk Management Committee.

Members noted that the report provided an update on progress against the 2022/2023 Internal Audit Plan. A Member referenced the two audits which had been classified as having a 'limited assurance', these were the Housing Allocations audit and the Parks and Green Space audit. The former had not been published recently with the redacted reports as it contained part 2 information.

A discussion took place regarding payments made outside of the financial system. The Head of Audit and Assurance said these payments were rare and limited in number, but she would endeavour to find out more about these payments and report back to the Committee. The Committee was pleased to note that Bromley was the 4th highest prosecutor of blue badge fraud in England. The Chairman mentioned that previously, enforcement officers used to seize blue badges where appropriate and in his view it was time to encourage them to do so once again. A Member commented that enforcement officers should be encouraged to confiscate blue badges where necessary. A Member queried how misuse of the blue badge would be determined. Another Member expressed concern lest victims of blue badge fraud be punished unfairly due to the actions of others.

A Member referred to the appendix and the reference to possible changes to the delivery of SEN Transport. She asked that in future, the dates that work was undertaken could be added to the summary.

A Member referenced Covid Business Support Grants and said that he had forwarded some information to officers regarding a potential fraud. He had not received an update regarding this. The Head of Audit and Assurance responded that if he provided the details to her outside of the meeting, she would investigate this further.

RESOLVED that a recommendation be made to the ECS PDS Committee to consider re-instating the previous practice of confiscating Blue Badges.

148 INTERNAL AUDIT PLAN AND CHARTER 2023-2024

FSD 23019

Members noted the Audit Charter and the fact that it was best practice to review this every year. A Member asked what was being planned in terms of property valuations and property maintenance, so that problems that had occurred previously would not re-occur. It was suggested that insurance could be managed elsewhere to avoid audits of this area being sourced externally. Claims handling was currently outsourced to LB Sutton. It was noted that there was extensive reporting regarding the insurance service to ER&C PDS.

A discussion took place regarding Risk Appetite and Risk Tolerance and what levels the Council was prepared to accept. A Member suggested that a statement regarding this would be useful. It was noted that PDS committees had a responsibility to scrutinise risk.

RESOLVED:

- 1) That the April to October 2023 Audit Plan be approved.**
- 2) That the Internal Audit Charter be approved**
- 3) That the proposed suite of Key Performance Indicators for 2023-2024 be approved.**

149 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.

150 MATTERS OUTSTANDING: EXEMPT INFORMATION

CSD23042

Members noted the matters outstanding that were recorded in the exempt information matters arising report.

RESOLVED that the Part 2 Matters Outstanding report be noted.

151 INTERNAL AUDIT AND FRAUD PROGRESS REPORT--PART 2

Members noted the Part 2 Internal Audit and Fraud Progress Report. As this report contained exempt information, the minutes are noted in the Part 2 minutes.

RESOLVED that the Internal Audit and Fraud Progress report (Part 2) be noted.

152 EXEMPT MINUTES OF THE MEETING HELD ON 2nd NOVEMBER 2022

Members noted the exempt minutes of the meeting that was held on 2nd November 2022.

RESOLVED that the exempt minutes of the meeting that was held on 2nd November 2022 be noted.

The meeting ended at 8.42 pm

Chairman

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Report No.
CSD23095

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **4th July 2023**

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

Title: **APPOINTMENT OF INDEPENDENT MEMBERS**

Contact Officer: Steve Wood, Democratic Services Officer
Tel: 020 8 313 4316 E-mail: stephen.wood@bromley.gov.uk

Chief Officer: Director of Corporate Services and Governance

Ward: All Wards

1. Reason for report

- 1.1 Members are asked to confirm the appointment of two non-voting independent members to the Audit & Risk Management Committee for the 2023/24 municipal year.

2. **RECOMMENDATION:**

- 2.1 **That Theresa Farr and Grieg Allen be appointed as non-voting Co-opted Members of the Audit and Risk Management Committee for the 2023/24 municipal year, for the consideration of Part 1 (public) and Part 2 (confidential) reports.**
- 2.2 **It is recommended that the Independent Members be appointed for two years with an option to extend for a further four years.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Independent Members bring the added perspective of relevant experience and knowledge to matters under consideration by the Committee, including those impacting vulnerable adults and children.
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority: 5 :To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.:
-

Financial

1. Cost of proposal: Not Applicable: No cost.
 2. Ongoing costs: Not Applicable: There is a marginal cost attached to printing agendas and posting to Co-opted Members if requested.
 3. Budget head/performance centre: Democratic Services
 4. Total current budget for this head: £366k
 5. Source of funding: Revenue Budget
-

Personnel

1. Number of staff (current and additional): 6 FTE
 2. If from existing staff resources, number of staff hours: Not Applicable
-

Legal

1. As a result of the Redmond Review, Councils are recommended by central government and CIPFA to have an audit committee with an independent member as part of the new system for regulating audit. The Government has been considering making this a statutory requirement, but has not done so yet.
 2. Call-in: Not Applicable: This report does not involve an executive decision.
-

Procurement

1. Summary of Procurement Implications: N/A
-

Property

1. Summary of Property Implications: N/A
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: N/A
-

Impact on the Local Economy

1. Summary of Local Economy Implications: N/A
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: N/A
-

Customer Impact

1. Estimated number of users or customers (current and projected): N/A

3. COMMENTARY

Independent Membership for 2023/24

- 3.1 Audit Committees may appoint non-voting Independent Members to assist their work. Independent Members bring their own area of interest, expertise and knowledge to the work of an Audit Committee and broaden the spectrum of involvement in the scrutiny process. The Audit Committee are requested to consider the appointment of two Independent Members to the Committee. The Independent Members would be non-councillors with some experience in the area of audit. They would not have a vote in the same way as councillors do at committee and will be there in an advisory and consultative manner.
- 3.2 Suitably qualified and experienced independent member(s) serving on Audit Committees can bring specialist knowledge and insight to the workings and deliberations of the committee which, when partnered with elected members' knowledge of working practices and procedures, ensure:
- An effective independent assurance of the adequacy of the risk management framework.
 - Independent review of the Authority's financial and non-financial performance.
 - Independent challenge to and assurance over the Authority's internal control framework and wider governance processes.
 - Oversight of the financial reporting process.
- 3.3 It is proposed that Theresa Farr and Grieg Allen be appointed as a non-voting Independent Members to the Audit and Risk Management Committee for the 2023/24 municipal year for the consideration of Part 1 and Part 2 reports.

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Report No.
CSD23094

LONDON BOROUGH OF BROMLEY

PART 1 PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **4th July 2023**

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 & Risk Management Committee on progress in dealing with Matters that arose from previous meetings and noting any matters that may still be 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—Managing Resources Well
-

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: £366,000
 5. Source of funding: Revenue budget
-

Staff

1. Number of staff: 6 FTE
 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.
-

Legal

1. Legal Requirement: None:
 2. Call-in: Not Applicable: This report does not require an Executive Decision
-

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.
-

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 the Audit & Risk Management Sub Committee.

Appendix 1

Issue & Date	Summary	Update and/or Action being taken.	By	Status
Minute 132 02/11/22 Counter Fraud and Corruption Policies	Up to two Independent Members should be co-opted to the Audit and Risk Management Committee.	The independent members have been appointed and it is planned that they will sit as such at the July meeting.		Closed
Minute 147 08/03/23 Internal Audit and Fraud Progress report	A follow up report regarding the External Quality Assessment would be provided to the next meeting of the Audit and Risk Management Committee.	An update is provided in the current progress report	HAA	Closed
Minute 147 08/03/23 Internal Audit and Fraud Progress report	A Member referenced Covid Business Support Grants and said that he had forwarded some information to officers regarding a potential fraud. He had not received an update regarding this. The Head of Audit and Assurance responded that if he provided the details to her outside of the meeting, she would investigate this further.	This has been actioned as promised.	HAA	Closed
Minute 147 08/03/23 Internal Audit and Fraud Progress report	Resolved that a recommendation be made to the ECS PDS Committee to consider re-instating the previous practice of confiscating Blue Badges.	The recommendation has been made to relevant officers. Awaiting a response.	SW	Ongoing

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Report No.
FSD23046

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4th July 2023**

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

Title: **2019/20 EXTERNAL AUDIT REPORTS**

Contact Officer: James Mullender, Head of Corporate Finance and Accounting
Tel: 020 8313 4196 E-mail: james.mullender@bromley.gov.uk

Chief Officer: Peter Turner, Director of Finance
Tel: 020 8313 4668 E-mail: peter.turner@bromley.gov.uk

Ward: Borough Wide

1. Reason for report

- 1.1 Following conclusion of the audit of the 2019/20 accounts, this report provides the auditors reports and an update on production of the draft accounts for subsequent financial years.
-

2. **RECOMMENDATION(S)**

- 2.1 **The Committee is requested to note the contents of this report.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None arising directly from this report
-

Corporate Policy

1. Policy Status: Existing Policy
 2. Making Bromley Even Better Priority: Managing our resources well
-

Financial

1. Cost of proposal: Not Applicable
 2. Ongoing costs: Not Applicable
 3. Budget head/performance centre: External Audit
 4. Total current budget for this head: £432k
 5. Source of funding: Not Applicable
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement – The report concerns the statutory requirements required by the Local Audit and Accountability Act 2014
 2. Call-in: Not Applicable
-

Procurement

1. Summary of Procurement Implications: The report contains recommendations that may, at some point in the future, alter the mechanism by which the Council procures its external auditor.
-

Customer Impact

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

Ward Councillor Views

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

3. COMMENTARY

Background

- 3.1 As Members will be aware from previous reports to the Audit and Risk Management Committee, completion of the audit of the 2019/20 accounts was subject to significant delays due to a number of factors, primarily related to issues with the valuations of land and buildings.
- 3.2 The audit is now complete and Ernst & Young's (EY) audit reports for the main Council accounts, Pension Fund accounts and related consistency statement are appended to this report.
- 3.3 In summary, the reports state that the accounts give a true and fair view and have been properly prepared, and that the auditors have nothing to report with regard to going concern, other information in the accounts or other specific items which they would report on by exception.
- 3.4 However, as noted in the reports, the final audit certificate cannot be issued for the 2019/20 accounts until the objection to the 2018/19 objection to the accounts has been concluded.
- 3.5 The audited accounts have been published on the Council's website at the link below:

<https://www.bromley.gov.uk/downloads/file/2084/lb-bromley-statement-of-accounts-2019-20>

2020/21 accounts and future years

- 3.6 Although a significant amount of work has been undertaken on the 2020/21 and 2021/22 draft accounts, a considerable amount of work is still required to complete them to reflect the changes made as part of the 2019/20 accounts and to ensure other issues identified by EY during the audit have been reflected.
- 3.7 As a result of this backlog, whilst key staff are working on the initial draft of the 2022/23 accounts, an experienced interim has been brought in to review and update the 2020/21 and 2021/22 accounts.
- 3.8 At the time of writing, it is expected that the 2020/21 draft accounts will be published on the Council's website and available for public inspection by mid-July, and work will then commence on updating the 2021/22 accounts.
- 3.9 EY undertook some initial fieldwork for their audit of the 2020/21 accounts in March and April 2023 and are expected to recommence the audit in July following completion of health authority audits.
- 3.10 An update on the audit of the 2020/21 accounts and progress on producing the draft 2021/22 and 2022/23 accounts will be provided to future meetings of this Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 Fees are discussed agreed annually with the external auditor to cover the cost of their annual audit activity. The base audit fee is set by PSAA and then varied locally depending on various risk factors.

5. LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications. This report focuses on the arrangements for local authority financial reporting and auditing put in place by the Local Audit and Accountability Act 2014.

<p>Non-Applicable Sections:</p>	<p>Impact on Vulnerable Adults and Children Policy, Procurement Implications and Personnel Implications.</p>
<p>Background Documents: (Access via Contact Officer)</p>	<p>Reports to Audit and Risk Management Committee:</p> <ul style="list-style-type: none"> • ‘LBB Draft Audit Results Report-Year Ended 31st March 2020’ – 8th March 2023 • ‘E&Y Audit Briefing Paper’ – 2nd November 2022 • ‘External Audit and Financial Reporting Update’ – 30th June 2022 <p>Reports to General Purposes and Licensing Committee:</p> <ul style="list-style-type: none"> • ‘Appointment of the External Auditor’ – 8th February 2022 • ‘Draft Audit Results Report 2019/20 Update’ – 8th February 2022 • ‘EY Briefing Paper’ - 30th November 2021 • ‘Audit of the 2019/20 Financial Statements’ – 6th July 2021 • ‘Audit of the Financial Statements 2019/20’ – 25th November 2020 • ‘Redmond Review of Local Authority Financial Reporting and External Audit’ - 25th November 2020 <p>Local Audit and Accountability Act 2014. Redmond Review of Local Authority Financial Reporting and External Audit – published by MHCLG on 8th September 2020. Local authority financial reporting and external audit: government response to the Redmond review – published by MHCLG on 17th December 2020. Local authority accounts: A guide to your rights – published by the National Audit Office during August 2021</p>

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE LONDON BOROUGH OF BROMLEY

Opinion

We have audited the financial statements of the London Borough of Bromley ('the Council') for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement;
- and the related notes 1 to 48 and the Expenditure and Funding Analysis.
- Collection Fund and the related notes 1 to 3

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of the London Borough of Bromley as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the 2019/20 Statement of Accounts, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of Responsibilities for the Statement of Accounts set out on page 22, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or have no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General in April 2020, as to whether the London Borough of Bromley had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice 2015 in satisfying ourselves whether the London Borough of Bromley put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

We planned our work in accordance with the Code of Audit Practice 2015. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the London Borough of Bromley had put

in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

We report if significant matters have come to our attention which prevent us from concluding that the Authority has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.


Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate as we have not yet completed the work necessary to conclude the objection to the Council's 2018/19 Statement of Accounts. It is our view that even if the objection were resolved in the objector's favour, this would not materially affect the Statement of Accounts. We are unable to form a conclusion on whether we are satisfied that, in all significant respects, the London Borough of Bromley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020 until we complete the work necessary to conclude the objection.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of the London Borough of Bromley as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council's members as a body, for our audit work, for this report, or for the opinions we have formed.


Janet Dawson
Ernst & Young LLP

Janet Dawson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
2 May 2023

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LONDON BOROUGH OF BROMLEY

Opinion

We have audited the pension fund financial statements for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The pension fund financial statements comprise the Fund Account, the Net Assets Statement and the related notes 1 to 21. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the pension fund financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and the amount and disposition of the fund's assets and liabilities as at 31 March 2020; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the pension fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the pension fund's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the London Borough of Bromley Statement of Accounts 2019/20, other than the financial statements and our auditor's report thereon. The Director of Finance is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we report by exception

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Responsibility of the Director of Finance

As explained more fully in the Statement of the Director of Finance's Responsibilities set out on page 22, the Director of Finance is responsible for the preparation of the Authority's Statement of Accounts, which includes the pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Pension Fund either intends to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement

when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the London Borough of Bromley, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the London Borough of Bromley and London Borough of Bromley's members as a body, for our audit work, for this report, or for the opinions we have formed.

Debbie Hanson
Ernst + Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
2 May 2023

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INDEPENDENT AUDITOR'S STATEMENT TO THE MEMBERS OF THE LONDON BOROUGH OF BROMLEY ON THE PENSION FUND FINANCIAL STATEMENTS

Opinion

We have examined the pension fund financial statements for the year ended 31 March 2020, which comprise the Fund Account, the Net Assets Statement and the related notes.

In our opinion, the pension fund financial statements are consistent with the full annual statement of accounts of the London Borough of Bromley for the year ended 31 March 2020 and comply with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Respective responsibilities of the Director of Finance and the auditor

As explained more fully in the Statement of the Director of Finance's Responsibilities, the Director of Finance is responsible for the preparation of the pension fund's financial statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the pension fund financial statements within the pension fund annual report with the pension fund financial statements in the statement of accounts of the London Borough of Bromley, and its compliance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

We also read the other information contained in the pension fund annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the pension fund financial statements. The other information consists only of:

- Foreword
- Management & Financial Performance Report
- Investment Policy & Performance Report
- Fund Administration Report
- Actuarial Report
- Governance Policy and Compliance Statement
- Fund Account and Net Assets Statement
- Pension Fund Revenue Account and Membership
- Funding Strategy Statement
- Investment Strategy Statement
- Communications Policy Statement
- Appendices

We conducted our work in accordance with Auditor Guidance Note 07 – Auditor Reporting, issued by the National Audit Office. Our report on the administering authority's full annual statement of accounts describes the basis of our opinion on those financial statements.

Debbie Hanson
Ernst & Young LLP

Debbie Hanson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
2 May 2023

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Report No.
FSD23031

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 July 2023**

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

Title: **ANNUAL INTERNAL AUDIT REPORT 2022/23**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

This report provides the Head of Audit and Assurance's annual opinion for 2022/23 on the Council's overall systems of risk management, governance and control. This opinion is one of the key independent means of assurance available to Members to enable them to ensure that a sound system of governance is in place and that risks are being effectively managed. It should inform Members' review of the Annual Governance Statement, provided as a separate agenda item. The report includes:

- An overview of the work undertaken to support the opinion
- A summary of the outcomes of the Quality Assurance and Improvement Programme, including the External Quality Assessment
- The Head of Audit and Assurance's overall opinion on systems of risk management, governance and control.

2. **RECOMMENDATION**

Members are asked to

- a) note the report and the Head of Audit and Assurance's opinion for 2022/23 on overall systems of risk management, governance and control
- b) Approve the amends to the 2022/23 Internal Audit Plan as set out in paragraph 3.6.2.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: £568K in 2022/23 including Internal Audit and External Audit, Fraud Partnership, Insurance Management and Claims handling
 5. Source of funding: General Fund
-

Personnel

1. Number of staff (current and additional): 6.5 FTE, including 1 FTE Insurance and Risk Manager
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

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

Procurement

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

Property

1. Summary of Property Implications: None
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Relevant to all of the Council's stakeholders
-

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 Under the Accounts and Audit Regulations 2015, the Council must “undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes”, taking into account the Public Sector Internal Audit Standards (PSIAS). It is a key requirement of these Standards that the Head of Audit and Assurance provides an overall opinion for each financial year on systems of risk management, governance and control. This opinion is intended to inform Members’ review of the Annual Governance Statement (AGS), as it provides a means of independent assurance on the assertions within the AGS.
- 3.2 The overall opinion is primarily based on the finalised audits from the 2022/23 Internal Audit Plan. However, it also takes into account:
- ▶ Follow up of recommendations
 - ▶ Counter fraud work and other investigations throughout the year
 - ▶ Ad-hoc advisory work
 - ▶ Work to support Government grant schemes including risks / controls advice and pre-payment assurance checks for the energy schemes and post-payment assurance checks for various Covid grant schemes
 - ▶ Our own informal observations of the organisation, for example through attendance at Corporate Leadership Team, Corporate Risk Management Group and other forums.
- 3.3 I have also chosen to place reliance on one external review in order to support my opinion; the independent review of the Adult Education Service (**Appendix A** page 11).
- 3.4 The report also contains the outcomes of our Quality Assurance and Improvement Programme (QAIP). Most importantly, the report from the External Quality Assessment of Internal Audit is provided at **Appendix E**. This information is intended to enable Members to discharge their responsibility to oversee the quality and effectiveness of Internal Audit.
- 3.5 Our ability to remain independent and free from undue influence whilst undertaking our work is critical to our effectiveness, as our assurances are thus fully impartial. As such, I am required by professional standards to annually confirm our independence to Audit and Risk Management Committee. For 2022/23, there have been no impairments or scope restrictions placed on our work.

3.6 Internal Audit Progress

- 3.6.1 Progress against the original 2022/23 Internal Audit Plan as agreed by Members of Audit and Risk Management Committee in March and November 2022 is set out in **Table 1** below. This table incorporates all pieces of work and associated opinions which form part of the Annual Opinion. Definitions of our assurance opinions are set out in **Appendix B**. All work completed since the last report to Audit and Risk Management Committee in March 2023 is marked with* and summaries of these items are provided in **Appendix A**. Summaries of all other pieces of work can be found in the November 2022 and March 2023 progress reports. Audits that are not yet complete will be reported to a future meeting of this Committee.
- 3.6.2 We propose to formally defer the following items to the 2023/24 financial year and Members agreement to this is requested:

- Social Care System – Implementation Review – This project had not closed as at the end of the 2022/23 financial year. Formal deferral to 2023/24 will allow us to review the project post-closure, and include any lessons learned in our scope.
- Staff Well-being – The Council is currently developing a wellbeing charter and preparing for Well-being accreditation. Deferral of this audit until the 2023/24 financial year will allow us to assist with preparation for accreditation as a ‘critical friend’ and also place some reliance on the outcome of the accreditation process, to avoid duplication of effort.
- Assistive Technology – this was a consultancy piece of work on the 2022/23 Plan, however the Department did not require this consultancy during the past financial year, therefore we propose to cancel this audit and re-consider it as part of future audit planning cycles.
- Parking Income – this audit was started in November 2022 but not completed due to staff and auditor availability. The fieldwork has been re-booked with our contractor for July 2023 but the testing will as a result focus on data which includes 2023/24. Consequently, we propose to formally include this audit in the 2023/24 Plan.

3.6.3 Since the last Committee, we have published the following redacted final reports which are available as an ‘information briefing’ with this agenda.

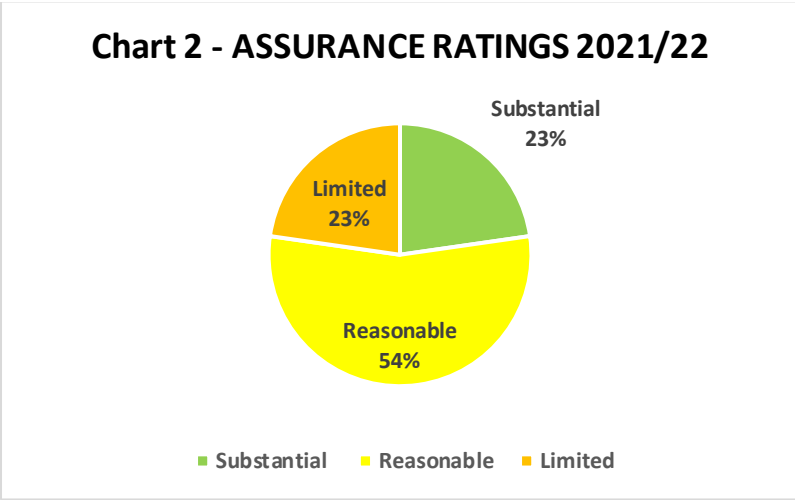
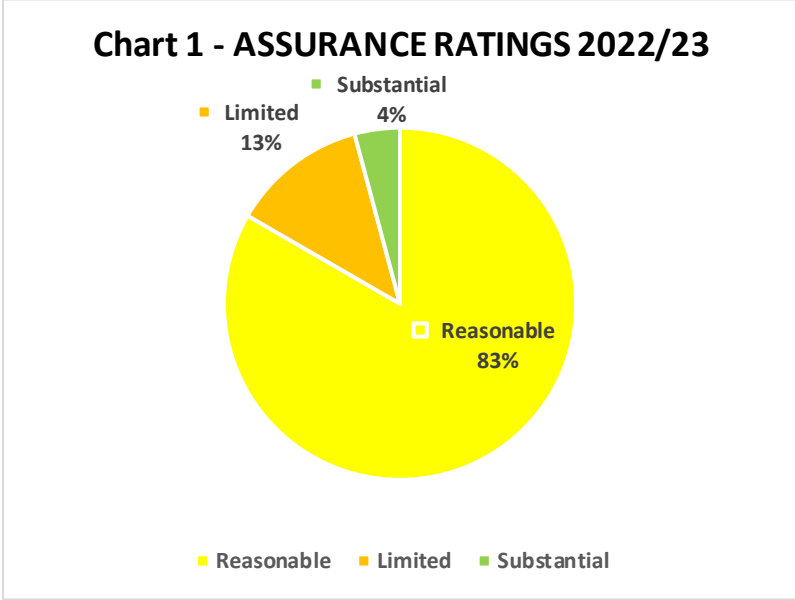
- Sickness Management
- Appraisals
- Placements (Adults’ Residential)
- Adult Social Care Referral and Assessment Process
- Complaints
- Revenue Budget Monitoring
- Quality of External Placements – Children’s Social Care
- Governance of Partnerships (Housing Schemes)
- Houses of Multiple Occupation Licensing
- Bromley Virtual School

Table 1 - April 2022 – March 2023 Internal Audit Plan	
Audit	Status and Assurance Opinion
Drainage Cleaning (deferred from 2021/22)	Complete – Limited Assurance
Pre-paid Cards – Children’s (deferred from 2021/22)	Complete – Reasonable Assurance
Commercial and non-office property (deferred from 2021/22)	Complete – Reasonable Assurance
Assurance Mapping	Planning
Grant assurance work including Supporting Families and Disabled Facilities Grant	Complete
Domestic Abuse	Feedback
Transformation	Feedback
Discretionary Housing Payments	Complete – Reasonable Assurance
Cash and Bank	Complete – Substantial Assurance
Capital Strategy, Planning and Monitoring	Complete – Reasonable Assurance
Sickness Management	Complete – Reasonable Assurance*
Appraisals	Complete – Reasonable Assurance*
Procurement Fraud and Corruption Risk Assessment	Complete - Advisory
Members’ Induction	Complete - Advisory

Procurement of IT Services (ongoing consultancy)	Complete - Advisory
Public Health Covid-19 Response – Lessons Learned	Complete – Reasonable Assurance
Placements (Adults’ Residential)	Complete – Reasonable Assurance*
Assistive Technology	Proposed to Cancel
Adult Social Care Referral and Assessment Process	Complete – Reasonable Assurance*
Quality Assurance Framework – Adults	Complete - Advisory
Bromley Virtual School	Complete – Reasonable Assurance*
Quality Assurance Framework – Children’s	Complete – Reasonable Assurance
Adult Education	Complete – Reliance placed on Peer Review*
Schools Rolling Programme	Edgebury Primary School complete – Reasonable Assurance
Planning Applications	Complete – Reasonable Assurance
Operational Property Review	Complete – Advisory*
Capital Schemes – Project Management (Housing)	Draft Report Issued
Housing Allocations	Complete – Limited Assurance
Highways – Management of Major Works	Fieldwork
Parks and Grounds Maintenance	Complete – Limited Assurance
Net Zero	Complete – Reasonable Assurance
Complaints	Complete – Reasonable Assurance*
Staff Well-being	Proposed to defer to 2023/24
Gifts and Hospitality / Declarations of Interest	Feedback
Revenue Budget Monitoring	Complete – Reasonable Assurance*
Mayor’s Charity	Complete – Advisory*
Social Care System – Implementation Review	Proposed to defer
Oracle HR Project (including Payroll)	Complete - Advisory
Discharge to Assess	Fieldwork
Domiciliary Care	Fieldwork
Quality of Placements (External) – Children’s Social Care	Complete – Reasonable Assurance*
Governance of Partnerships (Housing Schemes)	Complete – Reasonable Assurance*
Housing Options Follow Up	Complete*
Mandatory Houses of Multiple Occupation Licensing	Complete – Reasonable Assurance*
Parking Income	Fieldwork to restart in July 2023

3.7 Internal Audit Outcomes

3.7.1 Our audit opinion this year includes 23 pieces of work that were given a formal assurance opinion. **Chart 1** below shows an overall breakdown of these opinions and **Chart 2** provides a breakdown of the previous year’s opinions (2021/22) for comparison.



3.7.2 Overall in 2022/23, 83% of audits received ‘Reasonable’ assurance and a further 4% received ‘Substantial’ assurance (the highest rating). This means that overall, 87% of audits received ‘Reasonable’ or higher, compared to 77% in 2021/22. This is a solid set of results which indicates that overall, controls are in place to manage the risks reviewed as part of our audits. Whilst the proportion of ‘Substantial’ audits is lower than in 2021/22, this is not unduly concerning as our Audit Plan in 2022/23 consisted mainly of areas that either had not been audited for some time or had not been audited at all. Half of the audits which received ‘Substantial’ assurance in 2021/22 had been subject to frequent audit review. Consequently, we would expect control weaknesses identified through earlier reviews to have been addressed and thus residual unacceptable risk to be minimal. Furthermore, the proportion of ‘Limited’ assurance audits is lower in 2022/23 than in 2021/22.

3.7.3 Both assurance and advisory work this year, together with our own observations of the organisation, has found that governance arrangements are generally adequate and effective. Audits which specifically reviewed governance or strategic decision making including for example ‘Governance of Partnerships’ (Housing Schemes) and ‘Net Zero’ received ‘Reasonable Assurance’. We have also reviewed governance structures for the Operational Property Repair Programme, which were largely sound in design, and officers adopted all of our suggestions for further enhancement. The ‘Public Health Covid-19 Response – Lessons Learned’ audit highlighted good cross-Council working as well as good partnership working with external agencies.

- 3.7.4 **Diagram 1** on page 9 shows how the assurances provided by individual audits map to the organisation's strategic objectives (Ambitions). Some audits appear more than once, where they cut across different Ambitions. The diagram shows that we have provided assurance across the broad range of objectives, including Ambition 1, which in 2021/22 had less coverage.
- 3.7.5 Core Authority-wide functions and systems such as those related to finance and personnel are essential enablers to deliver the overarching objectives of the Council. All of our audits in these two areas received 'Reasonable' or 'Substantial' assurance. Further, our grant assurance work did not identify any significant issues and we were able to confirm for all grants reviewed that the terms and conditions of the grant had been met. The Council has recognised as part of the Annual Governance Statement that delays to signing off the accounts (2019/20 was signed off in April 2023 and 2020/21, 2021/22 and 2022/23 remain in progress) together with ongoing financial pressures remain significant issues. There are actions in place to address these which are set out further in the Annual Governance Statement, provided as a separate agenda item.
- 3.7.6 Where we have undertaken assurance work, we have given 'reasonable' opinions in relation to Ambition 1 (Our children thrive and flourish into adulthood) and Ambition 2 (Our adults enjoy fulfilling and success lives). We have also considered the outcomes of other independent reviews (Adult Education and Virtual School) in these areas, which demonstrate that the services welcome opportunities to learn and improve. With regard to Ambition 2, in addition to our assurance work, we undertook an advisory piece on the Adults Quality Assurance Framework (which was in the process of being re-designed and re-launched) and made recommendations to enhance the coverage, process and oversight of this framework. It is important that this framework is progressed as priority in order to ensure continuous improvement and that outcomes, at service and case level, are as desired.
- 3.7.7 The assurance opinions provided across Ambitions 3 (Our families, business and communities thrive) and Ambition 4 (Our borough is safe, clean and sustainable for the future) are slightly more mixed. Under Ambition 3, whilst most audits were advisory or 'reasonable', we issued one 'Limited' opinion in relation to Housing Allocations. The reason for the 'Limited' opinion was a Priority 1 recommendation around counter fraud controls and this is discussed further in paragraph 3.8.10. We issued two 'Limited' opinions under Ambition 4; both of these related to contract issues and these are discussed further in paragraph 3.8.5.

Risk Management

- 3.7.8 **Diagram 2** on page 10 maps audit coverage against the Corporate Risk Register (reported as a separate item on this agenda). Our audit work cannot, of course, cover all controls under the listed risks but the mapping highlights where Members may gain some assurance on the management of key risks through our work. We have undertaken specific audits relating to three of the eight 'High' risks and follow up work in relation to a fourth. Coverage is planned for a further three as part of the April – October 2023 Internal Audit Plan as agreed by Members of this Committee in March 2023.
- 3.7.9 During the 2022/23 financial year, the Corporate Risk Register has been reviewed by Chief Officer Executive and Corporate Leadership team quarterly and there have been several amends as a result (see Risk Management presented as a separate item). Departmental risks are owned by Chief Officers and have been scrutinised by the relevant Policy, Development and Scrutiny Committee. The Risk Management Framework was last reviewed in 2018 and therefore is now overdue an update to ensure that it remains fit for purpose. This will form part of our work plan in 2023/24.

Diagram 1 – Making Bromley Even Better

Key

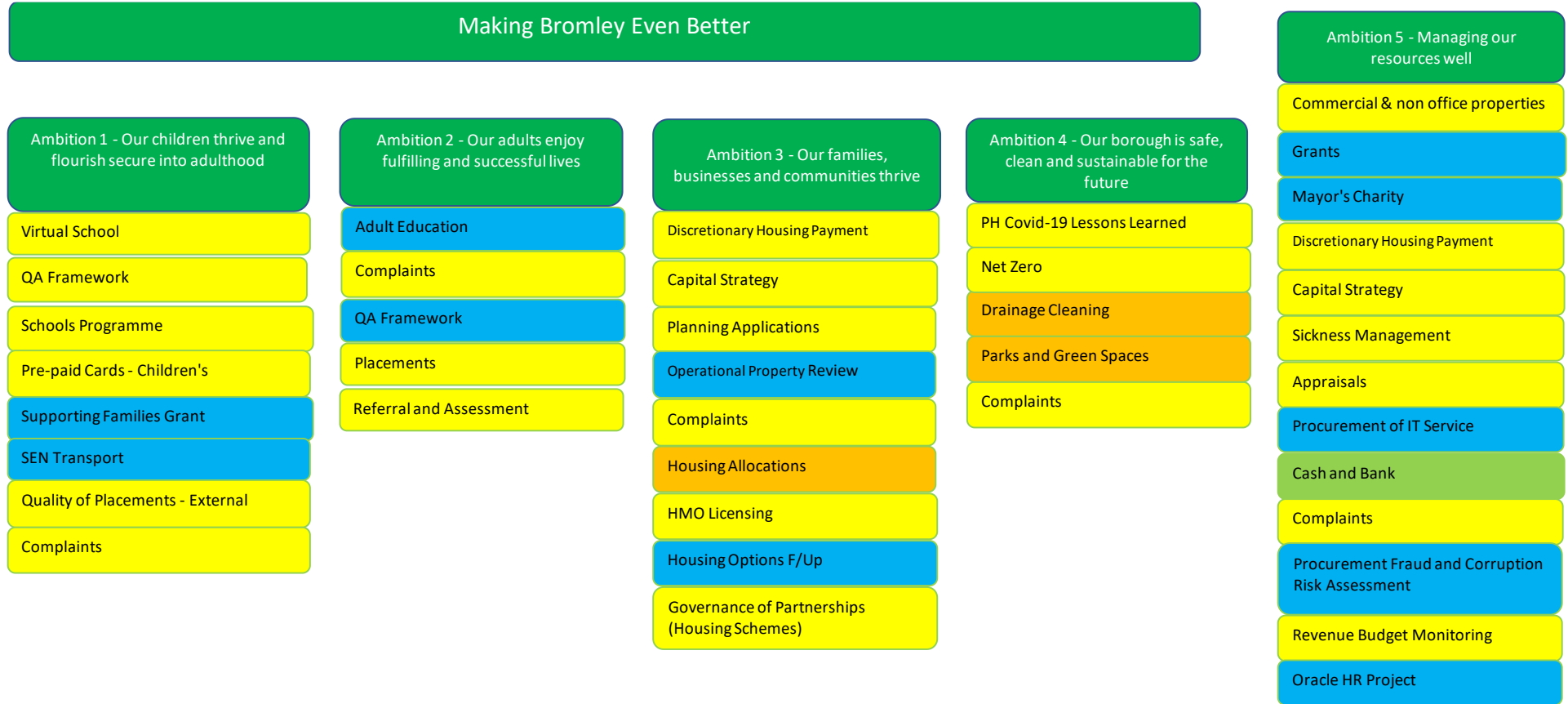


Diagram 2 – Corporate Risk Register

Risk	Current Net Rating	Audit Coverage 2022/23	Audit Outcomes 2022/23
Failure to deliver a sustainable financial strategy	20 (High)	Transformation Capital Strategy Revenue Budget Monitoring	Feedback Reasonable Assurance Reasonable Assurance
Ineffective governance and management of contracts	8 (Medium)	Procurement Fraud Risk Assessment Highways Major Projects Parks and Green Spaces Drainage Cleaning	Advisory - No significant issues identified Fieldwork Limited Assurance Limited Assurance
Failure to maintain and develop IT information systems	8 (Medium)	Procurement of IT Service	Advisory - No significant issues identified
Cyber Attack and failure to comply with GDPR	15 (High)	Audits of GDPR and of Cyber Security undertaken in 2021/22 followed up in 2022/23	GDPR – P1 Recommendation Closed Cyber Security – P1 recommendation closed
Failure to maintain robust BC and EP arrangements	8 (Medium)	As part of every contract review, we consider supplier BC arrangements	No significant issues identified to date
Failure to deliver effective Children's Services	10 (Significant)	Quality Assurance Framework Virtual School Bromley Quality of External Placements	Reasonable Assurance Reasonable Assurance Reasonable Assurance
Temporary Accommodation	16 (High)	Housing Options Follow Up HMO Licensing Governance of Partnerships (Housing Schemes)	Complete Reasonable Assurance Reasonable Assurance
Failure to deliver Transforming Bromley	15 (High)	Transformation	Feedback
Climate Change	8 (Medium)	Net Zero	Reasonable Assurance
Health and Safety (Fire and First Aid)	15 (High)	<i>None – Health and Safety audit in 2023/24</i>	NA
Homes for Ukraine and other Refugee programmes	16 (High)	Advisory work as required. Homes for Ukraine audit in 2023/24	No significant issues identified to date
Capital Financing Shortfall	12 (Significant)	Capital Strategy Housing Capital Schemes	Reasonable Assurance Draft Report Issued
Operational Property Repair (2x risks – Budget and Building Failure)	12 (Significant)	Operational Property Review	Advisory - No significant issues identified
Recruitment and Retention	16 (High)	<i>None – Audit in 2023/24</i>	NA
Move to Direct Line Building	16 (High)	<i>None – Risk added in 2023/24 financial year</i>	NA

3.8 Recommendations Raised and Themes Emerging

3.8.1 In total, we raised 112 recommendations across our audits (excluding advisory work) in 2022/23. Relevant managers agreed actions in response to all of these. Analysis of the recommendations we raised and their root causes has highlighted the following themes:

Policies and Procedures

3.8.2 As in 2021/22, we continued to raise recommendations for creating or updating policies and procedures. Whilst audit clients can often see this as simple 'housekeeping', reviewing policies to ensure they remain fit for purpose is particularly important in light of the significant internal and external changes and events that have taken place since 2020. Some policies had not been reviewed since pre-pandemic and consequently, either did not contain sufficient controls for current working practices or contained controls and processes that were redundant or no longer appropriate.

3.8.3 Ensuring that policies and procedures keep pace with developments will remain important as the Council continues its drive towards digitalisation in preparation for the office move. Rapid digitalisation and associated process changes may increase the risk that control design is not given sufficient attention. Reviewing policies and procedures also provides opportunities for process efficiencies and improvements.

Procurement and Contract Management

3.8.4 We have not raised any significant issues relating to Procurement this year and there is a strong Procurement function within the Council which undertakes pro-active work to encourage and ensure compliance with relevant legislation. We have found when undertaking contract management audits that contract management structures are in place with meetings held at an appropriate frequency.

3.8.5 However, we have also issued two 'Limited' assurance audits and four 'Priority 1' recommendations with regard to contract management. These have covered the performance frameworks in place, availability of documentation to support contractual decisions and lack of clarity around the client monitoring function. The Assistant Director – Governance and Contracts is currently re-writing the commissioning training for officers to include sufficient focus on contract management, which should assist contract owners to effectively manage their contracts. However, it is also emerging that contract management is to an extent becoming more complex as suppliers are faced with pressures resulting from the current economic climate, including resourcing difficulties and inflation. As a Commissioning Authority, the Council will need to ensure it is prepared for the risks and issues arising from these pressures.

Information Governance and Information Systems

3.8.6 We worked alongside officers to provide advice and support during the re-procurement of the IT service and we found the process and oversight to be robust. During the 2022/23 financial year, we also closed as implemented three Priority 1 recommendations from previous years relating to IT or Information Governance.

3.8.7 Discussions with staff throughout the organisation and observation of working practices has highlighted that some operational pressures have been exacerbated by aspects of new information systems not working as intended. For example, there have been residual issues with the Social Care System, including the finance module, and the budget monitoring system was not available to budget managers in the 2022/23 financial year. It will be important that the Council undertakes 'lessons learned' exercises for these key systems to ensure that any learning can be applied to future system roll-outs.

Reconciliations

- 3.8.8 As in 2021/22, we raised recommendations to ensure that reconciliations take place to compare actual to expected, or to ensure that information held on different systems aligns. Reconciliations are an important control measure to identify and investigate any potential fraud or to identify and correct errors. For example, during one of our audits we found a batch of payments that had not been made as instructed. Whilst the original error was made by a contractor, it had not been identified by Council officers as there was no process of reconciliation in place.

Training

- 3.8.9 The Council has a good internal training offer, covering core areas for both staff and managers. The Council has also identified, and publicises, training that is mandatory for staff and for managers. However, a key theme from our work this year has been low levels of compliance with mandatory staff training. The Council should therefore consider how compliance can best be improved for this type of training.

Counter Fraud and Corruption Controls

- 3.8.10 We have raised two Priority 1 recommendations to strengthen counter fraud arrangements, plus other Priority 2 and 3 recommendations. In the main, these seem to result from insufficient awareness of fraud risks. Whilst service managers are responsible for managing fraud risks within their services, we recognise that Audit and Assurance has an important role to play in promoting fraud awareness. We have undertaken some fraud awareness in 2022/23 and are developing this further in 2023/24. Fraud risks are always heightened during economic downturns and so the ability of staff to prevent and detect fraud is even more important in the current climate.

Quality Assurance

- 3.8.11 As in 2021/22, we have made recommendations to implement or improve quality assurance arrangements. These are important to drive continual improvement and ensure that areas of weakness are addressed, as well as good practice highlighted and shared. A common theme across recommendations is ensuring that where deficiencies or learning points are identified, that there is sufficient governance, oversight, accountability and traction to ensure that these are progressed through to closure, or an acceptable level of improvement.
- 3.8.12 Similarly, mechanisms to assure on the quality and accuracy of data were not consistently in place, which meant that data reviewed was not always accurate or up to date. In some instances, this was because information was held on contractor or partner systems and not readily available or reconciled to LBB systems (please also see paragraph 3.8.8).

Staff and Resources

- 3.8.13 Staff / managers cited lack of resources as a root cause for some issues that we raised during our work. We note that 'Recruitment and Retention' has been identified as a risk on several Departmental Risk Registers and has also now been added to the Corporate Risk Register with a net 'High' score. Ensuring that systems support efficient working (see paragraph 3.8.7) will assist with pressures on staff time, as will progressing digital ways of working and ensuring that processes are fit for purpose (see paragraphs 3.8.2 and 3.8.3). However, it will also be important that the Council progresses with its planned well-being agenda to ensure that staff feel fully supported at work.

3.9 Follow-up of Recommendations Raised

- 3.9.1 In 2022/23 we introduced a programme of follow up for all recommendations raised (our focus in previous years was Priority 1 recommendations only). Follow up work, monitoring and reporting are proportionate to the level of risk and we undertake more follow-up testing for higher risk recommendations. Priority 1 recommendations are attached due significance from Senior Managers, with quarterly updates presented to Chief Officer Executive and Corporate Leadership Team.
- 3.9.2 Consequently, the majority of Priority 1 recommendations have been progressed in a timely manner with risks accordingly reduced. Within the 2022/23 year, we raised six Priority 1 recommendations and we have already closed three of these. Progress has been made against the remaining three. One Priority 1 recommendation (data centre) remains open from the 2020/21 financial year but, as we have now closed the SEN and Cyber Security P1 recommendations, there are no other Priority 1 recommendations outstanding from previous years. The full list of Priority 1 recommendations that were open as at the previous Audit and Risk Management Committee and their current status / progress is shown in **Appendices C and F**.
- 3.9.3 **Appendix D** provides a summary status of all the Priority 2 and 3 recommendations that were due to be followed up in Quarters 3 and 4 of the 2022/23 financial year. In total, 79% of recommendations due have been implemented. For reference, although there is no KPI for implementation of audit recommendations in 2022/23, the Council's target for the 2023/24 financial year that we have agreed with Members is 80%, so the current result is broadly as desired.

3.10 Counter Fraud and Investigations

- 3.10.1 Internal Audit works in partnership with the Royal Borough of Greenwich in respect of Counter Fraud Investigations. A detailed summary of referrals made and work undertaken in 2022/23 is provided in the Fraud Progress report as a separate agenda item. There were no reported cases of internal fraud and no staff whistleblowing. Three members of the public contacted Internal Audit directly with concerns, two of which related to procurement decisions. We reviewed both of these cases and found no impropriety or other significant issues. The third complainant did not provide sufficient detail for us to investigate, and did not respond to further requests for information, consequently this was closed as 'no further action'.
- 3.10.2 Pro active counter fraud work (please see the Fraud Progress report for further information) on Small Business Rate Relief has identified several businesses in receipt of this relief that may not be eligible. The investigators' review of these cases highlighted that controls in place to identify incorrect reliefs applied were neither adequate nor effective. Further, the review found that some information provided to the Council's contractor had not been actioned, resulting in relief continuing beyond entitlement. The Council's Contract Manager has put additional monitoring and quality assurance checks in place to prevent re-occurrence.

3.11 Advisory Work including Government grant schemes

- 3.11.1 As in 2021/22, much of our additional advisory work in 2022/23 was related to Government grant schemes although the bulk of the work was related to the Council Tax Energy Rebate rather than Covid schemes. We undertook bank account verification checks via the Government's designated Counter Fraud tool (Spotlight) for eligible households who did not pay Council Tax by Direct Debit and processed approximately 17, 000 checks across the mandatory and discretionary elements of the scheme.
- 3.11.2 London Borough of Bromley was required by the Department of Business, Energy, Industry and Skills (BEIS) to undertake post-payment assurance checks across the various Covid grant

schemes. As reported to the March 2023 Audit and Risk Management Committee, in conjunction with the Revenues and Benefits Manager and their team, we reviewed over 40 businesses across seven different grant schemes. We did not find any indication of fraud or error within the sample. However, our work on SBRR (paragraph 3.10.2) has identified a few businesses who may have incorrectly received the Covid Small Business Grant (because they were not entitled to SBRR on which eligibility for this grant was based) and, where this is proved to be the case, the Council will seek repayment of the grant.

3.11.3 Throughout the year, Internal Audit has provided advice on an ad-hoc basis as requested, including in relation to Homes for Ukraine, grant application processes and specific controls within the new finance system. Officers have accepted our advice and there are no significant unmitigated risks arising from our ad hoc work that would impact on the annual opinion.

3.12 Head of Audit – Annual Opinion

3.12.1 Taking into account the information presented in this report, my overall opinion for the 2022-23 financial year is that there is “**Reasonable**” assurance over systems of risk management, governance and control. The scale of opinions is provided in **Appendix B** where “Reasonable” is defined as “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.”

3.13 Public Sector Internal Audit Standards (PSIAS) and Quality Assurance

3.13.1 Audit and Risk Management Committee has an important oversight role in the quality and effectiveness of Internal Audit. Members of the Committee must assure themselves that Internal Audit makes a valuable contribution to the organisation’s governance and that stakeholders can place reliance on its conclusions.

3.13.2 To facilitate this quality oversight role, Internal Audit is required by professional standards to maintain a Quality Assurance and Improvement Programme, containing a mixture of mechanisms to assess its quality, achievement of objectives and compliance with professional standards. These arrangements consist of an annual self-assessment of the service against professional standards, key performance indicators, client satisfaction questionnaires and an external assessment (EQA) at least once every five years by a suitably qualified, independent assessor. In March 2022, Audit Sub Committee agreed that the EQA in 2022/23 would be undertaken through the London Audit Group, as a peer review.

3.13.3 The EQA has now taken place and the full report is attached at **Appendix E**. Overall, the assessor concluded that the service is ‘generally conformant’ with 103 areas and ‘partially conformant’ with 20. This does demonstrate an upward direction of travel since the position reported in June 2022, when I assessed that the service was ‘generally conformant’ with 90 areas and ‘partially conformant’ with 33. However, as a result of the areas of partial conformance, we are still ‘partially conformant’ with the Standards overall.

3.13.4 A key theme for further improvement is the need for structured and effective processes for skills development as this will enhance conformance with eight of the standards that we are currently only partially conforming with. This work is underway as we have completed a skills assessment against professional competencies and identified training required, with some of this training delivered internally or dates arranged. However, we need to ensure that development needs identified as a priority are met in a timely manner and that there is an ongoing cycle of continued professional development for all staff.

3.13.5 A further three standards where we are ‘partially conformant’ relate to the independence of internal audit within the organisation. On balance, I do not consider these to be materially detrimental to our independence overall for 2022/23, as they are related to improving safeguards for Internal Audit rather than identifying issues that have occurred in the year. For

example, the reference within the Head of Audit and Assurance’s job description to updating financial regulations needs to be removed but in practice, this responsibility had already transferred away from Internal Audit. Nonetheless, in conjunction with the Director of Finance, we will address these areas as they remain important.

- 3.13.6 Other areas relate to clarification on disparate parts of the internal audit process, which can largely be achieved through revising and updating our procedures. This work is already underway and will be complete by the end of August 2023.
- 3.13.7 The full EQA report at **Appendix E** provides the summary assessment listed by individual criteria (pages 8-18), a progress update on the action plan first developed in June 2022 following our original self-assessment (pages 21-24) and our responses to the additional recommendations made by the assessor (pages 25-26). The only recommendation that we have been unable to implement is moving preparation of the Annual Governance Statement away from Audit and Assurance. However, we will keep this responsibility under review and Internal Audit is only responsible for the co-ordination and not the content of the Annual Governance Statement. Individual sections of the AGS are prepared by the most appropriate manager within the Council.
- 3.13.8 We will continue to report progress against the action plan periodically to this Committee until the actions are closed.
- 3.13.9 We routinely issue client satisfaction questionnaires at the end of every audit, however we have only received three responses in the past financial year. Whilst these responses provided positive feedback and did not highlight any areas for concern, the small return rate is not sufficient for us to gauge the value added by our work or to identify any process improvements.
- 3.13.10 However, as part of the EQA process, the assessor sent a survey to all of Corporate Leadership Team and received 19 responses. The assessor also interviewed three members of Chief Officer Executive. The quantitative survey responses are shown in the chart on page 20 of the EQA Report (**Appendix E**). These were mostly positive, with the majority of colleagues responding that they “fully” or “generally” agreed with each of the statements. Three statements received a higher proportion of ‘partially agree’ than the others (16%) and these related to the quality of recommendations made by Internal Audit and the potential to provide greater insight in order to add more value. Some further comments made by CLT related to sharing knowledge of learning and best practice across the Council and also a desire for Internal Audit to become involved in risky projects at an earlier stage. We will review all of the comments and feedback as a team to consider how we can incorporate these into our working practices going forwards.
- 3.13.11 Key Performance Indicators (KPIs) for the Internal Audit Service are shown in **Table 2** below. Members are asked to note that although the Committee agreed new KPIs for the service in March 2023, these new KPIs apply from the 2023/24 financial year and therefore for 2022/23 we are still reporting against the previous KPIs.
- 3.13.12 The KPI out-turns for 2022/23 show that overall, managers have accepted internal audit recommendations and that we have followed up all of the Priority 1 recommendations that have fallen due in the time period. The percentage completion of the Plan is just at target. We are currently considering as a team how we can work more efficiently to improve completion in 2023/24.

Table 2 – Key Performance Indicators

Description	Target	Out-turn for 2022/23
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Percentage of audit plan delivered*	90%	90.82%
Percentage of P1/P2 & P3 recommendations accepted at final report stage	95%	100%
Percentage of P1 recommendations followed up	100%	100%
Completion of Internal Audit Annual Report and Opinion	By July Audit and Risk Management Committee	Achieved
Completion of Internal Audit Plan for Audit Sub Committee Approval	By March Audit and Risk Management Committee	Achieved

* This is the number of audit days completed by the publication of Committee papers as a percentage of planned days (adjusted for those where we have requested formal deferral / cancellation in paragraph 3.6.2).

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

Some of the findings identified in audit reports will have implications for both adults and children in respect of audits that have been undertaken in both Adult and Children's Services.

5. **TRANSFORMATION/POLICY IMPLICATIONS**

Some of the findings identified in the audit reports may have policy implications.

6. **FINANCIAL IMPLICATIONS**

Some of the findings identified in the audit reports may have financial implications.

7. **LEGAL IMPLICATIONS**

Under the Accounts and Audit Regulations 2015, the Council is required to maintain an effective internal audit function to provide assurance on the effectiveness of risk management, control and governance processes, taking into account public sector internal auditing standards and guidance. The Annual Opinion is a requirement of these standards.

8. **PROCUREMENT IMPLICATIONS**

Some of the findings identified in the audit reports may have procurement implications.

Non-Applicable Headings:	Personnel Implications Property Implications Customer Impact Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Ward Councillor Views.
Background Documents: (Access via Contact Officer)	None

Appendix A – Audit Summaries

Sickness Management (fieldwork Quarter 3 2022/23)

Audit opinion	Reasonable
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The audit reviewed the adequacy and effectiveness of the Council's management of sickness absence, including returning to work and reporting arrangements.

Our audit highlighted areas of good practice and sound controls including that managers were aware of the Managing Employee Ill Health Procedure and were confident to keep in touch with members of staff during of sickness absences by various methods. Recommendations made by Occupational Health had been actioned by line managers.

Our review found however that the 'Managing Employee Ill Health Procedure' was last reviewed in 2020 and requires updating to ensure alignment with current desired practice. Not all managers had completed the mandatory sickness management training and 'return to work' forms had not consistently been completed or retained.

There were also some data quality issues across a small number of cases including incorrect line manager detailed on the system, sickness absence not entered timely or no reason provided for sickness absence.

We made five priority 2 recommendations and three priority 3 recommendations as set out in the table below.

All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Procedures	2	Yes
Training	2	Yes
HR Management System	2	Yes
Key Performance Indicators	3	Yes
Contract Monitoring	3	Yes
Return To Work	2	Yes
Audit Trail	2	Yes
Reason For Absences	3	Yes

Governance of Partnerships - Housing Schemes (fieldwork Quarter 4 2022/23)

Audit opinion	Reasonable
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The overall objective was to review the adequacy of governance arrangements to ensure these cover all key risks and liabilities and can provide assurance that the partnerships are delivering their objectives.

Our audit highlighted areas of good practice and sound controls. We found that the Governance structure is set out in the Limited Liability Partnership Agreement suite of documentation. Executive and Operational Board meetings are held regularly and the format is structured. Minutes and supporting papers are available. A suite of Key Performance Indicators is in place and risks to the schemes are documented and kept under review.

Lessons learnt from Phase 1 have been implemented to accelerate the conveyancing process and progress is monitored.

However, we noted that neither of the schemes reviewed benefit from the ongoing Monitoring/Oversight equivalent of a Contract monitoring function to ensure that all duties are discharged and standards are met.

Understanding is not consistent as to the parameters of the Operational Board's responsibility and escalation process, specifically that for Key Performance Indicator outturns.

We also identified that the LBB Executive Board members do not currently satisfy themselves, on an annual basis, that all relevant insurance policies are in place with an acceptable level of cover and that premiums have been paid to date.

We made one priority 2 and one priority 3 recommendation to improve the framework of controls as set out in the table below.

Both recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Governance – Roles and Responsibilities	2	Yes
Governance – Record Keeping/Good Practice	3	Yes

Houses of Multiple Occupation (HMO) Licensing (fieldwork Quarter 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to review the effectiveness of controls over the management and oversight of Houses of Multiple Occupation.

There is a Housing Enforcement Policy in place which outlines the obligations of the Housing Team concerning Housing complaints, including procedures regarding HMO properties. There is also sufficient guidance available to tenants and landlords on the Council's website.

In all cases sampled, the correct fee had been received before the license was processed. We did note however that there is currently no reconciliation between the licensing system and the financial system to identify any missing or inaccurate payments. Testing further identified a small number of cases where a refund had not been processed for applications that had been refused.

In order to ensure that licenses are appropriately issued, independent secondary check should be undertaken at two key decision points (proposal to license and decision to license). In approximately half of cases, evidence of this quality assurance process had not been retained. We also found that in three out of ten cases sampled, evidence of the license signed by the approver had not been saved on the licensing system.

We have raised four priority 2 recommendations, all of which have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Approval of HMO Licenses	2	Yes
Reconciliations	2	Yes
Refunds	2	Yes
Independent secondary checks	2	Yes

Revenue Budget Monitoring (fieldwork Quarter 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to assess the adequacy and effectiveness of internal controls regarding revenue budget monitoring practices.

We found that Financial Regulations contain sufficient information on accounting arrangements relevant to budget monitoring. This includes strategic responsibilities, system and procedures and the scheme of virement.

There is a budget monitoring timetable in place which sets out the information and sign offs required before reports are presented to the relevant Committee. The sample of budget monitoring reports to Members that we reviewed displayed frequent and informative budget reporting to assist Members in understanding the financial landscape of the Council and therefore to make decisions.

During the course of the 2022/23 financial year, the budget monitoring module of the Council's financial system was not available to budget managers and consequently, alternative workarounds were in place. We found that further support and guidance to budget managers during this period would have been beneficial, in addition to more standardised processes across the Council. We also found that 4 of our sample of 5 new budget managers had not attended the mandatory budget management course.

We have raised two Priority 2 recommendations, both of which have been accepted by management.

Recommendation	Priority	Recommendation accepted?
New budget holder training records	2	Yes
Budget tools	2	Yes

Complaints (fieldwork Quarter 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to review the effectiveness of controls over the management and oversight of complaints. The scope of the audit was authority wide.

We found that overall, the framework was well-designed. Sufficient information is available to both public and staff, albeit the Complaints Policy was last reviewed in 2017.

There are also clear lines of accountability and reporting. All complaints reviewed had an allocated officer and weekly status reports are sent to service areas across the Council. Quarterly reporting to Leadership Team includes detailed data and analysis of lessons learned.

The Council deals with Environment and Public Protection (EPP) complaints separately to Corporate Complaints, although there is a singular quarterly report covering both.

There were some inconsistencies in the way that cases were handled between the two areas and some cases sampled where the process set out in the policy had not been fully followed. For EPP, this included that the majority of cases sampled had not been acknowledged within three working days. Across all areas, whilst the majority of cases had been responding to within, or shortly after, 20 working days, there is a need to ensure that a holding reply is sent where the full response will take longer than 20 working days. There were also some cases where data held on the system, in terms of dates, did not align to the underlying information. We have raised recommendations to address all of these inconsistencies.

In total we made five Priority 2 recommendations and two Priority 3 recommendations, as set out in the table below. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Recording of EPP Complaints	2	Yes
Neighbourhood Management Complaints Acknowledgement	2	Yes
Recording and Acknowledging Complaints - Corporate	2	Yes
EPP Responses	2	Yes
Corporate Complaints and Ombudsman Responses	2	Yes
Review of Corporate Complaints Policy	3	Yes
Neighbourhood Management Log	3	Yes

Virtual School (fieldwork Quarters 3 and 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to review the Council's arrangements for using the Pupil Premium Plus (PP+) funding for looked-after children (LAC), provision of information and advice to children previously looked after and information sharing and security.

We placed some reliance on an independent review carried out prior to our fieldwork. This identified a number of strengths including high quality Personal Education Plans (PEPs), good use of data to inform practice and strong support provided to schools which is valued by headteachers and which has helped improve attendance.

Virtual School staff demonstrated that they robustly monitor school attendance for children with a Child Protection Plan and evidenced appropriate action they had taken where their review of attendance data highlighted concerns.

Pupil Premium Plus (PP+) funding was spent in accordance with the statutory guidance published by the DfE and there is a robust process in place to assess whether PP+ should be paid directly to the school for individual LAC. Grant funding for the extension of the Virtual School Head role to all children with a social worker had been spent in accordance with DfE guidance and the Council had complied with associated reporting conditions.

However, we identified that PP+ payments had not been made to schools for In-Borough Looked After Children for the Summer term 2022 and this omission had not been identified by the Schools Finance service provider or the Council. (This has now been rectified).

There are also insufficient controls in place to ensure that vouchers issued to purchase laptops for children are fully spent in accordance with the intended purpose, and there was insufficient evidence to support that one to one tuition had been delivered as invoiced and paid for one child in our sample.

We made three priority 2 and two priority 3 recommendations to improve the framework of controls as set out in the table below. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
PP+ payment process	2	Yes
Laptop Vouchers	2	Yes
Tuition for LAC	2	Yes
Website	3	Yes
Information security arrangements	3	Yes

Referral and Assessment (fieldwork Quarters 3 and 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to review the referral and assessment process to ensure clients' needs are effectively assessed and addressed to achieve personal outcomes.

Our audit highlighted areas of good practice and sound controls. There is a designated performance team to generate system reports and data is reconciled to ensure all cases are accounted for. There are formalised working groups to discuss and monitor performance reports. The Operating Procedures were finalised in January 2023 and online practice guidance is available to all staff.

For the Initial Contact Team (ICT) we found that there were no specific procedures, there was a lack of clarity around the completion of the contact template, not all ICT activity was captured and there was no process to monitor quality and consistency.

An exception report highlighted a significant number of cases where ‘temporary’ data, such as Date of Birth and postcode, was held. We passed this to the service to review and cleanse the data.

There was no evidence that the Full Care Act Assessment (FCAA) had been shared with the service user for 16 out of 20 FCAAs tested. We also found sections in the FCAA that lacked clarity, specifically the start and end dates which limited effective monitoring of assessment targets. We also identified that some teams are still using standalone spreadsheets to monitor assessments pending rather than the system.

We made seven Priority 2 recommendations, all of which have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Initial Contact Team (ICT) – Procedures	2	Yes
ICT – Capturing activity and performance	2	Yes
ICT – Address checker, basic demographic information and GDPR	2	Yes
Full Care act Assessment (FCAA) – Issue of completed assessments to the service user	2	Yes
FCAA -Dates and Authorisation	2	Yes
FCAA – Checks and ambiguous questions	2	Yes
Allocations pending and reconciliation	2	Yes

Adult Social Care Residential Placements (fieldwork Quarters 3 and 4 2022/23)

Audit opinion	Reasonable
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The overall objective of the audit was to review the effectiveness of controls for the placement of adults in residential care, to ensure that placements are made timely, taking into account the needs and wishes of the client whilst also being cost effective.

We found that prior to making a placement the client’s needs and wishes are considered as part of the assessment process and residential care was the

appropriate option, following assessment. There was sufficient information in the assessment and any specific health needs, or conditions, had been identified.

Furthermore, procedures for the Central Placement Team to follow are available on the Team's Sharepoint site, with a named owner and future review date.

Our review highlighted the following areas for development:

- Identifying and addressing any placements which have not been made timely.
- Ensuring that the client's family are made aware of the placement process and arrangements for paying for care.
- Recording information on the social care system, including identifying and escalating actions required.
- Reviewing the due diligence process for engaging new providers of residential placements and deciding where the information on checks carried out should be stored.
- Reviewing the accuracy, completeness and availability of information about current and previously used residential care providers.

In total we made five Priority 2 recommendations to improve the framework of controls, as set out in the table below.

All the recommendations made were accepted by management.

Recommendation	Priority	Recommendation accepted?
Placing clients timely	2	Yes
Explaining the placement process to the family prior to the placement	2	Yes
Accuracy of information recorded, and action taken, including escalation procedures	2	Yes
Procedures and checks when engaging new providers for residential placements	2	Yes
Accuracy and completeness of the records of providers	2	Yes

Appraisals (fieldwork Quarter 4 2022/23)

Audit opinion	Reasonable
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The objective of this audit was to review the effectiveness of the appraisals process, including the quality of appraisals undertaken.

Our audit highlighted areas of good practice and sound controls. The sample of staff we interviewed who had an appraisal in the last 12 months confirmed that they were

satisfied with the discussion at their appraisal meeting which included performance assessment of previous objectives and feedback, objective setting, and identification of training and development needs.

An appraisal framework is available with written guidelines to ensure the relevant areas are covered and training is available to both staff and managers on the appraisal process. All managers and staff are required to complete mandatory 'Discuss' training as part of the Council's induction process and every two years after that. However, Learning and Development, on interrogation of their systems, advised that a number of staff and managers have not completed the training in last two years.

Appraisals had not been completed for 25% of staff in our sample in the last 12 months. Of the appraisals completed, some managers did not record the appraisal outcome on the HR system and some managers did not confirm if they had recorded the outcome on the HR system.

The HR system that was in place at the time of our audit had limited functionality to record appraisal outcomes, retain appraisal documents and report on completion of appraisals.

Some discrepancies were also noted between the online training and the Discuss guidance.

We made five priority 2 recommendations to improve the framework of controls as set out in the table below. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Training content	2	Yes
Guidance	2	Yes
Recording and reporting of appraisals on the HR system	2	Yes
Completion and recording of Appraisal	2	Yes
Training completion	2	Yes

Quality of Placements (External) – Children’s Social Care (fieldwork Quarter 1 2023/24)

Audit opinion	Reasonable
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The overall objective of the audit was to review how the Council receives assurance on the quality of Children’s Social Care external placements. Our testing focussed on Semi-Independent and Residential Care Placements.

Our audit highlighted areas of good practice and sound controls. We found that Placement Commissioning Checklists and Trackers were available for all cases sampled and the process for ensuring ratification of the placement at Panel is effective.

Reporting on Quality Assurance site visits as part of the Compliance function is comprehensive. Action Plans are agreed with the provider and a follow up process is in place.

However, we could not evidence the ‘Golden Thread’ through the Quality Assurance Framework functions to ensure the adequacy of the Framework as a whole and that there is no duplication or gaps in the checks required. Sample testing identified some gaps where we could not evidence that checks had either been completed or deemed as not relevant.

We noted that the Procedure notes for the function were last updated on 5th June 2019 were at high level and consisted primarily of flow charts. Additionally they do not include the more recent Contract Compliance function. We do, however, acknowledge that the department has identified this as an area for further development.

We made two priority 2 recommendations to improve the framework of controls as set out in the table below. Both of these have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Governance and Quality Assurance	2	Yes
Policy and Procedures	2	Yes

Housing Options and Advice – Follow up (fieldwork Quarter 4 2022/23)

This audit followed up implementation of the four recommendations made in our audit report of 20th January 2022.

We saw evidence of refreshed procedures and both internal and external training delivered for Housing Options staff. The level of performance monitoring has increased and work has commenced on reviewing the information available for the website.

We saw confirmation that Housing Options staff have been reminded of their Data Protection and Confidentiality responsibilities and the need to obtain the agreement of Applicants to their Personal Housing Plan.

Recommendations 1 and 2 are considered partially implemented. Recommendations 3 and 4 are fully implemented and have been closed.

Recommendation	Priority	Implementation Status
Online Information	2	Partially Implemented
Quality Standards Framework and management oversight of cases	2	Partially Implemented
ID/Passwords/Security Question and Answer	2	Fully Implemented
Agreement of the Applicant to the Personal Housing Plan	3	Fully Implemented

Operational Property Repair Programme (fieldwork Quarter 4 2022/23 and ongoing)

In 2022, the Strategic Property division undertook a review of the Council's operational property estate. On the conclusion of the review, full Council agreed in December 2022 to adopt the Operational Estate Strategy and authorise officers to progress associated workstreams, including scoping and costing works packages.

Subsequently, the Council set up an Operational Property Review Programme Board to oversee this Programme, "review progress of the programme and projects, scrutinize expenditure and approve decisions in relation to the programme and projects".

We undertook a 'health check' review of the governance framework at the outset of the programme, to ensure that arrangements are robust and fit for purpose to support delivery. Overall, we found that the structure was sound. We provided some suggestions for further clarity / improvement, all of which were accepted and implemented by managers.

We will maintain a watching brief / consultancy review on this Programme throughout 2023/24.

Adult Education

A planned audit of Adult Education Centre was included within the 2022/23 Internal Audit Plan. However, we decided to place reliance on the quality review undertaken by independent consultants in November 2022.

This review considered leadership and management, quality improvement plan, teaching and learning, and safeguarding and provided detailed feedback on both strengths and areas for further development. A further external inspection is likely in 2023/24.

Mayors Charity - Advisory

We undertook a brief review to assist officers with ensuring there are robust financial controls over the Mayor's Charity account. Recording of transactions and retention of documentation was sound. We made some recommendations to further enhance controls, in particular over receipt and banking of income.

Supplementary Substance Misuse Treatment and Recovery Grant 2022-23 [31/6169] - £264,343

Audit opinion	The evidence seen by Internal Audit demonstrates that the grant conditions have been met
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Based on discussions with officers and a review of the records held, Internal Audit has gained reasonable assurance that the conditions of the grant determination have been met for the £205,370 spend. As a result of the testing, the following recommendation

was made to improve the control environment. This recommendation does not materially affect compliance with the grant conditions but would enable a greater degree of assurance over the spend.

Recommendation	Priority	Recommendation accepted?
Invoices from Third Parties to Contractors	Advisory	Yes

Biodiversity Net Gain grant determination 2022 – 2023 [31/6499] - £30,251

Audit opinion	The evidence seen by Internal Audit demonstrates that the grant conditions have been met
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We did not make any recommendations as a result of our work.

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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Appendix C - Priority 1 Recommendations

Report Number/Date	Title	Opinion	Details of original Recommendation	Responsible Officer	Lead Officer	Comments
CEX/03/2018/AU Finalised 29/05/2020	Controls to Mitigate the Risk of ICT System Failures	Limited	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	Implementation in progress - The Head of Facilities Management advised that they are currently liaising with IT to agree a time when the installation work for the solution can be carried out.
CORP/03/2021 finalised 22/03/2022	Cyber Security	Limited	See Appendix F (Part 2)	Director of Corporate Services	Head of Information Management and Assistant Director HR Organisational Development (Human Resources)	Closed - Implemented. See Appendix F (Part 2)
PEO/07/2021 Finalised 09/06/2022	SEND	Limited	Ensure that, in conjunction with the future discussions with the Education & Skills Funding Agency, organisational arrangements are put in place to manage financial demand for SEN placements including the availability of funding: (i) when a placement is approved, (ii) when any increase in educational needs requiring additional funding is identified from the annual review of a young person's EHC plan, and (iii) with an estimate of the full life costs of the placement carried out to inform future financial forecasting.	Director of Education	Head of SEN	Closed - Implemented / Superseded. There is an extensive DSG Deficit Recovery Management Plan (DRMP) in place containing a mix of short, medium and long term actions. This Plan has been shared with the DFE who have not requested any changes or additions. Some actions on this Plan have already been implemented and detailed oversight is provided by CEF PDS and the SEND Governance Board. Therefore, we have closed this as a Priority 1 recommendation to be monitored via Internal Audit as we are satisfied that progress is being made and that sufficient monitoring / oversight of the Plan is in place.
PLA/02/2021 Finalised 28/09/2022	Drainage Cleaning	Limited	Performance Management a) Although there is a KPI in place, the current arrangements for performance management are inadequate as they are not measuring contractual objectives within the overarching contract. A workaround needs to be done as a priority to enable access to the performance data. Technical guidance should be sought to enable the production of the supporting data retrospectively to date. b) Management should take forward the suggested split to the KPI into the three data sets of cyclical, ad hoc and emergency and the necessary management information and monitoring should be put into place. Management advised that currently, this would not be possible as it is not in the contract. This should be considered going forward. c) For future iterations, management should consider contract penalties and whether the amounts are sufficient.	Director of Environment & Public Protection	Head of Neighbourhood Management	a) Implementation in progress - the service needs to undertake further work to ascertain how provider data can be verified. b) and c) Due June 2024 with contract review.
PLA/04/2022, Finalised 05/10/2022	Housing Allocations	Limited	See Appendix F - Part 2	Director of Housing, Planning and Regeneration	Head of Housing Allocations and Accommodation	Due 31 March 2023. In progress - See Appendix F (Part 2).
PLA/06/2022 Finalised 28/9/22	Parks and Grounds Maintenance	Limited	Client Monitoring Function The Department should formalise the LBB client monitoring role and visits, the purpose, target number and reporting. 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.	Director of Environment & Public Protection	Assistant Director, Carbon Management and Greenspace	Due 31 December 2022. We reported in March 2023 that a new monitoring programme had been designed and was due to be implemented from April 2023. We agreed with the service that we would follow up again in Summer 2023, in order to give new processes time to embed, and enable us to test them for effectiveness. Consequently, no further update is provided at this time.
PEO/08/2022, Finalised 06/12/2022	Edgebury Primary School	Reasonable	The school should follow its procedure of issuing a loan (orange) card when loaning assets to staff in all circumstances and keep a record of all loans. The school should remove any future missing IT assets from the system immediately, after reasonable initial enquiries. The school should review its procedure for securing its IT assets, restricting the access to designated officers. These officers should then issue IT assets and keep a record of them.	Headteacher	School Business Manager	Closed - Implemented. We visited the school in June to review the process to record temporary removal of assets, the IT asset register and the physical security of IT assets. The IT Lead Teacher completed a spot check of IT assets on 26th May and accounted for all items. The formal IT inventory check is scheduled for July 2023 and will be completed and signed off by the 20th July. To strengthen asset management the Head Teacher has introduced a termly IT asset check. There is adequate security for laptops which are stored in locked cabinets after hours. All laptops assigned to teaching staff have been signed for on issue. Staff have been reminded to complete the record sheet, held by the School Business Manager, for any IT asset temporarily removed from the site.

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Appendix D - Priority 2 and 3 Follow Up

Audit	Total number of Priority 2 and 3 Recommendations	Number of Priority 2 and 3 recommendations implemented	Number of Priority 2 and 3 recommendations partially implemented	Number of Priority 2 and 3 recommendations not implemented	Comments
Housing Needs, Early Intervention and Advice	4	2	2	0	See page 10 of Appendix A for further details
Pre-Planning Applications	4	4	0	0	
Drainage Cleaning	4	4	0	0	
Blue Badge Scheme	5	5	0	0	
Housing Benefit	1	1	0	0	
Supported Living	1	1	0	0	
Cyber Security	6	5	1	0	
Creditors	7	3	3	1	
Building Control	4	1	2	1	
GDPR	4	2	2		
VAT	3	2	1	0	
SEN	5	1	4	0	
Appointeeship and Deputyship	6	6	1	0	
Payroll	5	1	0	4	
CIL	3	2	0	1	
Parks Management and Grounds Maintenance	3	1	2	0	
Discretionary Housing Payments	5	5	0	0	
Commercial and Non-Office Owned Property	5	4	0	1	
TOTALS	75	50	18	8	

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London Borough of Bromley

Internal Audit Performance External Quality Assessment

FINAL REPORT

Date: 21st June 2023

Report Author: David Hughes – Director for Audit, Fraud, Risk and Insurance
Royal Borough of Kensington & Chelsea

Introduction

The Public Sector Internal Audit Standards (PSIAS) require an external quality assessment be undertaken at least every five years, although more frequent assessments may take place. The PSIAS apply to all public sector internal audit service providers, whether in-house, shared services or outsourced.

Standard 1312 states:

External assessments must be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation.

The standards and interpreting guidance go on to clarify that the external assessor must conclude as to conformance with the Code of Ethics and the Standards. The lead assessor must demonstrate competence in the professional practice of internal auditing and the external assessment process. Neither the lead assessor or any members of the assessment team should have an actual or perceived conflict of interest and they must not be a part of, or under the control of, the organisation to which the internal audit activity belongs. The scope of the assessment must be agreed with an appropriate sponsor, such as the Director of Finance or the Chair of the Audit Committee.

Across London, the London Audit Group has organised a system of independently validated assessments. It has been agreed that self-assessments will be completed and that these will be validated by suitably qualified individuals or teams from other members of the group.

This review of internal audit's performance at the London Borough of Bromley (LBB) has been led by David Hughes who is appropriately qualified, independent and has no actual or perceived conflicts of interest. The scope and approach for this assessment was agreed by the Director of Finance and Audit and Risk Management Committee.

The Head of Audit and Assurance undertook a comprehensive self-assessment against the Standards on coming into post. This resulted in a detailed action plan being prepared and actions being implemented. During the course of the external assessment, evidence to support the completion of a number of planned actions was provided. As a result, this report reflects the progress made to date in assessing the service's level of conformance.

Conclusion

Based on the self-assessment, supporting evidence and independent validation it is the view of the lead assessor that the internal audit service for the London Borough of Bromley **Partially conforms with the Public Sector Internal Audit Standards**. Definitions of all the ratings are detailed in Appendix A.

It is clearly evident from the review that the Head of Audit and Assurance undertook a comprehensive self-assessment of the service, is aware of the areas

for development needed and has developed a detailed action plan with clear timescales to address all areas for improvement identified.

Through the external assessment it has been evidence that a number of actions have already been implemented and that good progress is being made to implement the remaining actions identified by the Head of Audit and Assurance to improve the service and to achieve general conformance.

Given the direction of travel observed through the review, it is expected that the service will be able to achieve general conformance by implementing the planned actions and further recommendations made in this report.

Partially Conforms	The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
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Stakeholder Survey

During this assessment, a survey of key stakeholders was undertaken, with 19 responses received. In summary, the survey results have revealed that:

- 80% or more of the respondents confirming they Fully Agreed or Generally Agreed with the statements relating to the Internal Audit Service.
- The internal audit service demonstrates integrity in the way that it operates and is delivered with professionalism at all times.
- Senior managers understand and fully support the work of Internal Audit.
- Internal audit activity has enhanced organisation-wide understanding of governance, risk, and control.

The full results of the survey are shown at Appendix B.

Interviews with Key Stakeholders

In addition to the Stakeholder Survey, interviews were also held with key stakeholders to inform this assessment. Interviews were held with the Chief Executive, Director of Finance, Director of Children’s Services and the Chair of the Audit and Risk Management Committee. In summary the interviews identified that:

- Very good, visible and approachable leadership being provided by the Head of Audit and Assurance, with good engagement and communication with senior management and Members of the Audit and Risk Management Committee. Seen as a well-respected, core voice at the COE group, with regular reporting on audit and risk matters. However, the current structure of the service does not contain a recognised deputy role, with the Head of Audit and Assurance being

responsible for all aspects of the leadership and management of the internal audit, counter fraud, insurance and risk management functions (see recommendation 7).

- It was clear that the Head of Audit and Assurance is seeking to continuously improve and modernise the service to maximise the value it can provide to the Council.
- Strategic approach to audit planning and delivery, engaging well with services to scope out audit engagements and deliver audit reports. The move to a 6 monthly audit planning cycle was welcomed, helping the service to be more agile and responsive, although having visibility of a longer term strategic plan showing the breadth of areas to be covered would be helpful (see recommendation 8).
- Providing good assurance across the organisation's risks to senior management and Members, demonstrating independence through the reporting of completed work.

Key Findings

As identified in the introduction, the Head of Audit and Assurance undertook a comprehensive review of the service, including completing the self-assessment against the Standards. This led to an action plan being formulated and implemented (see Appendix C).

It is recognised that a number of those actions have already been implemented, which have resulted in the service being assessed as 'generally conforms' in those areas, while further actions are in progress or are due to be implemented in the coming months. Where this is the case, the service has typically been assessed as 'partially conforming' with the recognition that the planned actions are likely result in the service being able to demonstrate that it 'generally conforms' once the action has been implemented.

The following key findings from this assessment are set out along with additional recommendations to support the action plan put in place by then Head of Audit and Assurance. The recommendations and agreed management actions are set out in Appendix D.

Independence and objectivity

The Standards require that where the Chief Audit Executive has roles or responsibilities that fall outside of internal auditing that there must be adequate safeguards in place to protect the CAE's independence and objectivity and that the Board (Audit and Risk Management Committee) should periodically review the safeguards in place to ensure that independence and objectivity are being maintained.

The current Job Description for the Head of Audit and Assurance contains the following responsibility *"To be responsible for the Council's Financial Regulations – providing advice and co-ordinating the review and updating of the regulations*

on behalf of the Section 151 Officer.” (paragraph 15). The Financial Regulations form part of the Council's financial control environment and, as such, the Financial Regulations should be the responsibility of those officers charged with operating and overseeing the controls. The Head of Audit and Assurance could reasonably be asked to review in order to provide comments and advice on the regulations but should not be responsible for their drafting and maintenance.

It is also understood that the Head of Audit and Assurance also leads on the drafting and compilation of the Council's Annual Governance Statement, which forms part of the Council's audited annual accounts. The CIPFA Statement on the Role of the Head of Internal Audit states that the HIA should not be responsible for the statement.

Recommendation:

1. The paragraph setting out the responsibility for co-ordinating, reviewing and updating the Financial Regulations should be removed from the Head of Audit and Assurance's job description and the responsibility transferred to the officer(s) who are responsible for overseeing and operating the Council's financial control environment.
2. The Head of Audit and Assurance should contribute to and be asked to independently review and challenge the Council's Annual Governance Statement rather than being responsible for preparing the document.

Engagements where the CAE has operational responsibility

Where the Head of Audit and Assurance has operational responsibility for an area covered on the internal audit plan, the Director of Finance reviews the draft report before it is provided for management comments. The Director of Finance does not currently review and agree the terms of reference for such audits, this would further demonstrate that the review being conducted was independent and objective.

Recommendation:

3. Where the Head of Audit and Assurance has operational responsibility for an area to be covered in the internal audit plan, the Director of Finance should review and agree the terms of reference for the review, the draft report to be issued to management and the final report to be issued for the engagement.

Documenting relevant information to support engagement conclusions

The Head of Audit and Assurance has implemented a number of measures to ensure that audit engagements are performed and reviewed in line with the Standards. The Standards require internal auditors to document the relevant information obtained through their review to support the engagements conclusions and results.

Recommendation:

4. The Quality and Improvement Programme should be amended to ensure the review of audit files confirms that internal auditors have documented

the relevant information obtained through their review to support the engagements conclusions and results.

5. Consideration could be given to the internal audit team periodically peer reviewing each other's work as a learning exercise, as part of the training covering this aspect of the Standards and the conduct of file reviews.

Confidentiality requirements

The Head of Audit and Assurance confirmed that all internal audit reports are published on the Council's website. Steps are taken to ensure that confidential information is redacted or removed from reports before they are published. However, the current Audit Checklist completed by the auditor does not explicitly capture whether confidential information has been obtained in the course of the audit and/or included in the report.

Recommendation:

6. The Audit Checklist should be amended so that the auditor can record where confidential information has been obtained during the audit and whether this information has been included in the report provided to management. Such information would then need to be redacted or removed when the final report is published. In addition, confidential information identified could then be removed from the audit file when no longer required.

Service structure

As identified above, the current structure of the service does not contain a recognised deputy role. Such a role would support the Head of Audit and Assurance in both the delivery and development of the service, create greater capacity to build effective relationships across the organisation, provide recognised and appropriate cover for absences and mitigate the risk of undue reliance being placed on one officer for the strategic direction and effective leadership of the service.

Recommendation:

7. Consideration should be given to creating a designated deputy role within the Internal Audit Service to provide greater leadership and management capacity and service resilience.

Audit planning

Feedback from senior stakeholders welcomed the introduction of the 6 monthly audit planning cycle by the Head of Audit and Assurance. This enables the service to be more agile and responsive to the changing risks and priorities of the Council. However, this approach could be enhanced by providing visibility to senior managers of a high level strategic plan which demonstrated the coverage across the organisation which the service would endeavour to achieve over a five year cycle, including cyclical (non-risk based reviews). This would provide assurance to senior management and Members on the breadth of coverage over the medium to long term, as well as helping to demonstrating to services how audits were being planned across the organisation.

Recommendation:

8. Consideration should be given to developing a high level strategic audit plan covering a period of 3 to 5 years, which could include cyclical audits and areas which could be reviewed periodically across the Council.

A summary of the outcomes of this assessment follows. Appendix C contains the action plan developed by the Head of Audit and Assurance following the completion of the self-assessment and Appendix D contains the further suggested actions arising from this external assessment.

Summary Assessment

Statement	Generally Conforms	Partially Conforms	Does not Conform
Mission of Internal Audit			
Does the internal audit activity aspire to accomplish the Mission of Internal Audit as set out in the PSIAS?	Yes		
Definition of Internal Auditing			
Is the internal audit activity independent and objective?	Yes		
Does the internal audit activity use a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes within the organisation?	Yes		
Core Principles			
Does the internal audit activity conform with the PSIAS by demonstrating integrity?	Yes		
Does the internal audit activity conform with the PSIAS by demonstrating competence and due professional care?		Yes (actions identified by the Head of Audit and Assurance (HoAA) will support achieving general conformance)	
Does the internal audit activity fully conform with the PSIAS by being objective and free from undue influence (independent)?	Yes		
Does the internal audit activity fully conform with the PSIAS by being aligned with the strategies, objectives, and risks of the organisation?	Yes		
Is the internal audit activity appropriately positioned and adequately resourced?	Yes		
Does the internal audit activity demonstrate quality and continuous improvement?	Yes		
Does the internal audit activity communicate effectively?	Yes		
Does the internal audit activity provide risk-based assurance, based on adequate risk assessment?		Yes (actions identified by the HoAA will support achieving general conformance)	
Is the internal audit activity insightful, proactive, and future-focused?	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Does the internal audit activity promote organisational improvement?	Yes		
Code of Ethics			
Do internal auditors display integrity?	Yes		
Do internal auditors display objectivity?	Yes		
Do internal auditors display due respect and care by maintaining confidentiality?	Yes		
Do internal auditors display competency?	Yes		
Do internal auditors, whether consciously or through conformance with organisational procedures and norms, have due regard to the Committee on Standards of Public Life's <i>Seven Principles of Public Life</i> ?	Yes		
Attribute Standards			
Does the internal audit charter conform with the PSIAS by including a formal definition of the purpose, authority and responsibility of the internal audit activity?	Yes		
Does the internal audit charter conform with the PSIAS by clearly and appropriately defining the terms 'board' and 'senior management' for the purposes of the internal audit activity?	Yes		
Does the CAE periodically review the internal audit charter and present it to senior management and the board for approval?	Yes		
Does the CAE have direct and unrestricted access to senior management and the board?	Yes		
Are threats to objectivity identified and managed.	Yes		
Does the CAE report to an organisational level equal or higher to the corporate management team? Does the CAE report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities?	Yes		
Does the CAE's position in the management structure: Provide the CAE with sufficient status to ensure that audit plans, reports and action plans are discussed effectively with the board? Ensure that he or she is sufficiently senior and independent to be able to provide credibly constructive challenge to senior management?	Yes		
Does the CAE confirm to the board, at least annually, that the internal audit activity is organisationally independent?	Yes		
Is the organisational independence of internal audit realised by functional reporting by the CAE to the board?		Yes	

Statement	Generally Conforms	Partially Conforms	Does not Conform
		(actions identified by the HoAA will support achieving general conformance)	
Does the CAE communicate and interact directly with the board?	Yes		
Where the CAE has roles or responsibilities that fall outside of internal auditing, are adequate safeguards in place to limit impairments to independence or objectivity? Does the board periodically review these safeguards?		Yes (see recommendations 1 & 2)	
Do internal auditors have an impartial, unbiased attitude?	Yes		
Do internal auditors avoid any conflict of interest, whether apparent or actual?	Yes		
If there has been any real or apparent impairment of independence or objectivity, has this been disclosed to appropriate parties?	Not applicable as no instances identified		
Does review indicate that work allocations have operated so that internal auditors have not assessed specific operations for which they have been responsible within the previous year?	Yes		
If there have been any assurance engagements in areas over which the CAE also has operational responsibility, have these engagements been overseen by someone outside of the internal audit activity?	Yes (see recommendation 3)		
Is the risk of over-familiarity or complacency managed effectively?		Yes (actions identified by the HoAA will support achieving general conformance)	
Have internal auditors declared interests in accordance with organisational requirements?	Yes		
Where any internal auditor has accepted any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties has this been declared and investigated fully?	Not applicable as no instances identified		
Does review indicate that no instances have been identified where an internal auditor has used information obtained during the course of duties for personal gain?	Yes		
Have internal auditors disclosed all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, subject to any confidentiality agreements?	Yes		
If there has been any real or apparent impairment of independence or objectivity relating to a proposed consulting	Not applicable as no instances identified		

Statement	Generally Conforms	Partially Conforms	Does not Conform
services engagement, was this disclosed to the engagement client before the engagement was accepted?			
Where there have been significant additional consulting services agreed during the year that were not already included in the audit plan, was approval sought from the board before the engagement was accepted?	Yes		
Does the CAE hold a professional qualification, such as CMIIA/CCAB or equivalent? Is the CAE suitably experienced?	Yes		
Is the CAE responsible for recruiting appropriate internal audit staff, in accordance with the organisation's human resources processes?		Yes (actions identified by the HoAA will support achieving general conformance)	
Does the internal audit activity collectively possess or obtain the skills, knowledge and other competencies required to perform its responsibilities?		Yes (actions identified by the HoAA will support achieving general conformance)	
Do internal auditors have sufficient knowledge to evaluate the risk of fraud and anti-fraud arrangements in the organisation?	Yes		
Do internal auditors have sufficient knowledge of key information technology risks and controls?		Yes (actions identified by the HoAA will support achieving general conformance)	
Do internal auditors have sufficient knowledge of the appropriate computer-assisted audit techniques that are available to them to perform their work, including data analysis techniques?		Yes (actions identified by the HoAA will support achieving general conformance)	
Do internal auditors exercise due professional care?	Yes		
Do internal auditors exercise due professional care during a consulting engagement?	Yes		
Has the CAE defined the skills and competencies for each level of auditor? Does the CAE periodically assess individual auditors against the predetermined skills and competencies?	Yes		
Do internal auditors undertake a programme of continuing professional development?		Yes (actions identified by the HoAA will support achieving general conformance)	
Has the CAE developed a QAIP that covers all aspects of the internal audit activity and enables conformance with all aspects of the PSIAS to be evaluated?	Yes		
Does the QAIP include both internal and external assessments?	Yes		
Does the CAE ensure that audit work is allocated to staff with the appropriate skills, experience and competence?	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Do internal assessments include ongoing monitoring of the internal audit activity?	Yes		
Does ongoing performance monitoring contribute to quality improvement through the effective use of performance targets?		Yes (actions identified by the HoAA will support achieving general conformance)	
Are the periodic self-assessments or assessments carried out by people external to the internal audit activity undertaken by those with a sufficient knowledge of internal audit practices?	Yes		
Does the periodic assessment include a review of the activity against the risk-based plan and the achievement of its aims and objectives?	Yes		
Has an external assessment been carried out, or is one planned to be carried out, at least once every five years?	Yes		
Has the CAE properly discussed the qualifications and independence of the assessor or assessment team with the board?	Yes		
Has the CAE agreed the scope of the external assessment with an appropriate sponsor, such as the chair of the audit committee, the CFO or the chief executive?	Yes		
Has the CAE reported the results of the QAIP to senior management and the board?	Yes		
Has the CAE included the results of the QAIP and progress against any improvement plans in the annual report?	Yes		
Has the CAE stated that the internal audit activity conforms with the PSIAS only if the results of the QAIP support this?	Yes		
Has the CAE reported any instances of non-conformance with the PSIAS to the board?	Yes		
If appropriate, has the CAE considered including any significant deviations from the PSIAS in the governance statement and has this been evidenced?	Yes (none identified)		
Performance Standards			
Has the CAE determined the priorities of the internal audit activity in a risk-based plan and are these priorities consistent with the organisation's goals?	Yes		
Does the risk-based plan set out how internal audit's work will identify and address local and national issues and risks?	Yes		
Does the risk-based plan set out the: Audit work to be carried out?	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Does the CAE review the plan on a regular basis and has he or she adjusted the plan when necessary, in response to changes in the organisation's business, risks, operations, programmes, systems and controls?	Yes		
Is the internal audit activity's plan of engagements based on a documented risk assessment?	Yes		
In developing the risk-based plan, has the CAE also given sufficient consideration to: Any declarations of interest (for the avoidance for conflicts of interest)? The requirement to use specialists, e.g. IT or contract and procurement auditors? Allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? The time required to carry out the audit planning process effectively as well as regular reporting to and attendance of the board, the development of the annual report and the CAE opinion?	Yes		
In developing the risk-based plan, has the CAE consulted with senior management and the board to obtain an understanding of the organisation's strategies, key business objectives, associated risks and risk management processes?	Yes		
Does the CAE take into consideration any proposed consulting engagement's potential to improve the management of risks, to add value and to improve the organisation's operations before accepting them?	Yes		
Has the CAE communicated the internal audit activity's plans and resource requirements to senior management and the board for review and approval? Has the CAE communicated any significant interim changes to the plan and/or resource requirements to senior management and the board for review and approval, where such changes have arisen?	Yes		
Has the CAE communicated the impact of any resource limitations to senior management and the board?	Yes		
Does the risk-based plan explain how internal audit's resource requirements have been assessed?	Yes		
Has the CAE planned the deployment of resources, especially the timing of engagements, in conjunction with management to minimise disruption to the functions being audited, subject to the requirement to obtain sufficient assurance?	Yes		
If the CAE believes that the level of agreed resources will impact adversely on the provision of the internal audit opinion, has he or she brought these consequences to the attention of the board?	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Has the CAE developed and put into place policies and procedures to guide the internal audit activity?		Yes (actions identified by the HoAA will support achieving general conformance)	
Does the risk-based plan include an adequately developed approach to using other sources of assurance and any work that may be required to place reliance upon those sources?		Yes (actions identified by the HoAA will support achieving general conformance)	
Does the CAE report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan?	Yes		
Where an external internal audit service provider acts as the internal audit activity, does that provider ensure that the organisation is aware that the responsibility for maintaining and effective internal audit activity remains with the organisation?	Not applicable		
Does the internal audit activity assess and make appropriate recommendations to improve the organisation's governance processes?	Yes		
Has the internal audit activity evaluated the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities?		Yes (actions identified by the HoAA will support achieving general conformance)	
Has the internal audit activity assessed whether the organisation's information technology governance supports the organisation's strategies and objectives?	Yes		
Has the internal audit activity evaluated the effectiveness of the organisation's risk management processes?	Yes		
Has the internal audit activity evaluated the risks relating to the organisation's governance, operations and information systems?	Yes		
Has the internal audit activity evaluated the potential for fraud and also how the organisation itself manages fraud risk?	Yes		
Do internal auditors address risk during consulting engagements consistently with the objectives of the engagement?	Yes		
Do internal auditors successfully avoid managing risks themselves, which would in effect lead to taking on management responsibility, when assisting management in establishing or improving risk management processes?	Yes		
Has the internal audit activity evaluated the adequacy and effectiveness of controls in the organisation's governance, operations and information systems	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Do internal auditors utilise knowledge of controls gained during consulting engagements when evaluating the organisation's control processes?	Yes		
Do internal auditors develop and document a plan for each engagement?	Yes		
Do internal auditors consider the following in planning an engagement, and is this documented: objectives, controls, risks, resources, operations, risk mitigation, adequacy, effectiveness, improvements?	Yes		
Where an engagement plan has been drawn up for an audit to a party outside of the organisation, have the internal auditors established a written understanding with that party?	Not applicable		
For consulting engagements, have internal auditors established an understanding with the engagement clients	Yes		
Have objectives been agreed for each engagement?	Yes		
Have internal auditors ascertained whether management and/or the board have established adequate criteria to evaluate and determine whether organisational objectives and goals have been accomplished?		Yes (actions identified by the HoAA will support achieving general conformance)	
Do the objectives set for consulting engagements address governance, risk management and control processes as agreed with the client?	Yes		
Is the scope that is established for each engagement generally sufficient to satisfy the engagement's objectives?	Yes		
Where significant consulting opportunities have arisen during an assurance engagement, was a specific written understanding as to the objectives, scope, respective responsibilities and other expectations drawn up?	Not applicable		
For each consulting engagement, was the scope of the engagement generally sufficient to address any agreed-upon objectives?	Yes		
Have internal auditors decided upon the appropriate and sufficient level of resources required to achieve the objectives of each engagement	Yes		
Have internal auditors developed and documented work programmes that achieve the engagement objectives?	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
Do internal auditors generally identify (sufficient, reliable, relevant and useful) information which supports engagement results and conclusions?		Yes (actions identified by the HoAA will support achieving general conformance)	
Have internal auditors generally based their conclusions and engagement results on appropriate analyses and evaluations?	Yes		
Have internal auditors generally remained alert to the possibility of the following when performing their individual audits, and has this been documented: Intentional wrongdoing? Errors and omissions? Poor value for money? Failure to comply with management policy? Conflicts of interest?	Yes		
Have internal auditors documented the relevant information required to support engagement conclusions and results?		Yes (see Recommendations 4 & 5)	
Does the CAE control access to engagement records?	Yes		
Are all engagements properly supervised to ensure that objectives are achieved, quality is assured and that staff are developed?	Yes		
Do the communications of engagement results include the following: The engagement's objectives? The scope of the engagement? Applicable conclusions? Recommendations and action plans, if appropriate?	Yes		
Do internal auditors generally discuss the contents of the draft final reports with the appropriate levels of management to confirm factual accuracy, seek comments and confirm the agreed management actions?	Yes		
If recommendations and an action plan have been included, are recommendations prioritised according to risk?	Yes		
Subject to confidentiality requirements and other limitations on reporting, do communications disclose all material facts known to them in their audit reports which, if not disclosed, could distort their reports or conceal unlawful practice?	Yes (see Recommendation 6)		
Where appropriate, do engagement communications acknowledge satisfactory performance of the activity in question?	Yes		
When engagement results have been released to parties outside of the organisation, does the communication include limitations on the distribution and use of the results?		Yes (actions identified by the HoAA will support achieving general conformance)	
Where the CAE has been required to provide assurance to other partnership organisations, or arm's length bodies such as trading companies, have the risks of doing so been managed effectively,	Not applicable		

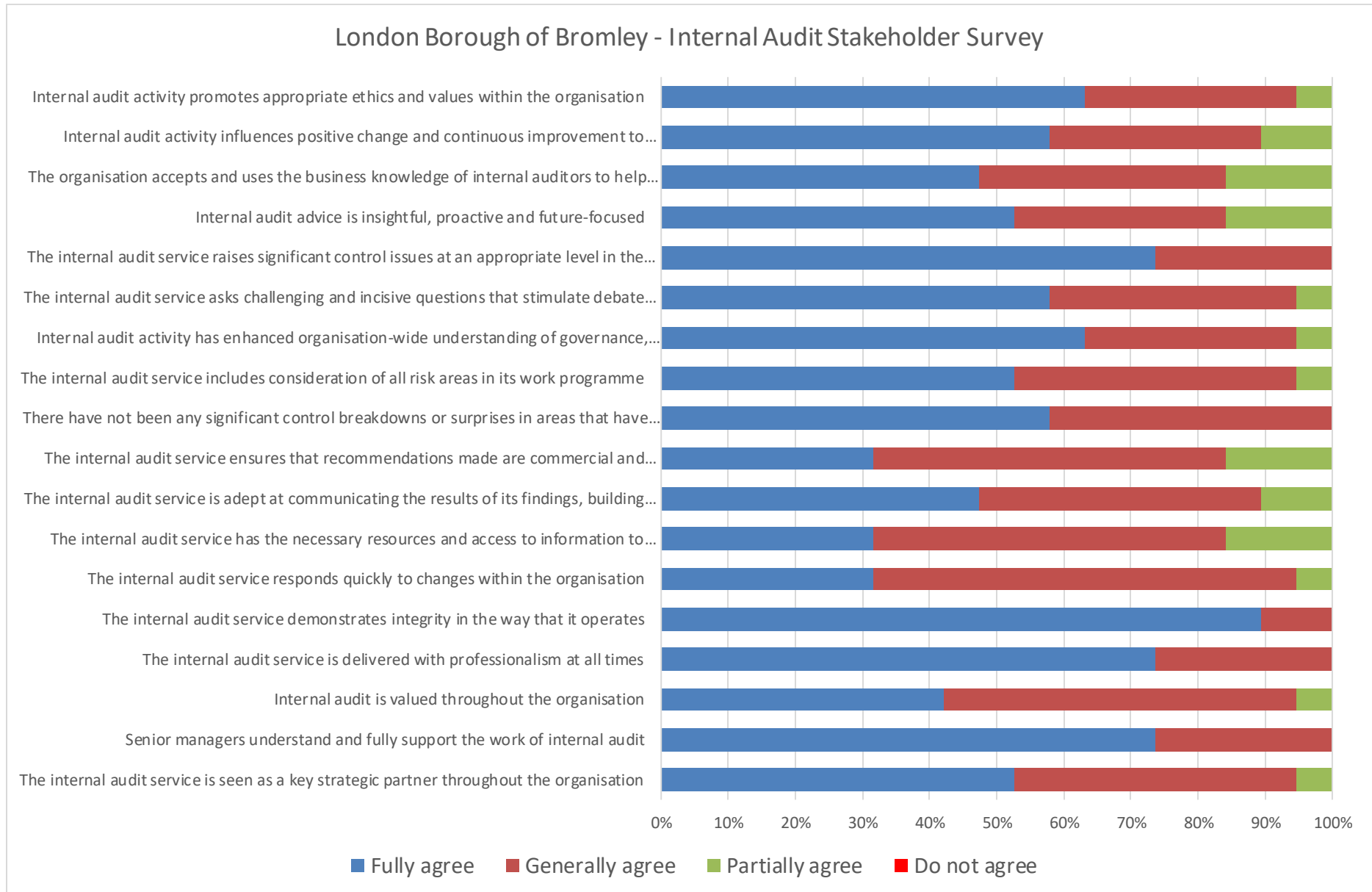
Statement	Generally Conforms	Partially Conforms	Does not Conform
having regard to the CAE's primary responsibility to the management of the organisation for which they are engaged to provide internal audit services?			
Are internal audit communications generally accurate, objective, clear, concise, constructive, complete and timely?	Yes		
If a final communication has contained a significant error or omission, did the CAE communicate the corrected information to all parties who received the original communication?	Not applicable		
Do internal auditors report that engagements are 'conducted in conformance with the PSIAS' only if the results of the QAIP support such a statement?	Yes		
Where any non-conformance with the PSIAS has impacted on a specific engagement, do the communication of the results disclose the following: The principle or rule of conduct of the <i>Code of Ethics</i> or <i>Standard(s)</i> with which full conformance was not achieved? The reason(s) for non-conformance? The impact of non-conformance on the engagement and the engagement results?	Not applicable		
Has the CAE determined the circulation of audit reports within the organisation, bearing in mind confidentiality and legislative requirements?	Yes		
Has the CAE communicated engagement results to all appropriate parties?	Yes		
Before releasing engagement results to parties outside the organisation, did the CAE: Assess the potential risk to the organisation? Consult with senior management and/or legal counsel as appropriate? Control dissemination by restricting the use of the results?	Yes		
Where any significant governance, risk management and control issues were identified during consulting engagements, were these communicated to senior management and the board?	Yes		
Has the CAE delivered an annual internal audit opinion?	Yes		
Does the communication identify the following: The scope of the opinion, including the time period to which the opinion relates? Any scope limitations? The consideration of all related projects including the reliance on other assurance providers? The risk or control framework or other criteria used as a basis for the overall opinion?	Yes		
Does the annual report incorporate the following: annual opinion, summary of work, qualifications, impairments, comparisons,	Yes		

Statement	Generally Conforms	Partially Conforms	Does not Conform
conformance with PSIAIS, results of the QAIP, progress against improvement plans, summary of performance?			
Where issues have arisen during the follow-up process (for example, where agreed actions have not been implemented), has the CAE considered revising the internal audit opinion?		Yes (actions identified by the HoAA will support achieving general conformance)	
Does the internal audit activity monitor the results of consulting engagements as agreed with the client?		Yes (actions identified by the HoAA will support achieving general conformance)	
If the CAE has concluded that management has accepted a level of risk that may be unacceptable to the organisation, has he or she discussed the matter with senior management?	Yes		

Appendix A – Definitions

Generally Conforms	The relevant structures, policies, and procedures of the internal audit service, as well as the processes by which they are applied, at least comply with the requirements of the section in all material respects.
Partially Conforms	The internal audit service falls short of achieving some elements of practice but is aware of the areas for development. These will usually represent significant opportunities for improvement in delivering effective internal audit.
Does Not Conform	The internal audit service is not aware of, is not making efforts to comply with, or is failing to achieve many/all of the objectives and practice statements within the section or sub-sections. These deficiencies will usually have a significant negative impact on the internal audit service's effectiveness and its potential to add value to the organisation. These will represent significant opportunities for improvement, potentially including actions by senior management or the Audit Committee.

Appendix B – Survey Results



Appendix C – Action Plan developed by the Head of Audit and Assurance through the self-assessment

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2023
Professional Training and Development	<p>There has been no skills analysis or consistent process for identifying and addressing training and development needs.</p> <p>The job description for the Principal Auditor post (the majority of staff) has not been reviewed and updated, including the skills required, since 2017.</p>	<p>1) Complete team skills assessment against IIA competency framework</p> <p>2) Develop a training plan for the team using the outcomes of the skills assessment and appraisal discussions</p> <p>3) Determine / agree how training will be recorded and implement solution</p> <p>4) Review and update the Principal Auditor job description</p>	<p>01/07/2022</p> <p>30/11/2022</p>	<p>1) Complete</p> <p>2) Complete (but to be reviewed again as part of appraisal process)</p> <p>3) In progress, in discussions with L and D</p> <p>4) Not started, to be reviewed in line with Recommendation 7 below when the new professional standards are finalised (March 2024) as these may also impact on the JD.</p>
Risk Based Auditing	<p>Audit work has not been explicitly linked to strategies, objectives and risks, at macro and individual level.</p> <p>Planning for individual audits has not been sufficiently supported by a risk assessment.</p>	<p>1) Ensure that the Audit Plan is explicitly linked to strategies objectives and risks (as for 2022/23)</p> <p>2) Ensure that Audit progress and outcome reports to Committee explicitly demonstrate how audit work provides assurance on strategic objectives and risks</p> <p>3) Continue to embed the planning process for individual audits to ensure that these relate to strategies, objectives and risks</p> <p>4) Continue to develop a 'library of risks' for audit work</p>	Ongoing but demonstrated by end March 2023	<p>1) Complete</p> <p>2) In progress but to be reviewed for Annual Report 2022/23</p> <p>3) Ongoing</p> <p>4) Not started, responsibility to be allocated by end June 2023 as part of objective setting.</p>
Quality Assurance	<p>There is no documented Quality Assurance and Improvement Programme.</p> <p>KPIs are limited in scope and number and do not provide a holistic assessment of the service.</p>	<p>1) Develop a QAIP for the section</p> <p>2) Develop a set of KPIs for the section</p> <p>3) Develop a system for monitoring and chasing return of questionnaires</p>	Oct-22	<p>1) Complete</p> <p>2) New KPIs approved by March Audit and Risk Management Committee</p> <p>3) In progress - Return rate is still very low</p>

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2023
	Limited documented evidence of supervision and review for individual audits. Customer feedback limited as questionnaires not routinely returned	4) Ensure that all files show evidence of review points and responses, prior to draft ToR or report release		4) Complete
Independence and Objectivity	The Head of Audit and Assurance's appraisal is undertaken by the s151 officer with no input from the Chair of Audit Committee or the Chief Exec. The team are very experienced at LBB but this does mean we need to be more careful when allocating assignments to ensure rotation and objectivity, whilst making use of skills and experience.	1) Discuss with the s151 Officer how feedback from others can be used to inform the appraisal process 2) Ensure that auditors are allocated a range of subjects and that we have discussions prior to detailed planning about previous work in the area and any impact this may have	01/02/2023 Ongoing but embedded by March 2023	1) Informal feedback obtained 2) In progress as this is now part of the individual audit planning process - check to be undertaken at year end
IT Risks and Controls	Some staff did not feel confident auditing IT risks and controls.	1) Source and deliver training as part of the IA Training Plan	Mar-23	1) In progress - whole team training booked for June 2023
Data Analytics	There is limited use of data analytics.	1) Develop a data analytics strategy which includes training, skills and roll out 2) Ensure auditors have opportunities to practice their skills within individual audits	Mar-23	1&2) Two team members now part of the IIA Data Analytics Forum to assist with developing a strategy, to be complete by end March 2024 (to incorporate new standards)
Procedures	The Audit Manual has not been fully updated and disseminated since 2015.	1) Update the Audit Manual and roll out to the Team	Dec-22	1) In progress, first iteration will be complete by end August 2023 and shared with the team at the September team meeting. It will then need to be updated again for the new professional standards when these are finalised.

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2023
Reliance on other assurance providers	There is no defined process for identifying and placing reliance on other assurance providers. Relationships with EA are not well developed.	1) Assurance mapping included as part of the 2022-23 Internal Audit Plan 2) Develop process for placing reliance on other forms of assurance	Mar-23	1) Assurance mapping planned but not yet delivered due to reductions in staff hours, this work will be continued into 2023/24 2) We assess other forms of assurance on an ad hoc basis but do not have a formally developed process. This will be included in the audit manual, revised date end August 2023.
Audit Coverage	Internal Audit's role in providing assurance on, and promoting ethics and values, needs to be enhanced. Similarly, there has been limited work on strategic decisions although operational decisions are routinely covered.	1) Future audit plans need to consider assurance over ethical matters and strategic decisions making.	November 2023 onwards	1) In progress – assurance work is now covering strategic decisions. We will continue to develop assurances over ethical matters.
Fraud Risks	There is no fraud risk assessment for the organisation and the Counter Fraud strategy is due an update.	1) Update CF Strategy 2) Develop a fraud risk assessment	November 2022 for Strategy March 2024 for risk assessment	1) Complete 2) Not yet started, due end March 2024.
Consultancy work	There is no template for consultancy work, including the respective roles and responsibilities of both parties	1) Develop a template for consultancy Terms of Reference which includes roles and responsibilities of both parties	Jul-22	1) Complete
Fieldwork	Work programmes (RCMs) are inconsistent in detail and quality. RCMs do not always include how information will be identified, analysed, evaluated and documented, including how samples will be selected. There is limited evidence on file of RCM review and approval prior to fieldwork.	1) Provide training on RCMs in team meeting 2) Review individual RCMs and provide follow up support / coaching as required 3) Planning checklist contains controls section to prompt process design work 4) Provide training on process mapping 5) Request process maps or procedure notes from clients where applicable, checking if correct.	Dec-22	1) Complete 2) Complete and ongoing 3) Complete but needs to be reviewed 4) Not started, to be scheduled for September 2023 team meeting.

Area for Development	Issue	Actions	Original Timeframe	Progress update May 2023
	<p>Files do not always contain information on how processes are designed and meant to operate, in order to assess adequacy of design.</p> <p>The level of information and detail held on each file is mixed, some do not contain a sufficient level of detail to fully support conclusions and results.</p>			5) Ongoing - not yet fully consistent
Reporting	<p>Audit reports have not consistently acknowledged good practice as in some instances the report has been exception only.</p> <p>There is no defined process for releasing full (non redacted) reports to parties outside the organisation.</p>	<p>1) Ensure that all audit reports identify areas which are working well</p> <p>2) Determine a process for releasing full reports outside LBB</p>	<p>01/05/2022</p> <p>31/10/2022</p>	<p>1) Audit reports identify areas of good practice. Report template has been reviewed and being trialled with clients.</p> <p>2) Not yet started - to be included in Audit Manual (end August 2023).</p>
Follow Up	<p>Follow up process newly developed and not embedded.</p> <p>Process for monitoring consultancy pieces of work not defined.</p>	<p>1) Continue to embed follow up process</p> <p>2) Review new process in September 2022 and make any amends.</p> <p>3) Define process for monitoring follow up of actions agreed as part of consultancy engagements</p>	Sep-22	<p>1) and 2) Follow up process operational and reviewed in Team Meeting.</p> <p>3) Not yet started - to be included in Audit Manual (end August 2023)</p>

Appendix D – Further actions arising from the external assessment

	Recommendation	Management Comments and Timeline
1	The paragraph setting out the responsibility for co-ordinating, reviewing and updating the Financial Regulations should be removed from the Head of Audit and Assurance's job description and the responsibility transferred to the officer(s) who are responsible for overseeing and operating the Council's financial control environment.	<p>Management Response: Agreed. The responsibility will transfer to the Head of Corporate Finance and Accounting and the job descriptions updated to reflect.</p> <p>Action Owner: Director of Finance Implementation Date: 30 September 2023</p>
2	The Head of Audit and Assurance should contribute to and be asked to independently review and challenge the Council's Annual Governance Statement rather than being responsible for preparing the document.	<p>Management Response: At the present time, senior management consider that there is not a suitable alternative to lead on the AGS although we will keep this under review. The Head of Audit and Assurance co-ordinates the Statement but responsible managers write their individual sections. We will endeavour to identify some resource within the Finance Department to assist with the administration of this task.</p> <p>Action Owner: Director of Finance / Head of Audit and Assurance Implementation Date: N/A</p>
3	Where the Head of Audit and Assurance has operational responsibility for an area to be covered in the internal audit plan, the Director of Finance should review and agree the terms of reference for the review, the draft report to be issued to management and the final report to be issued for the engagement.	<p>Management Response: Agreed</p> <p>Action Owner: Director of Finance Implementation Date: Immediately, as from date of next relevant review</p>
4	The Quality and Improvement Programme should be amended to ensure the review of audit files confirms that internal auditors have documented the relevant information obtained through their review to support the engagements conclusions and results.	<p>Management Response: Agreed</p> <p>Action Owner: Head of Audit and Assurance Implementation Date: 31 July 2023</p>

	Recommendation	Management Comments and Timeline
5	Consideration could be given to the internal audit team periodically peer reviewing each other's work as a learning exercise, as part of the training covering this aspect of the Standards and the conduct of file reviews.	<p>Management Response: Agreed, we will discuss this proposal at the July team meeting to seek views as to whether this is a viable proposition and if so, how this could be implemented and incorporated into our Quality Assurance and Improvement Programme.</p> <p>Action Owner: Head of Audit and Assurance Implementation Date: 31 July 2023</p>
6	The Audit Checklist should be amended so that the auditor can record where confidential information has been obtained during the audit and whether this information has been included in the report provided to management. Such information would then need to be redacted or removed when the final report is published.	<p>Management Response: Agreed, we will discuss in our July team meeting to determine the best way to record this.</p> <p>Action Owner: Head of Audit and Assurance Implementation Date: 31 July 2023</p>
7	Consideration should be given to creating a designated deputy role within the Internal Audit Service provide greater leadership and management capacity and service resilience.	<p>Management Response: We agree that there is a need for increased management capacity and service resilience. We will review arrangements when the new Internal Audit Standards are finalised so that any associated impacts are also taken into consideration.</p> <p>Action Owner: Head of Audit and Assurance / Director of Finance Implementation Date: 31 March 2024 (estimated, as final date for Standards not confirmed)</p>
8	Consideration should be given to developing a high level strategic audit plan covering a period of 3 to 5 years, which would include cyclical audits and areas which would be reviewed periodically across the Council.	<p>Management Response: Agreed, we will develop a strategy for the Audit service.</p> <p>Action Owner: Head of Audit and Assurance Implementation Date: 31 March 2024 (to be presented alongside the 2024-25 Internal Audit Plan)</p>

Report No.
FSD23029

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 July 2023**

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

Title: **ANNUAL GOVERNANCE STATEMENT 2022/23**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for report

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

2. **RECOMMENDATIONS**

Members are requested to:

1. Comment on the 2022/23 Annual Governance Statement, attached as **Appendix A**.
2. Agree the 2022/23 Annual Governance Statement subject to any changes made as a result of Recommendation One and any further minor updates required prior to the publication of the Statement of Accounts 2022/23.

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority (delete as appropriate): To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre:
 4. Total current budget for this head:
 5. Source of funding:
-

Personnel

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

Legal

1. Legal Requirement: Statutory Requirement: Accounts and Audit Regulations 2015
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: None
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Relevant to all stakeholders of the Council.

Ward Councillor Views

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

3. COMMENTARY

3.1 Regulation 3 of the Accounts and Audit Regulations (England) 2015 requires the Council to ensure that it has a sound system of internal control which:

(a) facilitates the effectiveness of its functions and the achievement of its aims and objectives

(b) ensures that the financial management and operational management of the Authority is effective

(c) includes effective arrangements for the management of risk.

3.2 Regulation 6 further requires that each financial year, the Authority must:

(a) conduct a review of the effectiveness of the system of internal control

(b) prepare an Annual Governance Statement (AGS).

3.3 There is no prescribed format for the AGS. However, it must be prepared in accordance with proper practices as defined in the CIPFA publication 'Delivering Good Governance in Local Government: Framework 2016'. This guidance outlines seven core principles of governance (set out on pages 5 – 7 of **Appendix A**) focusing on the systems and processes for the direction and control of the Council and its activities, including its engagement with the community.

3.4 Annual review of LB Bromley's Governance Framework

3.4.1 The annual review and development of the Annual Governance Statement was co-ordinated by Internal Audit with input from Corporate Leadership Team and relevant responsible officers. Each Chief Officer completed a Statement of Internal Control confirming that: 'In meeting my responsibilities, I have:

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

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

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change

- ▶ There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported’.

3.4.2 Relevant Heads of Service for the following compliance or assurance functions also provided statements that, in their professional opinion, the system of control, including standards of practice and Council policies, remained adequate and effective throughout 2022/23.

- ▶ Legal Services
- ▶ Health and Safety
- ▶ Information Technology
- ▶ Performance Reporting and Reviews, Internal and Self Assessments (Chief Executives, People, and Environment and Public Protection)
- ▶ Safeguarding (Adults and Children’s)
- ▶ Engagement and Complaints

3.5 Governance Issues

3.5.1 Chief Officers and Corporate Leadership Team have identified the following issues where further work is required to monitor or improve how the key risks facing the Council are being managed. Further details on each of these areas, including proposed actions, are set out on page 3 of **Appendix A**.

- (a) Finance – Achieving a balanced budget
- (b) Statement of Accounts – Delays in sign-off

3.6 Looking back on 2021/22

3.6.1 Section 9 of the AGS outlines the progress made on issues identified in the 2021/22 statement.

4. FINANCIAL IMPLICATIONS

Both of the significant governance issues identified relate to finance.

5. LEGAL IMPLICATIONS

This report meets the requirements of the Accounts and Audit Regulations (England) 2015 which stipulate that the Council must conduct annually a review of the effectiveness of its system of internal control and to approve an Annual Governance Statement.

Non-Applicable Headings:	Impact on Vulnerable Adults and Children Transformation / Policy Implications Procurement Implications Property Implications Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Customer Impact
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	Ward Councillor Views
Background Documents: (Access via Contact Officer)	None



Annual Governance Statement 2022/23

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1. Executive Summary

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

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

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Making Bromley Even Better', the Council's Corporate Strategy, contains the guiding principles for Bromley Council, our vision and links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

[Making Bromley Even Better \(Corporate Strategy\)](#)

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

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

The governance framework has been in place at Bromley for the year ended 31st March 2023 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

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

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

2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified two areas as requiring further work during 2023/24 and these are detailed overleaf.

Progress made in dealing with the governance issues identified in the 2021/22 Annual Governance Statement is detailed on pages 18 to 23.

Governance Issue	Action	Lead Officer
<p>Finance</p> <p>A balanced budget for 2023/24 has been achieved through the Transformation Savings Programme, an improved financial settlement including redesignation of funding set aside for Adult Social Care reforms and continuing with robust financial management. This has been achieved despite the significant increase in inflation (highest for around 40 years). There remains a “budget gap” of £1.7m in 2024/25 rising to £29.6m per annum in 2026/27. There is also an estimated increase in the Dedicated Schools Grant of £10.9m per annum by 2026/27, compared with 2022/23. The projections assume mitigation and transformation savings of £28.2m in 2023/24 rising to £59.5m by 2026/27. The projections from 2025/26 have to be treated with some caution, particularly as the Government’s next Spending Review is awaited and the Fair Funding Review is not expected to be completed until at least 2026/27. There has been a significant review of the Council’s capital programme funding shortfall to address the impact of the Operational Property Review and the need to address an inherent capital funding shortfall. This has resulted to a significant property disposals programme combined with borrowing to fund housing schemes in order to address the potential funding shortfall.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £120m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2023/24 Budget and Update on Council's Financial Strategy 2023/25 to 2026/27</p> <p>Further details of the updated capital funding strategy can be found in:</p> <p>Capital Strategy 2023/24 to 2026/27</p>	<p>Director of Finance</p>
<p>Statement of Accounts</p> <p>The Council’s statement of accounts for the period 2019/20 onwards remain incomplete owing to considerable delays largely caused by issues concerning the valuation of the Council’s Fixed Assets. Consequently, whilst the 2019/20 accounts are currently being finalised, production of the draft accounts for 2020/21, 2021/22 and 2022/23 have been delayed beyond the statutory publication dates.</p>	<p>The Council has implemented a timetable to address the backlog of work required to produce draft accounts for the respective financial years. This includes the deployment of additional resources in the closing team and advance work taking place to ensure that asset valuations are properly supported.</p>	<p>Director of Finance</p>

3. What is Corporate Governance?

3.1 Definition

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

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

It also states that:-

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

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

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

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

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

Bromley Council recognises that:

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

3.2 The Principles

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

How we do this

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

Principle B – Ensuring openness and comprehensive stakeholder engagement

How we do this

- Ensuring transparency of decisions supported by an effective scrutiny and challenge process
- Consulting with residents during the budget setting process for 2023/24 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

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

How we do this

- Having a clear vision and strategy, with key partner organisations through 'Making Bromley Even Better'
- Delivering defined, sustainable outcomes within the limits of resources and authority

- Balancing competing demands with finite resources when determining priorities; managing service users' expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation's vision and short term factors such as financial constraints

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

How we do this

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

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

How we do this

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

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

How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process

- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit and Risk Management Committee whose remit incorporates financial delegation, fraud prevention, and internal and external audit

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

How we do this

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

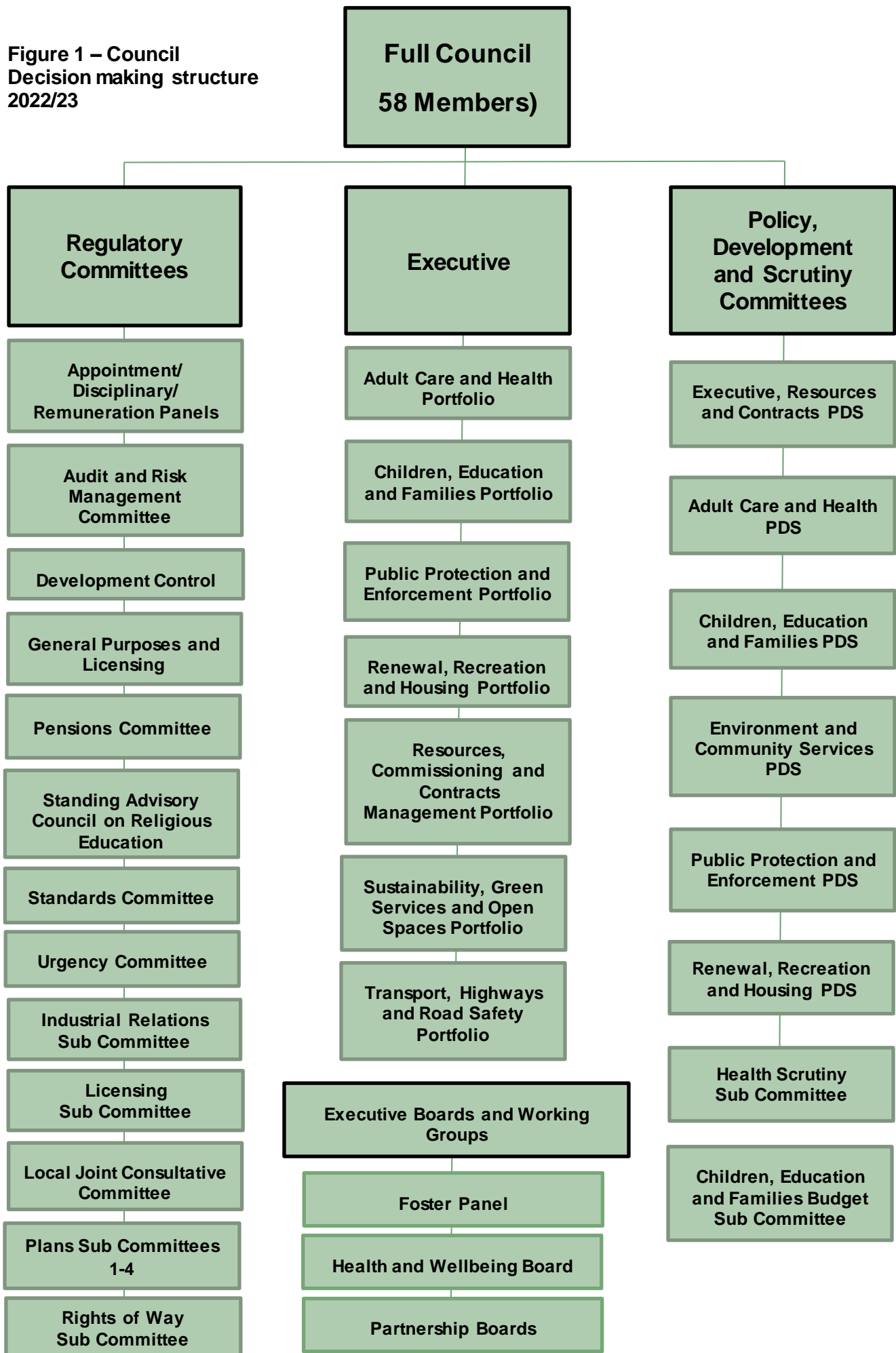
4. The Council: How it Works

This Annual Governance Statement covers the period 1st April 2022 to 31st March 2023, but it should remain up to date until the accounts are approved and audited.

In the 2021/22 Council year the Council was made up of 60 Councillors, but this reduced to 58 Councillors at the local elections in May 2022. The decision making structure is divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which, in 2021/22 included the Leader and six Councillors (increased to seven in May 2022) with specific Portfolio responsibilities. Non-Executive duties are performed mainly by the Development Control Committee, the General Purposes and Licensing Committee, the Audit and Risk Management Committee, the Pensions Committee, and the Standards Committee.

The established decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure 2022/23



5. The Procurement process

In 2022/23, procurement practice and process continued to be led through the Corporate Procurement Team working in accordance with the LBB Contract Procedure Rules and the Public Contracts Regulations 2015.

The key governance arrangements in place continue to include:

- All procurement over £5k must be conducted in consultation with the Corporate Procurement Team;
- Member decision on proceeding to procurement and contract award for all procurements with a whole life value of £500k or higher;
- Member decision on formal extension options, extensions beyond term, variation (modifications) and exemptions at £100k or higher, including reporting to Audit and Risk Management Committee for anything £50k or higher;
- All procurement decisions at both Member and Officer authority to be supported by a formal Gateway paper;
- Annual monitoring reports to Members for all contracts with a whole life value of £500k or higher;
- Quarterly Contract Register report to Executive, Resources and Contracts (ER&C) Policy, Development and Scrutiny (ER&C) Committee on all contracts over £200k and to each PDS for contracts over £50k; including commentary on the status of the contract from the Contract Owner and additional commentary and RAG rating from the Corporate Procurement Team;
- Regular reports to Chief Officers Executive (COE) and Corporate Leadership Team on the status of all contracts due to end within the next twelve months with commentary from Corporate Procurement;
- Procurement Board led by Corporate Procurement to review and advise on key contracts in advance of seeking decisions on procurement actions;
- Regular training on Commissioning and Procurement available to all Officers;
- Quarterly meetings for all Contract Owners to provide news, guidance, advice and support.

In December 2020, the Government issued a Green Paper on Transforming Public Procurement. The latest advice from Cabinet Office is that the Bill will be enacted in Spring/Summer 2023 following which secondary legislation will be developed. The new Regulations are expected to go live in Spring 2024. During the transition period between confirmation of legislation and implementation date, the Corporate Procurement team will review and update the Contract Procedure Rules and other relevant processes and procedures to ensure compliance with the new legislation. Changes are expected to be primarily technical in nature. Communication and training will be implemented to support any changes.

6. Outcomes and Value for Money

6.1 Making Bromley Even Better

Bromley Council's partner agencies formally signed up to work together with the Council to deliver a new Corporate Strategy – 'Making Bromley Even Better' in October 2021. Hundreds of organisations, councillors and residents contributed to the strategy which outlines five main ambitions for Bromley over the next ten years with the shared vision of making the Borough: 'A fantastic place to live and work, where everyone can lead healthy, safe and independent lives'. The Medium Term Financial Strategy will enable the delivery of the Corporate Strategy as a 'golden thread' that runs through all plans such as those that support Portfolios with teams and individuals reflecting the ambitions throughout their work.

'Making Bromley Even Better' has five overarching ambitions:

1. For children and young people to grow up, thrive and have the best life chances in families who flourish and are happy to call Bromley home.
2. For adults and older people to enjoy fulfilled and successful lives in Bromley, ageing well, retaining independence and making choices.
3. For people to make their homes in Bromley and for business, enterprise and the third sector to prosper.
4. For residents to live responsibly and prosper in a safe, clean and green environment great for today and a sustainable future.
5. To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.

Working individually and in partnership we share responsibility for improving outcomes in the Borough. Agencies in our partnerships commission and provide many of the services which matter to residents and businesses in Bromley. We are convinced that by aligning ambitions and by strengthening our collaboration, we will succeed in making Bromley an even better Borough. It is crucial to have a sense of shared direction and a course to navigate for the future, no ten-year plan can ever be set in stone. Therefore we will monitor progress regularly and develop our plan as circumstances, demand and legislative changes require.

Underpinned by our shared organisational culture and values of Respect, Empowerment, Ambition, Leadership (REAL), the Council works to meet the needs and expectations of residents through enabling self-sufficiency, sustainable core services and improving outcomes for residents at the earliest point of need within a responsible financial envelope.

As a learning organisation we continue to reflect on "best practice" models of change and transformation. We are committed to adopting favourable solutions that are tried and tested.

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

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

6.2 Portfolio Plans

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

[Adult Care and Health Portfolio Plan 2022-23 Refresh](#)

[Children, Education and Families Portfolio Plan 2022-23 Refresh](#)

[Housing, Planning and Regeneration Portfolio Plan 2022/23 \(including Quarter One update\)](#)

[Environment and Community Services Portfolio Plan 2022-23](#)

[Public Protection and Enforcement Portfolio Plan 2022-23](#)

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

[Adult Care and Health Portfolio Plan 2022/23 - Quarter Two Update Covering Report \(November 2022\)](#)

[Adult Care and Health Portfolio Plan 2022/23 - Quarter Two Update \(November 2022\)](#)

[Children, Education and Families Portfolio Plan 2022/23 - Quarter Three Update Covering Report \(March 2023\)](#)

[Children, Education and Families Portfolio Plan 2022/23 - Quarter Three Update \(March 2023\)](#)

[Housing, Planning and Regeneration Portfolio Plan 2022/23 - Quarter Three Update Covering Report \(January 2023\)](#)

[Appendix 1 - Housing, Planning and Regeneration Strategic Project Tracker](#)

[Appendix 2 - Housing, Planning and Regeneration Operational Key Performance Indicators](#)

[Environment and Community Services Performance Overview 2022/23 - Quarter Three \(March 2023\)](#)

[Public Protection and Enforcement Performance Overview 2022/23 - Quarter Three \(March 2023\)](#)

6.3 Managing our Resources (Value for Money)

Statement of Accounts

In relation to the Council's Statement of Accounts for 2019/20, draft accounts were published on 30th June 2020, with the external audit starting during August 2020. Whilst good progress was made in most areas, there were delays in the provision of information to EY and in responding to auditor queries. Some delays occurred due to the Coronavirus pandemic, with officers working off site and documentation not being readily accessible in an electronic format (in some cases paper documents and records required bulk scanning). Most significantly, the audit revealed a number of errors in relation to the Council's accounting treatment of fixed assets. These have required significant work by property officers to rectify core valuation information and owing to this and other outstanding matters completion of the audit has been delayed to 2023. The external auditor produced an updated Audit Results report which was considered by the Audit and Risk Management Committee on 8th March 2023. This report stated that the audit was 'substantially completed', though some matters remain outstanding. The auditor also stated that it will need to consider the impact of uncorrected mis-statements and other areas of uncertainty on the final audit opinion for 2019/20. It is anticipated that the accounts audit will be signed-off by the external auditor during April 2023.

The statement of accounts for 2020/21, 2021/22 and 2022/23 remain incomplete mainly due to the valuation issues affecting the 2019/20 accounts which has significantly delayed their completion. It is now planned that the 2020/21, 2021/22 and 2022/23 will be published in draft form during 2023.

CIPFA Financial Management Code

The Council's financial management arrangements conform with good governance. An assessment was undertaken in the year against compliance with the CIPFA Financial Management Code. The Council is complying with all of the requirements however an action plan is being developed to improve the level of assurance with each standard contained within the code.

Value For Money (VFM) Conclusion

The Local Audit and Accountability Act 2014 requires auditors of local government bodies to be satisfied that the Authority 'has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources'.

The Council's external auditor has not yet been able to issue a VFM conclusion for 2018/19 owing to outstanding objections. As a result of the objections the audit cannot be formally concluded and an audit certificate issued. The detailed approach of the Council towards budgeting over the medium to longer term was reported to Executive on 18th January 2023 with the approach on using reserves and

other key financial matters reported to Executive on 8th February 2023. Forward financial planning and financial management is a key strength at Bromley. These reports continue to forecast the financial prospects for the next 4 years and include the outcome of the Provisional Local Government Finance Settlement 2023/24. It is important to note that some caution is required in considering any projections for 2023/24 to 2025/26 as this depends on the outcome of the Government's next awaited Spending Review period as well as the awaited impact of the Fair Funding Review and Devolution of Business Rates. The report on 18th January 2023 provided an update on the funding and costs of the Covid 19 pandemic and the estimated financial impact for 2023/24. The Covid 19 pandemic has created a higher level of uncertainty for the financial forecasting in future years, particularly with uncertain outcome of the 'new normal'.

[Draft 2023/24 Budget and Update on Council's Financial Strategy 2023/25 to 2026/27](#)

[2023/24 Council Tax](#)

Counter Fraud Arrangements

Ensuring that effective arrangements for counter fraud are in place is important to protect the Council's resources so that all funds are used to deliver the best possible outcomes for our residents. Through data from across the public sector, we know that fraud risks will have increased during the pandemic and continue to increase as the cost of living rises. During 2022, we reviewed our Counter Fraud arrangements using CIPFA's counter fraud assessment tool and Fighting Fraud and Corruption Locally, the local government best practice fraud strategy. Subsequently, we revised our four key policies for counter fraud and corruption: the Counter Fraud and Corruption Strategy, Raising Concerns (Whistleblowing) Policy, Anti-Bribery Policy and Anti-Money Laundering Policy. These were approved by Audit and Risk Management Committee at their meeting of 2nd November 2022. We also enhanced our pro active approach fraud work through the provision of fraud awareness and other exercises. We will continue to develop this work into 2023/24 and beyond.

7. How do we know our arrangements are working?

7.1 The Role of Management

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

- Chief Executive
- Director of Children, Education and Families
- Director of Environment and Public Protection
- Director of Housing, Planning and Regeneration
- Director of Corporate Services and Governance
- Director of Adult Services
- Director of Public Health
- Director of Finance
- Director of Human Resources, Customer Services and Public Affairs

The purpose of the Chief Officers Executive (COE) is:

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

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

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

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

During 2022/23, the Corporate Risk Management Group met twice (May and September 2022), undertaking its usual programme of scrutiny.

Risk Registers remained live documents throughout the year, with the Risk Reporting cycle to the Corporate Leadership Team and Committee completed in full. Audit and Risk Management Committee received the refreshed Corporate Risk Register at their meetings of June and November 2022. The Departmental Risk Registers were presented in full to the June meeting and by way of Heat Maps at the November meeting. Executive, Resources and Contracts PDS received five Risk Information Briefings and each relevant PDS Committee had the opportunity to scrutinise the Departmental Risk Register falling within its remit.

The Standards Committee of 21st February 2023 considered the Monitoring Officer's General Report. This updated the Committee on a number of Standards issues including the Appeals Process for Members subject to Complaints.

[Monitoring Officer's General Report 21st February 2023](#)

The Council's Constitution requires that a report is made each year to full Council which summarises work carried out by Policy Development and Scrutiny (PDS) Committees. This report was considered by the Executive, Resources and Contracts PDS Committee on 22nd March 2023 and Full Council on 24th April 2023.

[Policy, Development and Scrutiny Annual Report 2022/23](#)

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

7.2 The Role of the Audit and Risk Management Committee

For 2022/23, the Council appointed an Audit and Risk Management Committee which considers financial delegations, fraud prevention, internal and external audit. It meets three times a year and reports directly to Full Council.

[Audit and Risk Management Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit and Risk Management Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All recommendations from Internal Audit are tracked by the Committee until implemented, with a particular focus on those deemed to be high risk (Priority 1).

7.3 Our Governance Framework

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

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

7.4 Annual Governance Assurance Statement

Each member of the COE is required to confirm that:

'In meeting my responsibilities above, I have:

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

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

- ▶ The service is planned and managed in accordance with the Council's Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council's assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ There are quarterly budget monitoring arrangements in place which are reviewed and agreed through budget holders, Senior Leadership Team, Directors and through PDS and Executive
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

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

7.5 External Inspections/Peer Reviews

The Council received the annual Local Government & Social Care Ombudsman letter for the year ending 31st March 2022, which summarised Ombudsman complaints/enquiries received, and the decisions made about, the London Borough of Bromley. With a commitment to an ethos of continuous improvement and using feedback from a variety of sources to learn, understand and take action to improve services; we continue to place our focus on the outcomes of complaints and what can be learned from them.

[Local Government and Social Care Ombudsman Annual Review Letter 2022 \(20th July 2022\)](#)

An external Quality Assurance review of Children's services, aligned to the Ofsted framework, was undertaken during October and November 2022.

7.6 The Role of Internal Audit

Internal Audit is a key component of Corporate Governance within the Council. As required by the Accounts and Audit Regulations 2015, the Council must ensure an effective system of internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

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

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which is periodically reviewed and presented to Chief Officers Executive and the Audit and Risk Management Committee for approval. The latest updates to the Charter were approved by the Audit and Risk Management Committee on the 8th March 2023.

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

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

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

The Annual assessment is based on the following:

- The Audit work undertaken including the assurance opinion ratings
- The follow up of Priority 1 recommendations determining how the authority responds to key identified weaknesses
- Counter fraud work and other investigations throughout the year
- Ad-hoc advisory work
- Work to support energy grant schemes including risks and controls advice and pre payment assurance checks
- Informal observations of the organisation, for example through attendance at Corporate Leadership Team, Corporate Risk Management Group and other forums.

The results of the above provide reasonable assurance that there is an adequate and effective framework of governance, risk management and control within the Council, designed to meet the organisation's objectives. Where significant weaknesses are identified, Priority 1 recommendations are made and are tracked by Chief Officers Executive, Corporate Leadership Team and the Audit and Risk Management Committee until implemented or discharged. The Head of Internal Audit's Annual report (Audit and Risk Management Committee July 2023) provides details of exceptions and provides further context. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

8. Our Strategic Risks

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

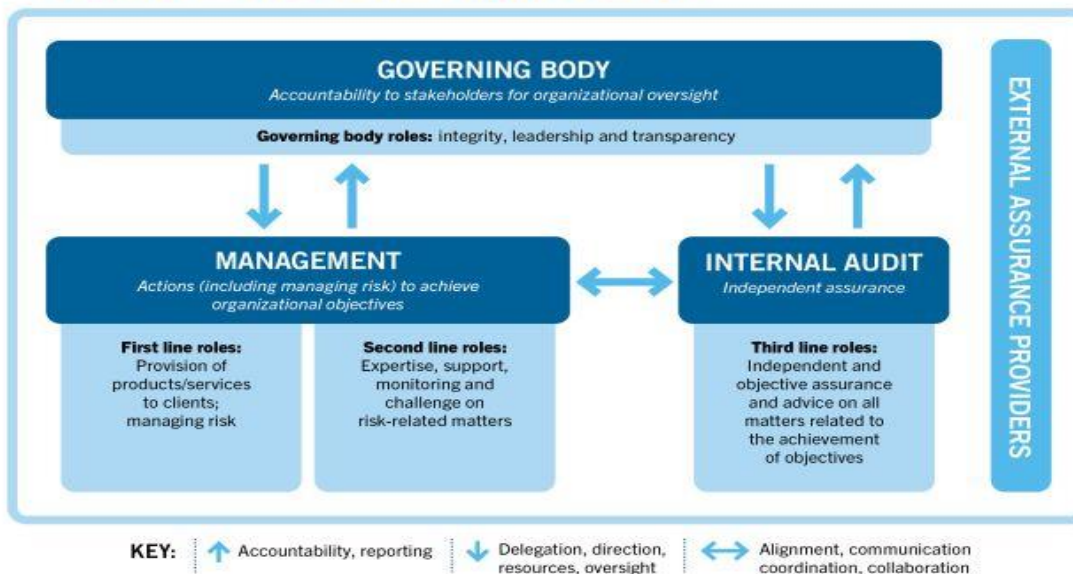
The Corporate Risk Register is a key document in the Council's approach to risk management; it captures the key strategic risks to the delivery of the corporate objectives as set out in the 'Making Bromley Even Better' vision. It also provides a context through which high level risks are identified and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

The 'three lines' of assurance model, as detailed below, provides a simple framework for understanding the roles and responsibilities in the overall risk management and internal control processes of an organisation. The Council's third line includes Internal Audit, who provide independent assurance to senior management and the Audit and Risk Management Committee on how effectively the first and second lines have been operating.

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

Figure 2 – 3 Lines Model

The IIA's Three Lines Model (2020)



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The published Corporate Risk Register can be viewed via following the link:-

[Corporate Risk Register](#)

9. Looking Back on 2021/22

Governance Issue	Action	Progress
<p>Finance</p> <p>A balanced budget for 2022/23 has been achieved through the Transformation Savings Programme, an improved financial settlement from Government and continuing with prudent financial management. This has been achieved despite the significant cost pressures remaining, increasing inflation, impact of national insurance increase and the impact of the ‘new normal’ following the pandemic. There remains a “budget gap” of £4.3m in 2023/24 rising to £19.5m per annum in 2025/26. This excludes the impact of the Adult Social Care Reforms which could increase net costs further by between £10m and £15m per annum during the financial forecast period. The projections assume mitigation and transformation savings of £17.7m in 2022/23 rising to £30m by 2025/26. The projections from 2023/24 have to be treated with some caution, particularly as the Government’s next Spending Review, outcome of the Fair Funding Review and Business Rate Devolution is now expected to be implemented in 2024/25 – the outcome, including the impact on individual councils, is still awaited. The Government had provided funding support to address the impact of the Covid 19 pandemic during 2020/21 and 2021/22 with no further funding provided from 2022/23.</p>	<p>In considering action required to address the medium term “budget gap”, the Council has taken significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions. Significant savings of over £110m were realised since 2011/12. Our council has to balance between the needs of service users and the burden of council tax on council tax payers. With the Government not providing funding to keep pace with growth/cost pressures, the burden of financing increasing service demand falls primarily upon the level of council tax and business rate income. Further information can be found in:</p> <p>Draft 2022/23 Budget and Update on Council's Financial Strategy 2023/24 to 2025/26</p>	<p>The Council has delivered a balanced budget for 2022/23 and for 2023/24.</p> <p>A prudent approach to financial management, including transformation savings, the accumulation of revenue reserves and detailed in-year monitoring of expenditure, coupled with mitigations has ensured that the Council’s revenue budget position and medium-term forecast remains stable but challenging. Without projecting future savings and the use of reserves, it is projected that the budget gap will continue to widen.</p>

<p>Valuation of Fixed Assets</p> <p>Issues have been identified relating to the methodologies used for accounting and the valuation of fixed assets for reporting in the Council's 2019/20 Statement of Accounts</p>	<p>Work is at an advanced stage to ensure that Fixed Assets are accounted for in full compliance with the CIPFA Code of Practice in Local Authority Accounting, specifically:</p> <ul style="list-style-type: none"> • Asset Valuations are fully supported and are undertaken in line with the requirements of the CIPFA Code • Depreciation and Impairment are properly calculated and appropriately applied to relevant asset categories • Furniture and Equipment Assets are properly identified and valued on an ongoing basis <p><i>This may be updated once the External Auditors have concluded on the revised audit submissions.</i></p>	<p>The Statutory Asset Valuations have been completed and are awaiting sign off by EY. The methodology and processes have been shared with EY and a regular fortnightly meeting series is in place to ensure any issues raised by EY are dealt with promptly. In the last 9 months no issues have been raised.</p>
<p>Ongoing impact of COVID-19 pandemic on service delivery</p> <p>Despite the many challenges presented by the COVID-19 pandemic, the Council has delivered some key achievements through our COVID-19 response programmes and our business-as-usual work, which includes a potential balanced budget for 2022/23.</p> <p>The pandemic has highlighted a number of long-term challenges that the Council will need to continue to address. In particular, we will need to manage significant cost/ growth pressures impacting on e.g., education, high needs transport, housing, adults, and children's social care as well as explore opportunities for the mitigation of costs. There also remains uncertainty about the ongoing impact arising from the 'new normal', with no increase in core funding identified beyond 2022/23.</p>	<p>Our COVID-19 response:</p> <ul style="list-style-type: none"> • On 21 February 2022, the Government published its 'COVID-19 Response: Living with COVID-19'. As part of the plan, routine contact tracing for the wider population ceases on 31 March 2022. A document will be prepared for Central Government to inform how the Council will reinstate this work within a two-week period if required. • The plan also notes that the Targeted Community Testing Programme and Lateral Flow Testing Sites close on 31 March 2022. Lateral Testing Sites, with decommissioning expected in the months following. • Work will continue to review data on our vulnerable groups, including care settings. • The Council will report on its management of the pandemic later in the year. • Weekly COVID COE briefings will end with a standing item on COVID going forward at fortnightly COE meetings. • Work continues to determine the longer-term approach to working with the voluntary and 	<ul style="list-style-type: none"> • The Pandemic has moved towards being endemic in the population, and in order to provide the support that is needed for this situation, two new members of staff have been recruited to support the Health Protection function within the Public Health Team. This small Team has taken over most of the Health Protection work around COVID as well as supporting local response to other outbreaks of infectious disease in the borough. The new staff have been recruited for a 12-month period initially. • The Targeted Community Testing (TCT) Programme ran from July 2021 and was closed on 31 March 2022 in accordance with the Department for Health and Social Care (DHSC) guidance. • Decommissioning documents were produced and are the Council's operational procedure/

As we move towards 'Living with Covid-19', we will continue to explore opportunities to work closely with our partner agencies as part of our organisational and borough-wide recovery.

community sector, including the retention and engagement of the 4500 volunteers who registered with the Council to support the COVID-19 response

- Through our Economic Strategy we will support the longer-term economic recovery of the borough.
- Continue our partnership working through the Borough Partnership Forum to ensure a co-ordinated and mutually supportive local area response across all agencies.

Some of our key organisational priorities for 2022/23 include:

- Delivering Transforming Bromley Programme proposals for 2022/23 budget setting.
- Managing growth and delivering budget mitigations as part of our long-term financial management strategy.
- Building an equality profile to strengthen service delivery.
- Progressing development of Integrated Care System in South East London.
- Increasing housing supply and affordable housing and concluding options appraisals to bring forward further sites for housing and strategic regeneration projects.
- Reporting on outcomes of Operational Property Review.
- Delivery of the Digital Strategy and Digital Roadmap.
- Supporting hybrid meetings.
- Successful rollout of the 2022 Local Elections.
- Responding to legislative changes and macro issues from Central Government.

strategy for what we could do if contact tracing needs to be reinstated.

- An internal Bromley system for the surveillance and management of COVID-19 in Care Homes continues, with data reviewed twice a week and follow-up action taken where needed.
- A report on the '[Public Health Management of the COVID-19 Pandemic](#)' (including discussion on lessons learnt from the Pandemic) was reported to the Health and Wellbeing Board on 9 June 2022, and a report on '[Learning from the COVID Vaccination Programme](#)' was reported to the Health and Wellbeing Board on 8 December 2022.
- Work to address vaccine hesitancy continues and the Borough Based Director for SEL CCG leads on plans to address wider general health issues and preventative services.
- As part of the retention and engagement of the 4500 volunteers who registered with the Council to support the COVID-19 response, all volunteers were contacted by Community Links Bromley (CLB), who is the voice of the voluntary sector in Bromley and contracted to the Council, and those volunteers who indicated a desire to continue registered with CLB. All clients were contacted, and those who indicated a need for further help were provided with Bromley Well details. Volunteer recruitment continues to be an ongoing activity, and a draft Volunteer Strategy has been developed.
- Bromley has secured funding and launched its project as one of London's three Night Time Enterprise Zones, with a

series of high street activities planned to encourage the evening economy, and a business-led campaign for better work standards for related industries. Two new programmes of business support are set to launch funded by UK Shared Prosperity Fund (UKSPF) in September providing one-to-one support to Small and Medium-Sized Enterprises (SMEs) and support with accessing supply chain opportunities, both designed to increase business resilience. The full fibre footprint of the borough continues to improve through relationships levered with the private sector to increase digital infrastructure.

Updates against our key organisational priorities for 2022/23:

- The '[2023/24 Budget and Council's Financial Strategy 2024/25 to 2026/27](#)' reported to Executive on 18 January 2023 includes the full year effect of the Phase Two Transformation Savings combined with new changes, totalling £2.9 million in 2023/24 increasing to £4.5 million per annum from 2026/27.
- The '[2023/24 Budget and Council's Financial Strategy 2024/25 to 2026/27](#)' includes significant growth/ cost pressures, with the net impact reduced to reflect mitigation assumed of £14.1 million in 2023/24 rising to £26.8 million per annum from 2026/27. It remains essential that there is ongoing scrutiny and review of growth/cost pressures, with options to help achieve a balanced budget, including any mitigation over the financial forecast period.

- The Council collects and analyses data to identify any potential inequalities or disparities in service provision and is extending the collection of data across all protected characteristics. Information is also collected on the workforce and a report on gender pay is published.
- The South East London Integrated Care Board (SEL ICB) was established on 1 July 2022. Key areas of focus include the delivery of the Annual Plan and development of a strategy for South East London. The One Bromley Partnership continues to look at the needs of the local population, and meetings are jointly chaired by the Leader of the Council and the GP Clinical Lead.
- The Council has committed to delivering affordable homes through direct delivery, acquisitions, and potentially joint ventures. Two affordable housing sites (Bushell and Anerley) have now been completed with another (Burnt Ash) near completion, one at York Rise is under construction, one at West Wickham is out to construction tender, and another at Bromley North is ready to progress to Planning. Beckenham Triangle is still going through feasibility. Further sites set out in the Operational Property Review are anticipated to move to feasibility later this year.
- A review of the Council's Operational Property has been undertaken to identify the optimal operational estate and understand the liability of it over a ten-year period together with the potential to undertake minor refurbishments where

		<p>appropriate to minimise future liability. The report to formally adopt the Operational Estate Strategy and the progressing of the various workstreams was reported to the Executive on 30 November 2022.</p> <ul style="list-style-type: none"> • A Digital Working Group meets monthly and acts as the driver and co-ordinator of the Council's Digital Strategy and Digital Road Map, which captures and reflects the organic change as well as the wider large-scale projects and any significant investments. • In February 2022, the PA/audio-visual facilities in the Council Chamber were upgraded, with new loudspeakers, screens, and electrical equipment. The new equipment has made remote attendance much more practical and professional and was used for the first time at the full Council meeting on 28 February 2022. • Local Council Elections were held in Bromley on Thursday 5 May 2022 and were the first elections to be held on the new electoral arrangements
<p>Condition of the operational property estate to ensure that premises are compliant with Health & Safety legislation and can be operated to facilitate the delivery of the Council's various services.</p>	<p>A programme has been established to identify the Council's optimal operational estate taking into account maintenance liabilities, condition, business needs and funding.</p> <p>The output of this programme will be an accommodation strategy, business case and delivery plan – subject to Member approval.</p> <p>The Programme will report its findings to Members in Summer 2022.</p> <p>A new supply chain has been established to ensure Health and Safety compliance together with a new Computer Aided Facilities Management System to house said compliance data.</p>	<p>The Operational Property Review undertaken in 2022 culminated in a series of Reports taken to the Executive in Nov 2022 and ratified at Full Council in Dec 2022.</p> <p>These highlighted the extent of liabilities across the operational estate and a series of proposed works packages to repair and renovate properties together with a disposal programme to part fund the said works.</p> <p>A Programme Board has also been set up to oversee the above.</p>

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

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

Signed

Signed

Chief Executive

Leader of the Council

Date

Date

Appendix 1 – Links to Documents

Page 2	Making Bromley Even Better
https://www.bromley.gov.uk/downloads/download/142/making-bromley-even-better-corporate-strategy-london-borough-of-bromley	
Page 3	Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27
https://cds.bromley.gov.uk/documents/s50102358/BUDGET%20202324%20FINAL%20v2.pdf	
Page 3	Capital Strategy 2023/24 to 2026/27
https://cds.bromley.gov.uk/documents/s50103134/Capital%20Strategy%20202324%20to%20202627%20and%20Q3%20Capital%20Programme%20Monitoring.pdf	
Page 10	Adult Care and Health Portfolio Plan 2022/23
https://cds.bromley.gov.uk/documents/s50098952/ACH22-022%20Appendix%202%20ACH%20Portfolio%20Plan%202022-23%20ACH%20PDS%2028.06.22.pdf	
Page 10	Children, Education and Families Portfolio Plan 2022/23
https://cds.bromley.gov.uk/documents/s50098354/App.%202%20-%20CEF%20Portfolio%20Plan%20202223.pdf	
Page 10	Housing, Regeneration and Planning Portfolio Plan 2022/23 (including Quarter One update)
https://cds.bromley.gov.uk/documents/s50100127/HPR%20Portfolio%20Plan%20Q1%20Updates.pdf	
Page 10	Environment and Community Services Portfolio Plan 2022/23
https://cds.bromley.gov.uk/documents/s50097171/ECS%20Portfolio%20Plan%20Appendix%20202223.pdf	
Page 10	Public Protection and Enforcement Portfolio Plan 2022/23
https://cds.bromley.gov.uk/documents/s50097241/PPE%20Portfolio%20Plan%20Appendix%20202223.pdf	

Page 11	Adult, Care and Health Portfolio Plan 2022/23 - Quarter Two Update Covering Report (November 2022)
https://cds.bromley.gov.uk/documents/s50101673/ACH22-038%20ACH%20Portfolio%20Plan%202022-23%20Q2%20update.pdf	
Page 11	Adult Care and Health Portfolio Plan 2022/23 - Quarter Two Update (November 2022)
https://cds.bromley.gov.uk/documents/s50101674/ACH%20Portfolio%20Plan%202022-23%20-%20Q2%20update.pdf	
Page 11	Children, Education and Families Portfolio Plan 2022/23 - Quarter Three Update Covering Report (March 2023)
https://cds.bromley.gov.uk/documents/s50103895/CEF%20Portfolio%20Plan%20202223%20Q3%20Update.pdf	
Page 11	Children, Education and Families Portfolio Plan 2022/23 - Quarter Three Update (March 2023)
https://cds.bromley.gov.uk/documents/s50103896/App.%201%20-%20CEF%20Portfolio%20Plan.pdf	
Page 11	Housing, Planning and Regeneration Portfolio Plan 2022/23 Quarter Three Update Covering Report (January 2023)
https://cds.bromley.gov.uk/documents/s50102565/Housing%20Planning%20Regeneration%20Portfolio%20Plan.pdf	
Page 11	Housing, Planning and Regeneration Portfolio Plan 2022/23 - Quarter Three Update – Strategic Project Tracker (January 2023)
https://cds.bromley.gov.uk/documents/s50102569/HPR%20Strategic%20Project%20Tracker.pdf	
Page 11	Housing, Planning and Regeneration Portfolio Plan 2022/23 – Quarter Three Update – Operational KPIs (January 2023)
https://cds.bromley.gov.uk/documents/s50102567/HPR%20Operational%20KPIs.pdf	

Page 11	Environment and Community Services Performance Overview 2022/23 – Quarter Three Update (March 2023)
https://cds.bromley.gov.uk/documents/s50103991/ECS%20PO-Final-070323.pdf	
Page 11	Public Protection and Enforcement Performance Overview 2022/23 – Quarter Three Update (March 2023)
https://cds.bromley.gov.uk/documents/s50104176/PPE%20Performance%20Overview.pdf	
Page 12	Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27
https://cds.bromley.gov.uk/documents/s50102358/BUDGET%20202324%20FINAL%20v2.pdf	
Page 12	2023/24 Council Tax
https://cds.bromley.gov.uk/documents/s50102832/Council%20Tax%20Report%20202323%20FINAL%20v2.pdf	
Page 13	Monitoring Officer's General Report 21st February 2023
https://cds.bromley.gov.uk/documents/s50102997/MonitoringOfficerReport%20-%20Feb%202023.pdf	
Page 13	Policy, Development and Scrutiny Annual Report 202/23
https://cds.bromley.gov.uk/documents/s50104062/ERC%20PDS%2022.03.23%20-%20Annual%20Scrutiny%20Report%202022-2023.pdf	
Page 14	Audit and Risk Management Committee Meetings (Agendas, Papers, Minutes)
http://cds.bromley.gov.uk/ieListMeetings.aspx?Cid=135&Year=0	
Page 16	Local Government and Social Care Ombudsman Annual Review Letter 2022 (20th July 2022)
https://www.lgo.org.uk/documents/councilperformance/2022/london%20borough%20of%20bromley.pdf	
Page 18	Corporate Risk Register

<https://www.bromley.gov.uk/council-budgets-spending/corporate-risk-management>

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Draft 2022/23 Budget and Update on Council's Financial Strategy 2023/24 to 2025/26

<https://cde.bromley.gov.uk/documents/s50094496/Executive%20120122%20Budget%20Report.pdf>

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Public Health Management of the Covid-19 Pandemic

<http://cdslbb/documents/s50098234/ACH22-013%20Public%20Health%20Management%20of%20Covid-19%20Pandemic%20v.9%20HWB%2009.06.22.pdf>

Page 21

Learning from the Covid Vaccination Programme

<http://cdslbb/documents/s50102011/Learning%20from%20the%20Covid%20Vaccination%20programme%20Nov%202022%20V1.2.pdf>

Page 22

Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27

<http://cdslbb/documents/s50102579/DRAFT%20BUDGET%20202324%20updated%20Appendix%2013.01.23.pdf>

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Draft 2023/24 Budget and Update on Council's Financial Strategy 2024/25 to 2026/27

<http://cdslbb/documents/s50102579/DRAFT%20BUDGET%20202324%20updated%20Appendix%2013.01.23.pdf>

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Operational Estate Strategy

<http://cdslbb/documents/s50102100/Enc.%201%20for%20Operational%20Property%20Review.pdf>

Report No.
FSD23042

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 July 2023**

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

Title: **COUNTER FRAUD PROGRESS REPORT**

Contact Officer: Francesca Chivers, Head of Audit and Assurance
E-mail: Francesca.Chivers@bromley.gov.uk

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides an update on Counter Fraud activity and outcomes for the 2022/23 financial year.

2. **RECOMMENDATION**

a) **Note the Progress Report and comment on matters arising.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: None
-

Transformation Policy

1. Policy Status: Not Applicable
 2. Making Bromley Even Better Priority:
(5) To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Audit
 4. Total current budget for this head: £568,460 in 2022/23
 5. Source of funding: Existing revenue provision
-

Personnel

1. Number of staff (current and additional): Counter Fraud services are delivered by Royal Borough of Greenwich under a partnership agreement
 2. If from existing staff resources, number of staff hours: N/A
-

Legal

1. Legal Requirement: Statutory Requirement: Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.
 2. Call-in: Not Applicable:
-

Procurement

1. Summary of Procurement Implications: None
-

Property

1. Summary of Property Implications: None.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: None
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): Counter Fraud activity is relevant to all of the Council's stakeholders.
-

Ward Councillor Views

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

3. COMMENTARY

3. Counter Fraud Activity

3.1.1 This report provides an update on both new and previous fraud investigations, as at the end of the 2022/23 financial year. The Fraud service is provided by the Royal Borough of Greenwich (RBG) who investigate all allegations of fraud and maintain the fraud register. The report also provides information on pro active fraud work that is underway.

Fraud Referrals and Investigations

Blue Badge Fraud

- 3.1.2 Members will be aware of the activity by the Shared Parking Service to combat the criminal offence of Blue Badge misuse. High rates of prosecution success have been achieved through close working with the Greenwich Fraud Team.
- 3.1.3 Information is collated, and the case passed to the Greenwich Fraud Team. The Greenwich Fraud 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 passing these to Legal Services for final authorisation. Feedback is also provided where evidence or process errors affect the suitability for prosecutions so that this can inform Civil Enforcement Officer (CEO) training.
- 3.1.4 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 low level offences.
- 3.1.5 It is for prosecutors to identify cases which are suitable for the Single Justice Procedure. These are commenced by a written charge and a Single Justice Procedure Notice. 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.
- 3.1.6 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. 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.

3.1.7 **Table 1** below provides a comparison of referrals received for the last four financial years (since the start of the current partnership agreement with RBG).

Table 1 – Blue Badge Referrals

	2019/20	2020/21	2021/22	2022/23
Total	129	22	64	80

3.1.8 The table shows that there is a steady increase in the number of new cases being referred, since the drop in cases during the pandemic. Referrals sent to the Greenwich Fraud Team relate predominantly to allegations of lost, stolen or expired Blue Badges being displayed or the use of Blue Badges belonging to persons who are deceased. Attendance at Interviews Under Caution is still intermittent and quite often two or three interviews are scheduled before the individual attends.

3.1.9 As of 31 March 2023, there were 13 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 is in addition to the 50 prosecutions already achieved between April 2022 to March 2023.

3.1.10 **Table 2** below provides a comparison of Blue Badge prosecutions, cautions and warning letters for the past four financial years. Please note that the figures for 2020/21 will include cases from 2019/20 that were delayed as a result of the pandemic. 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 included in the statistics from 2021/22 onwards.

Table 2 – Blue Badge Prosecutions, Cautions and warning letters

	2019/20	2020/21	2021/22	2022/23 Apr-Dec
Prosecutions	46	57	27	50
Warnings	30	30	13	8
Cautions	NA	NA	3	5
Total	76	87	43	63

Cases Referred to DWP Single Fraud Investigation Service and Joint Working

3.1.11 On 1st June 2015 the responsibility for the investigation of housing benefit fraud formally transferred to the Department for Works and Pensions and the Single Fraud Investigation Service (SFIS). The Council was obliged from this date to refer all allegations of housing benefit fraud directly to SFIS for them to pursue and action as they deem appropriate.

3.1.12 66 cases were referred to the DWP between April 2022 and March 2023. These related mainly to Benefit cases where allegations of undisclosed income and living together were made. Of these cases, 33 cases have been accepted for investigation, 14 cases have not been accepted for investigation and 19 cases are still being considered.

3.1.13 Two further cases were referred to the DWP for joint working. These two cases were accepted and involved a Living Together case and an Undeclared Income case. These cases are still under investigation. The DWP requested joint working on one case which involved Undeclared Capital.

Miscellaneous Cases

3.1.14 Between April 2022 and March 2023, a total of 103 non-Blue Badge cases were received for investigation.

- 58 were allegations received from members of the public (*1 email, 19 by phone, and 38 through the LBB website*)
- 33 were from the Council's contractor who provide a Benefits Assessment Service to LBB
- 2 were from another Local Authority
- 4 were from other LBB Depts
- 2 were from a member of staff
- 1 from DWP
- 3 were proactive investigations (2 involving Business Rates and 1 for Claimant Earnings)

3.1.15 The allegation types received for the 103 non Blue Badge cases were:

- 29 cases of Living Together as Husband and Wife
- 14 cases of Council Tax Fraud
- 17 cases of Earnings / Undeclared Income
- 9 cases of Vacated Addresses
- 4 Subletting Cases
- 2 Planning Cases
- 7 Undeclared Capital cases
- 5 Undeclared Non Dependants
- 1 False School Application case
- 1 Non Fraud Related Query case
- 3 cases of Contrived Tenancy
- 7 cases of False Household Composition
- 1 Anti Social Behaviour
- 2 Business Rates cases
- 1 False ReHousing Application case

The status of the 103 non Blue Badge cases received are shown below

- 66 – Referred to the DWP SFIS department
- 11 – No Fraud Proven
- 11 – Referred to landlord or other LBB department
- 3 – Not Accepted
- 11 – Current Investigation
- 1 – Exemption Removed

3.1.16 There have been 14 cases of suspected Council Tax fraud received during the year. 3 cases were referred to the DWP SFIS, 5 cases were referred to other LBB departments, 1 case was not accepted and 5 cases were closed with No Fraud Proven.

3.1.17 There have been 13 cases of suspected subletting or vacated addresses. 2 cases resulted in no fraud proven, 2 cases were referred to the Registered Social Landlord (RSL), 8 were referred to the DWP and 1 case is currently under investigation. An initiative to commence some further joint working with two Housing Associations is still being explored. The Service Level Agreement is currently being reviewed by both associations and their legal teams before joint investigation work can commence.

3.1.18 The DWP need to adjudicate on entitlement to the benefit it administers before the Council can then determine if there is any impact on Housing Benefit or Council Tax Reduction Support (CTRS) in payment. The total amount of Housing Benefit Overpayment between April 2022 and March 2023 was £2,262.86 and £710.43 for CTRS.

Proactive Counter Fraud Work

Fraud Awareness

3.1.19 Members of Audit and Risk Management Committee approved a new Counter Fraud Strategy in November 2022. This Strategy contained a new focus on proactive and preventive counter fraud work. Consequently, we have sought to increase our work in this area in the latter half of the year. As reported to the March Committee meeting, as part of Fraud Awareness Week in November, we worked with Public Affairs to provide some fraud awareness communications to both staff and residents. We also provided a Fraud Awareness session to all managers as part of the monthly Managers Briefing in December.

3.1.20 In December 2022, Greenwich Fraud Team provided bespoke Fraud Awareness Training to Housing Officers highlighting the different types of fraud that can be committed against the Council. Staff were shown examples of previous investigations (including surveillance footage) and were advised how they can refer cases for investigation and what happens with the referral once received. As a result of the training, two cases were received from the Housing team, one for an alleged false rehousing application and the other for an alleged undeclared non-dependent.

3.1.21 Fraud Officers from RBG are providing similar training to front line adult social care staff in June 2023.

Small Business Rates Relief (SBRR)

3.1.22 Greenwich Fraud Team are currently undertaking a pro active counter fraud exercise to identify potential hereditaments currently claiming SBRR but which do not qualify for the relief. This exercise is being done through both internal data matching and through using an external data matching company to match SBRR claims in Bromley with data from across the country as a whole.

3.1.23 The initial matching exercises have taken place and have resulted in the identification of approximately 30 companies where further investigation is warranted to ascertain whether SBRR has been awarded incorrectly or claimed fraudulently. A small number of cases have also been identified where Covid Small Business Grant may also have been incorrectly paid, as the entitlement to this was based on SBRR. The Team are currently working through these, including review of case files and conducting Interviews Under Caution where appropriate. To date, a total of £55,000 has been repaid for SBRR. (This includes entitlements incorrectly awarded for previous years). When the exercise is complete, we will provide a full update on outcomes to this Committee.

National Fraud Initiative (NFI)

3.1.24 On a bi-annual basis, the Council is required to submit various data sets to the National Fraud Initiative, run by the Cabinet Office. These data sets include Payroll, Pensions, Trade Creditors, Housing waiting list, Residents Parking and Council Tax Reduction Scheme. They are then matched with those from other Local Authorities and public bodies and any matches which may indicate error or irregularity are returned to the Council to investigate. We are currently working through the matches to ascertain if any warrant further action or more detailed investigation.

4. FINANCIAL IMPLICATIONS

Proactive and investigative fraud work aims to minimise financial loss to the Council.

5. LEGAL IMPLICATIONS

Under the Accounts and Audit Regulations, Section 4, Paragraph 4 (a) (ii), the Council must ensure that financial control systems include measures to enable the prevention and detection of fraud. Fraud investigations may result in prosecution where appropriate.

Non-Applicable Headings:	Impact on vulnerable adults and children Transformation / Policy Implications Personnel Implications Carbon Reduction / Social Value Implications Impact on the Local Economy Impact on Health and Wellbeing Ward Councillor Views Procurement Implications Property Implications Customer Impact
Background Documents: (Access via Contact Officer)	None

Report No.
FSD23030

London Borough of Bromley

PART ONE - PUBLIC

Decision Maker: **AUDIT AND RISK MANAGEMENT COMMITTEE**

Date: **Tuesday 4 July 2023**

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

Title: **RISK MANAGEMENT**

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

Chief Officer: Director of Finance

Ward: (All Wards);

1. Reason for decision/report and options

This report provides Members of the Audit and Risk Management Committee with the most recent iteration of the Corporate Risk Register for review and comment. It also provides summary heat maps for Departmental Risk Registers.

2. **RECOMMENDATIONS**

Members are asked to note the Corporate Risk Register and Departmental Heat Maps and comment on any matters arising.

Impact on Vulnerable Adults and Children

1. Summary of Impact: The Adults Care and Health Risk heat map is attached as Appendix C. The Children, Education and Families Risk heat map is attached as Appendix D.
-

Transformation Policy

1. Policy Status: Not Applicable:
 2. Making Bromley Even Better Priority
To manage our resources well, providing value for money, and efficient and effective services for Bromley's residents.
-

Financial

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

Personnel

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

Legal

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

Procurement

1. Summary of Procurement Implications: Where applicable, the risk category is reflected as Contractual and Partnership.
-

Property

1. Summary of Property Implications: Where applicable, the risk category is reflected as 'Physical', which includes hazards/risks associated with buildings.
-

Carbon Reduction and Social Value

1. Summary of Carbon Reduction/Sustainability Implications: Where applicable, the risk category is reflected as Environmental.
-

Impact on the Local Economy

1. Summary of Local Economy Implications: None
-

Impact on Health and Wellbeing

1. Summary of Health and Wellbeing Implications: None
-

Customer Impact

1. Estimated number of users or customers (current and projected): This report is intended primarily for the benefit of members of the Audit and Risk Management Committee.
-

Ward Councillor Views

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

3. COMMENTARY

- 3.1 This report forms part of the standard six-monthly risk reporting to Audit and Risk Management Committee. As agreed at the meeting of 30th June 2022, the Corporate Risk Register is presented in full as **Appendix B** whilst the departmental risk registers are summarised as heat maps (**Appendices C to J**). Each heat map shows the **net** score for each risk (after controls have been applied). The risk assessment guidance is attached at **Appendix A**. The individual risks and their gross and net scores are listed underneath for reference. Full Departmental Risk Registers will subsequently be presented to the respective Policy, Development and Scrutiny (PDS) Committees.
- 3.2 Whilst Internal Audit coordinates the risk management process and reports to Audit and Risk Management Committee, each Director retains responsibility for the risks and controls within their division. Similarly, the Corporate Risk Register is owned by Corporate Leadership Team as a collective and each risk has an accountable owner. The Corporate Risk Register is reviewed on a quarterly basis by Chief Officer Executive and Corporate Leadership Team.
- 3.3 The Corporate Risk Management Group (CRMG) meets three times per year to scrutinise the risk registers and discuss cross-cutting risk areas. CRMG is made up of representatives from each division together with officers in key risk-related roles, such as Health and Safety, Business Continuity and Insurance. Membership of the CRMG was refreshed early in 2022 to ensure representation at an appropriately senior level. The CRMG met most recently on 24th May 2023.
- 3.4 The risk registers were last presented to Audit and Risk Management Committee in November 2022. Key changes to the Corporate Risk Register (**Appendix B**) since then are as follows:

The following risks have been **added** to the Corporate Risk Register:

- Recruitment and Retention (Net Score High)
- Accommodation Move to Direct Line Building (Net Score High)
- Operational Property Repair (Net Score Significant)
- Operational Property Repair budget (Net Score Significant)

The following risks have been **removed** from the Corporate Risk Register as the associated causes and effects have largely been superseded:

- Failure to manage change and maintain an efficient workforce to ensure that MBEB priorities are met (Net score Medium)
- Failure to achieve partial integration of Health and Social Care (net score Low)

The following **net** score has **increased**:

- Failure to maintain and develop ICT information systems to reliably support departmental service delivery - net risk increased from 6 to 8 (both Medium)

The following **net** scores have **decreased**:

- Failure to deliver effective Children's Services – net score reduced to 10 from 12 (both Significant)
- Capital Financing Shortfall - net score reduced from 20 (High) to 12 (Significant)
- Health and Safety (Fire and First Aid) – net score reduced from 20 to 15 (both High)

- 3.5 Additionally, causes, effects, controls and actions have been amended and updated for the majority of risks to better reflect the current situation and the arrangements that are in place.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The Adults Care and Health risk heat map is attached as Appendix C. The Children, Education and Families risk heat is attached as Appendix D.

5. TRANSFORMATION/POLICY IMPLICATIONS

5.1 Where applicable, the risk category is reflected as 'Financial, Operational'.

6. FINANCIAL IMPLICATIONS

6.1 The Finance risk heat map is attached as Appendix G. Where applicable, the risk category in all registers is reflected as 'Financial, Operational'.

7. PERSONNEL IMPLICATIONS

7.1 The Human Resources risk heat map is attached as Appendix I. Where applicable, the risk category in all risk registers is reflected as 'Personnel, Operational'.

8. LEGAL IMPLICATIONS

8.1 Where applicable, the risk category is reflected as 'Legal, Operational'.

9. PROCUREMENT IMPLICATIONS

9.1 Where applicable, the risk category is reflected as 'Contractual and Partnership'.

10. PROPERTY IMPLICATIONS

10.1 Where applicable, the risk category is reflected as 'Physical, Operational', which includes hazards/risks associated with buildings.

11. CARBON REDUCTION/SOCIAL VALUE IMPLICATIONS

11.1 Where applicable, the risk category is reflected as Environmental.

Non-Applicable Headings:	Customer Impact Ward Councillor Views Impact on the Local Economy Impact on Health and Wellbeing
Background Documents: (Access via Contact Officer)	None

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Risk Assessment Guidance

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

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

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

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Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	
1	Corporate Risk	Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget	<p>Cause(s):</p> <ol style="list-style-type: none"> The 2023/24 Draft Budget report to Executive identified the need to reduce the Council's 'budget gap' of £29.6m per annum by 2026/27. The Council received a one-year financial settlement for 2023/24, with various funding allocations for 2024/25 which creates uncertainty on funding levels for the medium term. The fundamental review of local government funding through the Fair Funding Review and Business Rate review is now expected to be delayed until at least 2026/27 which adds to financial uncertainty in considering the impact on the financial forecast for 2024/25 to 2026/27. Apart from cost/growth pressures relating to SEN, social care and homelessness, the significant cost increases relating to inflation continue for some time and uncertainty on the future timing of the Adult Social Care Reforms remain. These factors can have a significant impact on the future years' budget gap identified above. More background is included in the Draft 2023/24 Budget and Update on the Council's Financial Strategy 2024/25 to 2026/27 report to Executive on 18th January 2023 and 2023/24 Council Tax report of 8th February 2023. Failure to meet departmental budgets due to increased demand on key services resulting in overspends: Housing (homelessness and cost of bed and breakfast); Adult Social Care (reforms and ageing population); Children's Social Care, Education (central costs, high needs transport and DSG deficit), Waste (growing number of households) and limited delivery of planned mitigation savings. Dependency on external grants to fund services (schools and housing benefits are ring-fenced) - effect if grant reduces (Public Health services) or ceases. Increase in national living wage will have cost implications to the Council over the next few years (e.g. care providers and carers). Local government may be required to take on new funding responsibilities in the future without adequate funding. Impact of future welfare reforms. Ongoing risk of inflation exceeding Bank of England inflation target levels. Failure to identify and highlight frauds and weaknesses in the system of internal control (which invariably have a financial impact). Overall, identified fraud losses are mainly benefit related (Council Tax Support / Single Person Discount). <p>Effect(s):</p> <ol style="list-style-type: none"> Increased overspends in particular services Council unable to carry out its statutory duties due to services cuts Reputational damage 	Finance Financial	5	5	25	<ul style="list-style-type: none"> - Regular update to forward forecast - Regular analysis of funding changes and new burdens including full year impact - Transformation options considered early in the four year forward planning period - Budget monitoring to include action from relevant Director to address overspends including action to address any full year additional cost - Mitigation of future cost pressures including demographic changes - Quarterly review of growth pressures and mitigation 	4	5	20	The Council continues to explore transformation opportunities to help meet the ongoing budget gap	Director of Finance
4	Corporate Risk	Ineffective governance and management of contracts	<p>Cause(s):</p> <ol style="list-style-type: none"> Lack of awareness and/or non-compliance with Public Contracts Regulations 2015 and Councils Contract Procedure Rules. Lack of awareness and/or non-compliance with decision making and scrutiny requirements. Insufficient engagement with key support services such as Corporate Procurement, Finance and Legal. Poor planning / lack of timely action for commissioning and procurement activities. Poor record keeping of contracts and contract documentation. Insufficient or unclear arrangements for client side contract management and monitoring resource. Failure to undertake a suitable and proportionate contract management and monitoring plan. Failure of a contractor / partner / provider to maintain agreed service levels resulting in an interruption to or deterioration of service delivery. <p>Effect(s):</p> <ol style="list-style-type: none"> Failure to ensure Value for Money Procurement challenges / complaints leading to delays and potential additional costs Reputational risk Service disruptions Contracts do not deliver expected outcomes or deliver sufficient quality Increased cost and resource to manage contract issues Failure to achieve our Making Bromley Even Better priorities. 	Contract Management Contractual and Partnership	3	4	12	<ul style="list-style-type: none"> - Contract Procedure Rules and regular Practice / Guidance notes to all Contract Owners - Review of contract management and contract monitoring controls including any issues identified by internal audit - Contracts Database and Quarterly Contracts Database Report to all relevant Committees - Quarterly RAG rated contract reports to COE/CLT with individual reports to Contract Owners - Procurement Board oversight - Member scrutiny including regular Contract Monitoring Reports for £500k+ contracts - Regular programme of training delivery to staff - Quarterly Contract Owners meetings 	2	4	8	<ul style="list-style-type: none"> - Contract Management guidance on toolkit to be reviewed - Ongoing training delivery - Sample check of contract management and contract monitoring arrangements across Council - Review of Third Party Spend, identification of any issues and follow up for remedial action and key messaging - ongoing and repeated high profile key messaging across the Council and monitoring of compliance 	Service Directors supported by Assistant Director, Governance and Contracts
5	Corporate Risk	Failure to maintain and develop ICT information systems to reliably support departmental service delivery	<p>Cause(s):</p> <ol style="list-style-type: none"> Some information systems not fully fit for future business purpose Insufficient capacity and skill within Corporate IT and services to maintain and support systems during a period of significant change and in the future, including for individual systems Increasing reliance on stability of ICT infrastructure in all areas of the Council (Lync telephony service) Council website now a major channel for the delivery of services (Pay for it, Apply for it, Report it). - (Phase 2 upgrade of website planned) IT failure impacting on critical operational systems. Over the next 3 years we will need to undertake gateway reviews / procurement plans for Council's business critical systems for example, Uniform, Housing info system and Education's Capita One system plus the main LBB website Transfer of IT contract to a provider following procurement process Potential risk in transferring from one site to another if there is lack of adequate support and sufficient timeframe <p>Effect(s):</p> <ol style="list-style-type: none"> Service disruptions Inability to access key systems Reputational damage Inability to support organisation change and savings targets Failure to achieve our MBEB priorities. 	ICT Data and Information Technological	3	4	12	<ul style="list-style-type: none"> - Robust backup arrangements in the new accommodation - Enhanced antivirus/cyber security. - tested system restoration arrangements. - Cloud migration project - New contract - Accommodation better equipped to support resilience 	2	4	8	<ul style="list-style-type: none"> - Review data storage /hosting arrangements. - Completion of cloud migration, office accommodation, contract procurement and award 	Director of Corporate Services supported by AD IT
6	Corporate Risk	Cyber attack and failure to comply with GDPR	<p>Cause(s):</p> <ol style="list-style-type: none"> Cyber Attack through vulnerability exploitation Failure to comply with principles unlawful disclosure of information Human error <p>Effect(s):</p> <ol style="list-style-type: none"> Service Disruption Data loss Inability to access systems ICO Fine 	ICT Data and Information Technological	4	5	20	<ul style="list-style-type: none"> - information governance training provided to all officers - system security reviews - ITHC/PSN Compliance reviews (Annual) - SIEM system monitoring - Data Protection Impact Assessments - ongoing vulnerability management through Tenable system - phishing exercises to raise awareness - PCI DSS compliance reviews (Quarterly) 	3	5	15	<ul style="list-style-type: none"> - review and implementation of retention schedule in all systems hosting data - Further phishing exercises - New IT contract (requested SOP service dependent on cost / benefit analysis) - increased training and awareness of Cyber Security - improved technical measures to assist Cyber Security, Data Management and Data Search 	Service Directors supported by Assistant Director, IT
7	Corporate Risk	Failure to maintain robust Business Continuity and Emergency Planning arrangements	<p>Cause(s):</p> <ol style="list-style-type: none"> Insufficient Emergency Planning structure and processes Insufficient Business Continuity arrangements and procedures, including those of key suppliers Failure to fulfil obligations under the Civil Contingencies Act 2004 as a Category One Responder Inadequate partnership working and collaboration Lack of buy in from senior officers Lack of testing and exercising of plans and processes <p>Effect(s):</p> <ol style="list-style-type: none"> Ineffective response to an emergency / business disruption Significantly prolonged service disruptions Reputational damage / loss of credibility Increased costs to rectify disruptions Injury / harm Failure to fulfil statutory duties in a timely manner 	Business Continuity Physical Reputational	3	4	12	<ul style="list-style-type: none"> - Corporate business continuity management programme established - Full suite of Business Continuity plans in place at service level across all Directorates - Overarching Corporate Business Continuity plan developed identifying prioritisation of all services - Corporate Major Emergency Response plan in place - On call rota for Emergency Response Manager and at Director level - Ongoing training, testing and exercising programme 	2	4	8	<ul style="list-style-type: none"> - CLT to continue drive of business continuity management programme - Further development of Business Continuity response to a cyber attack - Further development of corporate business continuity plan following completion of directorate testing and exercising regime 	Director of Environment and Public Protection

Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED		12th June 2023
8	Corporate Risk	Failure to deliver effective Children's services The Council is unable to deliver an effective children's service to fulfil its statutory obligations in safeguarding and protect those at risk of significant harm or death, sexual exploitation or missing from care	<p>Cause(s):</p> <ol style="list-style-type: none"> Inability to recruit and retain sufficient numbers of staff to carry out statutory duties across the division to manage current levels of demand <p>Effect(s):</p> <ol style="list-style-type: none"> Impact on life chances and outcomes for children Adverse inspection leading to reputational damage and further operational difficulties (staff leave etc) 	Children's Social Care Legal, Reputational	3	5	15	<ul style="list-style-type: none"> - Multi Agency Bromley Children's Safeguarding Partnership (BCSP) Training programme 2023/24 has been agreed. - Dedicated HR programme of support in place to recruit social workers to front line posts. We have recently reviewed social media publicity/"Refer a Friend" scheme to ensure we have a broad and comprehensive approach. We are also currently actively recruiting from overseas. - Scrutiny of Performance Management Framework and Indicators - Effective procurement framework and contract monitoring arrangements to ensure acceptable quality of service provision and value for money - Quality Assurance Audit Programme continues to be in place. We have also added "Dip Sampling" of cases to the ways in which we are auditing quality of practice. - Children's Service Practice Improvement Board; this meeting continues to be the key forum for discussing and evaluating the quality of practice. - Continued monitoring of caseloads to keep these in line with the Bromley Caseload Promise. - Identified training plan for qualified social workers and other professionals reviewed and updated quarterly 	2	5	10	<ul style="list-style-type: none"> - Phase 3 to excellence' plan continues with Performance Improvement Board (PIB) sessions continuing to be held quarterly. - Practice review cycle has continued as has Practice Assurance Stocktakes (PAS) 	Director of Children's Services	
9	Corporate Risk	Temporary Accommodation Inability to effectively manage the volume of people presenting themselves as homeless and the additional pressures placed on the homeless budgets	<p>Cause(s):</p> <ol style="list-style-type: none"> Changes in government funding Rising numbers of placements (approx. 15 per month). Lack of local affordable sustainable options Rising energy and other costs households facing increasing risk of homelessness <p>Effect(s):</p> <ol style="list-style-type: none"> Failure to fulfil statutory obligations Impact on life chances and outcomes for individuals and families in temporary accommodation Increased risk of legal challenge due to unsuitable accommodation and increased risk of Out of Borough Placements Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) Pressure on other services 	Housing Social	5	4	20	<ul style="list-style-type: none"> - Focus on preventing homelessness and diversion to alternative housing options through:- - Landlord and Tenancy advice, support and sustainment - Assistance, (including financial aid) to access the private rented sector - Access to employment and training - Debt, money, budgeting and welfare benefits advice, including assistance to resolve rent and mortgage arrears - Sanctuary scheme for the protection of victims of domestic violence - Effective contract monitoring arrangements to ensure acceptable quality of service provision and value for money - - Development of social housing on LBB sites and implementation of Meadowship Homes acquisition - Implementing the Homelessness Strategy - setting up the multi agency Homelessness forum and taking forward the priorities of the strategy - New incentive campaign for private sector landlords embedded and benefits being realised 	4	4	16	<ul style="list-style-type: none"> - The Phase 1 Meadowship Homes scheme is almost at completion - Converting tenancies in the More Homes Bromley scheme from temporary to permanent - Completing the feasibility assessment for Phase 2 of the Bromley Housing Development - Implementation of M2 to acquire 200+ properties - Undertake programme of SLA agreements and quality assurance programme for TA to ensure that accommodation procured meets all required accommodation standards - Review requirement for block bookings to ensure sufficient TA supply 	Director of Housing, Planning and Regeneration	
11	Corporate Risk	Failure to deliver the Transforming Bromley Programme	<p>Cause(s):</p> <ol style="list-style-type: none"> Failure to identify and put forward sufficient transformation proposals required to deliver a balanced budget in the Medium Term Financial Strategy Failure to deliver appropriate mitigation of existing projected growth pressures within the financial forecast Failure to appropriately resource each Transforming Bromley workstream with sufficient project support and subject matter expertise to enable the identification of proposals Insufficient management oversight and governance arrangements to shape the delivery of proposals to enable Member decision making and inform budget setting for each financial year Insufficient consultation and engagement with relevant stakeholders to ensure the successful delivery of proposals. Additional demand pressures on council services. <p>Effect(s)</p> <ul style="list-style-type: none"> - Inability to address the Council's budget gap. - Unable to meet key commitments of the Medium Term Financial Strategy 	Finance Financial	4	5	20	<ol style="list-style-type: none"> Robust governance process: fortnightly meetings of the Transformation Board, chaired by the Chief Executive and attended by Chief Officers Each Transformation Board workstream attends the Transformation Board before proposals are reviewed by Cabinet/Directors, PDS Committees and the Executive. Each Transformation workstream has appropriate resources to successfully deliver proposals Monthly Transformation newsletter in place to appropriately engage with key stakeholders Where transformation proposals have public law implications, an appropriate assessment is carried out and stakeholders are engaged, including Procurement and Legal Services. Each Chief Officer gives an update at their respective PDS Committee(s) on Transformation progress Transformation Fund supports the successful delivery of transformation proposals subject to a suitable business case being provided A review of core statutory minimum service requirements took place to enable each service area to identify where potential savings could be and to evidence that where discretionary services are delivered, they are done so on a cost-recovery basis and/or they reduce long-term dependency on higher levels of statutory intervention which generate longer term growth pressures for the Council All relevant proposals will be submitted to the Executive to inform budget setting for MTFS. Finance provide assurances through budget monitoring to ensure that agreed mitigation and transformation programmes are on track to deliver the savings identified. Where Directors declare a deviation from the plan, alternative proposals are sought for approval. 	3	5	15	<p>In the event that the Transformation Programme fails to support the successful identification of the required quantum of savings to address the Council's underlying budget gap by 2024/25, the Council will still be legally required to deliver a balanced budget as set out in the Local Government Finance Act 1988.</p> <p>If funding reductions remain and growth/cost pressures continue, these decisions are likely to have an impact on the delivery of services to our residents and service users.</p>	Chief Executive	
13	Corporate Risk	Climate Change Failure to adequately adapt to the impacts of Climate Change	<p>Cause(s)</p> <ol style="list-style-type: none"> Lack of preparation for the severe weather events caused by climate change, including extreme heat, storms and floods. Insufficient staffing capacity to implement required climate adaptation and mitigation activities. Lack of support for council actions required to tackle climate change. Lack of funding to invest in climate change adaptation and mitigation measures. <p>Effect(s)</p> <ol style="list-style-type: none"> Service provision is disrupted by extreme weather events. Damage to infrastructure and local businesses. Reduction in environmental quality. Poorer health of residents attributed to extreme heating and cooling. In the short term, there may be reputational damage caused to the Council from perceived lack of action to tackle climate change. 	Corporate Health Environmental Reputational	3	4	12	<ul style="list-style-type: none"> - Adoption of adaptation best practice as identified through London Climate Change Partnership, UK Climate Impacts Programme, and the Local Adaptation Advisory Panel. - Established Carbon Management Team with 3 x FTE as at September 2021. - Established Carbon Fund, Carbon Offsetting Fund and S106 procedures in place to ensure funding availability, in addition to sourcing grant funding for Carbon initiatives in the borough. - Implementation of LBB's Carbon Management Programme. - Implementation of LBB's Surface Water Management Plan and Local Flood Risk Strategy. - Establishment of Net Zero (direct) carbon emissions target for 2027 as part of a 10 year climate plan. - Council-wide Green Recovery Working Group established to build back greener, following the COVID-19 pandemic. 	2	4	8	<ol style="list-style-type: none"> Emergency Planning to liaise with Public Health on cross-cutting issues e.g. excess summer deaths and vector-borne diseases (which are impacted upon by extreme weather variations). Detailed climate action plan reviewed annually as part of the Council's ongoing Carbon Management Programme, in order to achieve net zero organisational carbon emissions by 2027. Roll out of Carbon Literacy Training to all staff to assist in the identification of climate change risks and opportunities at an individual, team and service level. 	Chief Officers' Executive	

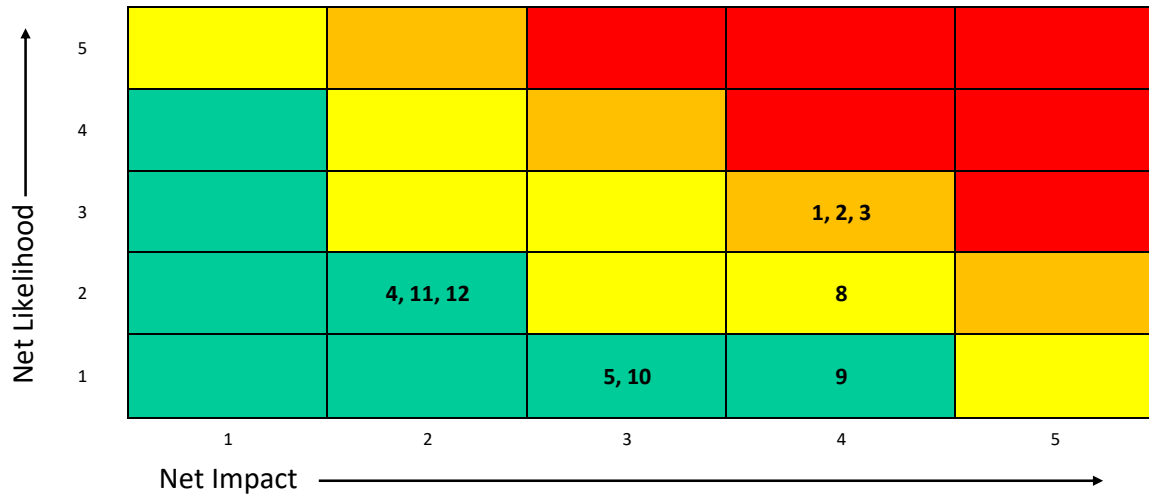
Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	RISK OWNER	
					LIKELIHOOD	IMPACT	RISK RATING	LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED		12th June 2023
14	Corporate Risk	Health & Safety (Fire and First Aid) Non compliance with legislation:- (i) Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021, (ii) Health and Safety (First Aid) Regulations 1981	Cause(s) 1. No trained fire responsible person (legal) for the Civic Centre site 2. Insufficient numbers of trained fire wardens working from the site to safely manage an evacuation (in accordance with the Fire Risk Assessments). 3. Insufficient numbers of trained first aiders working from site to ensure sufficient first aid cover Effect(s) - Non compliance with the Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021, meaning offices should not be occupied by staff until compliance is achieved - Inadequate plans for fire safety and evacuation for current occupation plans putting staff and visitors at risk - Non compliance with Health and Safety (First Aid) Regulations 1981 in terms of adequate first aid provision in the form of trained first aiders and appropriate equipment if employees are injured or become ill at work	Legislative Reputational Legal Physical Personnel	5	5	25	3	5	15	1. Learning and Development arranging fire responsible person, fire warden and first aider training. 2. Facilities Management to ensure Fire Risk Assessments are completed. 3. Facilities Management to engage fire safety supplier to produce an Emergency Plan for the Civic Centre site. This is to include the revised fire evacuation procedures which meets the best practice advice from the London Fire Brigade and HSE. Facilities Management team to implement new signage etc. 4. Facilities Management team to distribute emergency plan to site occupants and to arrange training on plan for fire marshals. 5. Fire safety documents to be stored corporately to retain corporate knowledge and ensure regularly reviewed. 6. Fire Safety to be added to COE agenda as a standing item. 7. Fire drills to be undertaken. 8. Alternatives to current Civic Centre check in and check out arrangements to be reviewed due to issues with current arrangements. 9. Out of normal office hours arrangement to be reviewed.	Director of Housing, Planning and Regeneration Director of Human Resources, Customer Services and Public Affairs	
15	Corporate Risk	Homes for Ukraine and other Refugee programmes Inability to effectively manage the volume of people, including unaccompanied minors who may present as homeless due to cessation of sponsor accommodation, safeguarding concerns and the resulting additional pressures placed on the homeless budgets and children's social care	Cause(s): 1. Volume of refugees arriving increasing 2. Breakdown in relationship between sponsor and guest 3. Accommodation coming to an end at the pre-agreed period with no alternatives readily available, other than temporary accommodation or foster care Effect(s): 1. Failure to fulfil statutory obligations 2. Impact on life chances and outcomes for individuals and families in temporary accommodation, particularly given the vulnerability of the refugees 3. Increased risk of legal challenge due to provision of unsuitable accommodation (including shared accommodation) 4. Pressure on Children's Social Care if the sponsor placement fails and a Foster Placement is required 5. Impact on available accommodation to meet other statutory duties	Housing Social	5	4	20	4	4	16	- Approval to progress housing development schemes and reopening of the HRA, First 3 schemes now in development phases with options appraisals in place for further sites. - Transformation Board action plan in place for next 3-4 years to increase available housing supply with an overall initial target of 1000 additional affordable homes. - Continue to develop partnership working with private sector landlords to assist households to remain in private sector accommodation. - Work innovatively with a range of providers to increase access to a supply of affordable accommodation. - Continue to focus on early intervention and prevention of homelessness assessing trends in approaches to tackle main causes of homelessness. - Beehive acquisition schemes has secured 90 new units of accommodation with Executive approval to enter into an acquisition programme with Orchard and Shorman for 250 homes. - Approval given to continue to operate the dedicated team for the next twelve months. - Deliver incentive scheme for hosts prepared to extend sponsor placement - Continue to extend and deliver range of floating support schemes. - Implement dedicated housing advice role to offer intensive support to families at risk of placement breakdown - Ongoing dialogue with sponsors to enable modelling of when placements may come to an end - Implementing the re matching service	Director of Housing, Planning and Regeneration	
16	Corporate Risk	Capital Financing Shortfall Risk of significant costs increase in the Capital Programme and possible reductions in proceeds from disposals could impact on the Council's ability to fully fund the Capital programme	Cause(s): 1. Property price reductions as a result of the economic environment could have a negative impact on sale proceeds. 2. Limited scope to identify further Council assets for disposal 3. Significant increase in cost of capital schemes due to inflation and supply issues requiring an increase in funding 4. Significant additional costs and future liabilities across the Council's operational estate arising from any further condition survey liabilities not identified at this stage. 5. Requirement to obtain funding for significant new Housing Schemes and impact of higher borrowing costs 6. In January 2023, a report titled Capital Strategy 2023-24 to 2026-27 and Q3 Capital Programme Monitoring to Executive identified a significant increase in the Council's capital programme and resulting funding proposals given the factors identified above there is a risk that significant changes in cost and proceeds could create a new capital financing shortfall that needs to be addressed. The full funding identified excludes the potential works relating to potential works on the Churchill Theatre and library with proposals expected to be reported to Members later this year. 7. Only limited earmarked reserves available to support the capital programme, once other pressures (inc revenue budget gap) are factored in. Effect(s): Without alternative funding, the Council would require drawdown from revenue resources. This would increase the Council's revenue budget gap. Or many schemes would not progress due to lack of funding available although the scope to do this may be limited given the critical nature of some of the works required.	Economic - Strategy	4	4	16	3	4	12	1. Fundamental review of capital programme undertaken to inform updated Capital Strategy 2023/24 to 2026/27 as reported to Executive in January 2023 - this includes full capital programme, approved asset disposals, mitigations and agreed financing options. 2. Regular reporting to Members via SAG, FSG and Executive 3. Tight control and scrutiny (by finance) of capital spending commitments as they reach the level of business case. 4. Quarterly capital programme monitoring reports to Executive. 5. Current programme has now had funding agreed (ie Members have approved PWLB borrowing to refinance existing housing schemes (£50m via PWLB) and the additional option of up to £10m support from the Council's revenue earmarked reserves).	Director of Finance	
17	Corporate Risk	Operational Property Repair The OPR Programme cannot be delivered to budget	Cause(s): 1. That building cost inflation and other economic uncertainties continue 2. The scope of works required exceeds the budget 3. The programme continues beyond the time anticipated Effect(s): 1. Not all works required can be implemented 2. Impacted properties may continue to have repair liabilities beyond those anticipated 3. Impacted properties may not be compliant for building regulations and health & safety		5	4	20	4	3	12	- Surveys undertaken across the portfolio, - Cost estimates undertaken utilising average cost per m ² , - Executive Report on findings of the review and proposed capital works to refurbish the properties agreed at Full Council in Dec '22 Monitor costs at Programme Board	Director of Housing, Planning and Regeneration	

Corporate Risk Register - Appendix B

REF	DIVISION	RISK TITLE & DESCRIPTION (a line break - press shift & return - must be entered after the risk title)	RISK CAUSE & EFFECT	RISK CATEGORY	GROSS RISK RATING (See next tab for guidance)			EXISTING CONTROLS IN PLACE TO MITIGATE THE RISK	CURRENT RISK RATING (See next tab for guidance)			DATE COMPLETED:	12th June 2023
					LIKELIHOOD	IMPACT	RISK RATING		LIKELIHOOD	IMPACT	RISK RATING	FURTHER ACTION REQUIRED	RISK OWNER
18	Corporate Risk	Operational Property Repair Buildings within the OPR Programme fail prior to commencement of works	<p>Cause(s):</p> <ol style="list-style-type: none"> Infrastructure that is beyond economic repair fails <p>Effect:</p> <ol style="list-style-type: none"> The property cannot be occupied A Council service or stakeholder is unable to continue to offer a service from the property There is a health & safety incident The Council suffers financial and/or reputational loss 		5	4	20	Works on properties known to be at risk are being accelerated	4	3	12	Monitor Facilities Management reports of infrastructure failure	Director of Housing, Planning and Regeneration
19	Corporate Risk	Recruitment and Retention Ineffective recruitment and retention strategies for hard to fill posts e.g. Adult's Social Workers, Children's Social Workers, Housing, Planning, Building Control	<p>Cause(s):</p> <ol style="list-style-type: none"> Physical environment/hygiene facilities Culture Increasingly fluid market Increases in demand and/or reductions in supply Lack of experienced staff in the labour pool Budget constraints Lack of leadership Failure to compete with other organisations to recruit the highest quality candidates to build an agile work force Cost of living rises deter potential candidates from working in London <p>Effect(s):</p> <ol style="list-style-type: none"> Potential service delivery impacts Increased costs due to use of agency workers Reduction in quality of service 	Personnel / Operational	5	5	25	<ol style="list-style-type: none"> Horizon scanning to anticipate changes and trends to staff complement Keeping up to date on national trends for hard to recruit professions Case load review Review of pay and comparison with neighbouring LAs R&R Board to regularly review No Quit Policy in place Implement grow your own initiatives e.g. senior practitioners progression pathway, training pathways for social workers, graduate trainees, apprentices Overseas recruitment Signed up to the London Pledge - all Councils have a memorandum or understanding to pay social workers same rate LBB staff present at recruitment fairs/events Dedicated HR team to support managers in recruiting hard to fill positions in CSC and Education Recruitment drive to convert locums to permanent staff Exit interviews to understand why staff leave Recruitment event took place in January 2023 	4	4	16	<ol style="list-style-type: none"> Review of retention strategies Development of a Talent Management Strategy Consideration to resurrect 'Future Leaders Programme' 	Director of HR, Customer Services and Public Affairs
20	Corporate Risk	Accommodation Move to Direct Line Building	<p>Cause(s):</p> <ol style="list-style-type: none"> Executive Decision to Purchase the DLG Building The Council fail to buy the building. Purchase is not financially viable. Scope Creep Conflicting Council Priorities and resources Building not ready for occupation Unable to dispose of the Civic Centre Unable to Maintain the Building <p>Effect(s):</p> <ol style="list-style-type: none"> Overspend on the capital and revenue budgets. Unable to occupy the building. Subject to circa £40m of works on the Civic Site Wasted costs on the due diligence work Public and staff dissatisfaction Reputational damage Financial implications of not being able to dispose of CC site including ongoing dual running costs 	Financial & Political	5	5	25	<ul style="list-style-type: none"> Working closely with all key parties to progress the sale with confirmed Completion date of 28.7.2023 Engaged key property consultants to market the civic centre site and already Key workstreams up and running with oversight through a Programme Board and COE 	4	4	16	On-going monitoring as one of the Council's biggest Capital Programme with clear governance process in place and oversight through COE.	Director of Environment and Public Protection

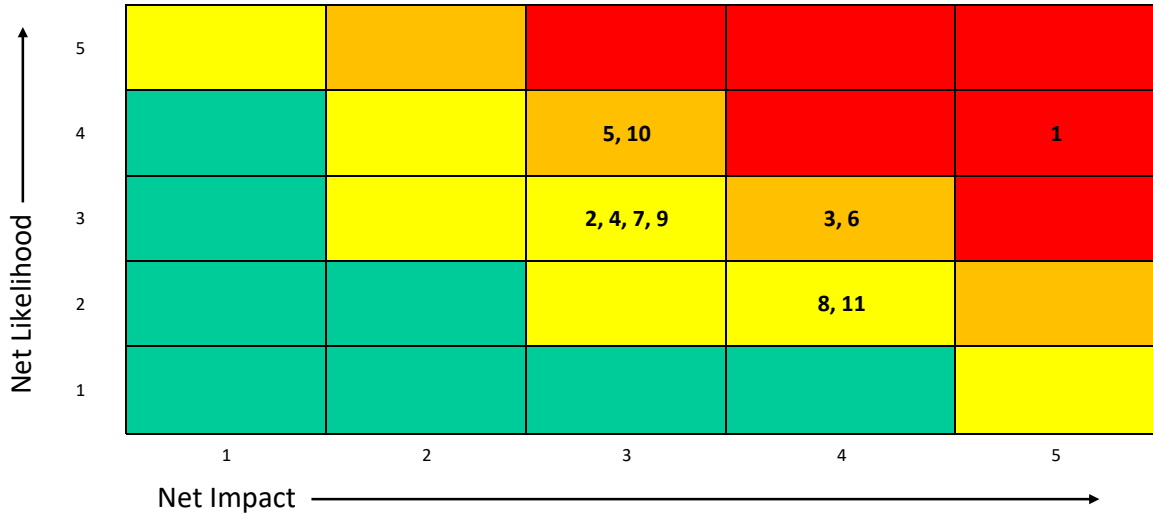
Adult Care and Health Risk Register - Appendix C



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver Financial Strategy	25	12
2	Failure to deliver effective Adult Social Care services	16	12
3	Failure to deliver effective Learning Disability services	16	12
4	Deprivation of Liberty	16	4
5	Recruitment and Retention - ASC	20	3
8	Inability to deliver an effective Public Health service	12	8
9	Business Interruption / Emergency Planning	10	4
10	Data Collections	9	3
11	Failure to deliver partial implementation of Health & Social Care Integration	6	4
12	Adult Social Care Reform	10	4

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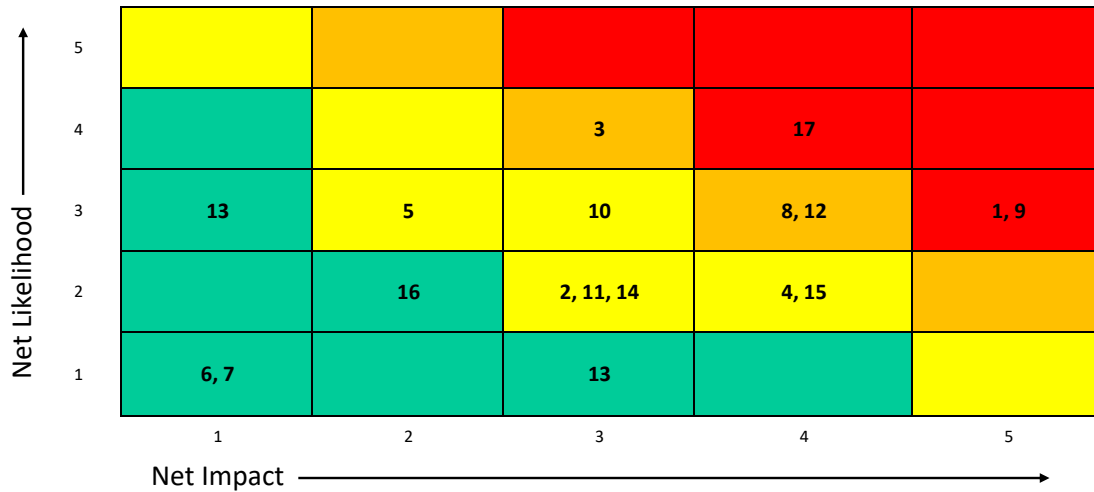
Children, Education and Families Risk Register - Appendix D



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver Children's Services Financial Strategy	25	20
2	Failure to deliver effective Children's services	15	9
3	Recruitment and Retention	20	12
4	Business Interruption / Emergency Planning	12	9
5	School Place Planning	12	12
6	SEND Transport	15	12
7	SEND Reforms	16	9
8	Youth Offending	12	8
9	Out of Borough Placements (Children and Young People)	9	9
10	Speech and Language Therapy	12	12
11	School Attendance	12	8

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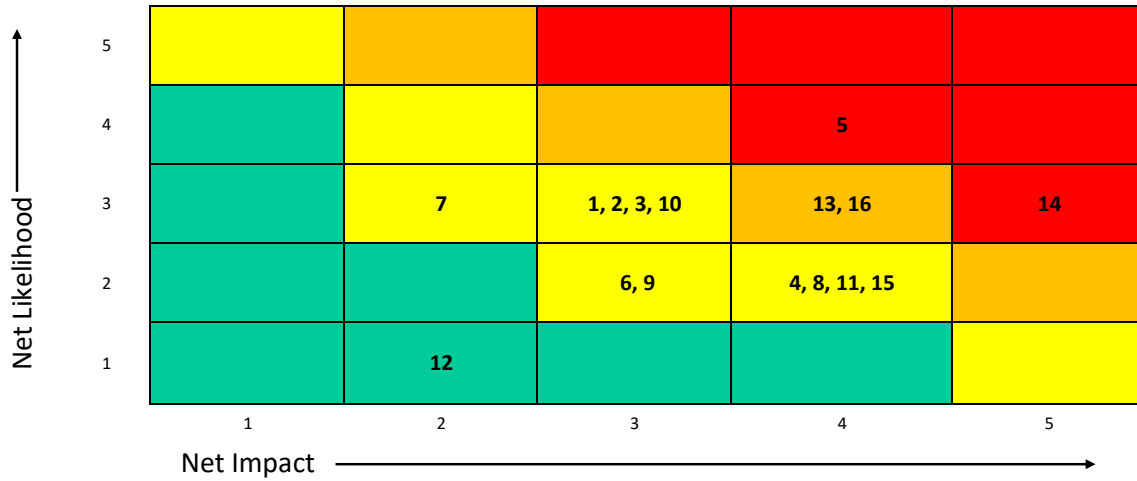
Corporate Services - Appendix E



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	IT Security Failure	20	15
2	Telecommunication Failure - Prolonged telecoms / switchboard failure	15	6
3	IT System Failure (partial loss)	16	12
4	IT System Failure (total loss) Complete failure of IT systems resulting in widespread disruption across the Council	15	8
5	Network Loss Loss of the customer service centre network as a result of a major malfunction of the council's network, leading to system access loss preventing staff from processing service requests.	9	6
6	Laptop Manufacturer/Provider Issue Current model of corporate laptop in constraint	12	1
7	Delay in IT Managed Service re-procurement	6	1
8	Effective governance and management of information	16	12
9	Compliance with Information Request laws	20	15
10	Budgetary overspend	12	9
11	Failure to follow Legal Advice Breach of law, statutory duty or carrying out inadequate consultation arising from failure of clients to follow Legal briefing procedures	9	6
12	Data Protection Breach	20	12
13	Failure to publish Register of Electors	6	3
14	Failure to manage election process	12	6
15	Ineffective governance and management of contracts	12	8
16	Ineffective governance and management of contracts - Contracts Database	6	4
17	Information Request non-Compliance	20	16

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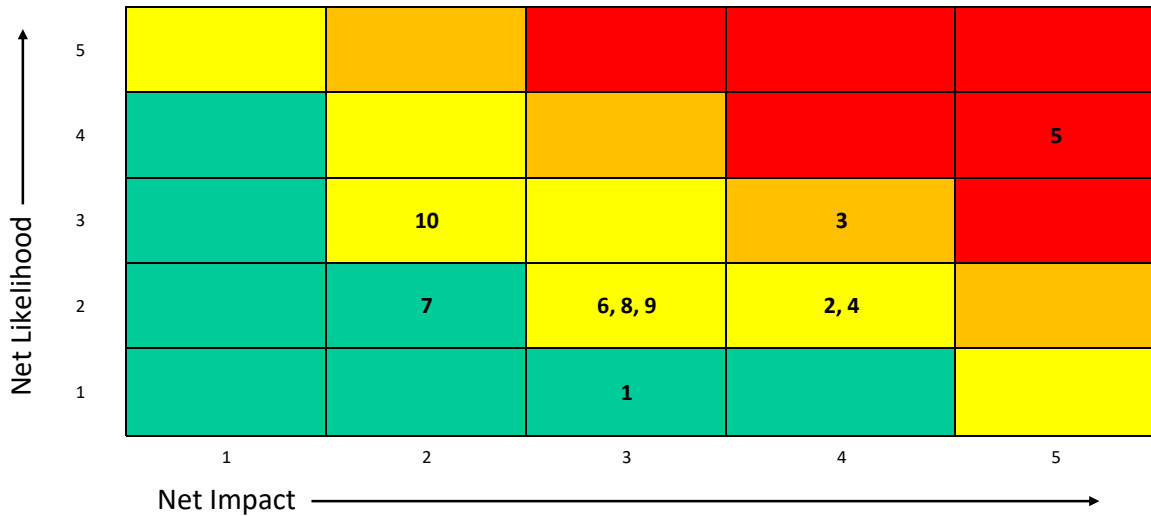
Environment and Community Services Risk Register - Appendix F



Risk No.	E&PP Risk Ref	Risk Description	Gross Risk Rating	Current Risk Rating
1	1	Emergency Response	12	9
2	2	Central Depot Access	12	9
3	4	Business Continuity Arrangements	12	9
4	8	Health & Safety (ECS)	12	8
5	12	Highways Management	16	16
6	13	Arboricultural Management	12	6
7	14	Income Variation (Highways, Traffic and Parking)	9	6
8	15	Waste Budget	12	8
9	18	Town Centre Markets	12	6
10	20	Staff Resourcing and Capability	12	9
11	22	Climate Change	12	8
12	26	Income Reconciliation (Waste Management)	6	2
13	40	Disruption to waste services during the Depot Improvement Programme works	20	12
14	42	Supplier Failure	15	15
15	43	Horizontal Swing Barriers	12	8
16	44	Arboricultural Management: Service Provider Performance Issues	12	12

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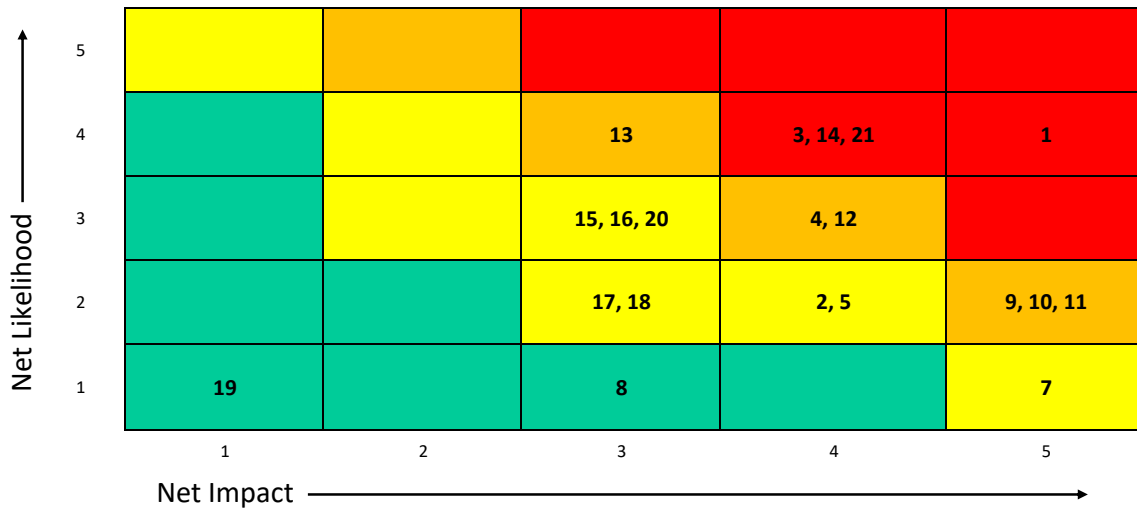
Finance - Appendix G



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to ensure sufficient cover of Council assets This could result in the possibility of our insurance company refusing to cover a claim above the level of our current excess (£125k for general property and Liability, £250k for educational property).	4	3
2	Financial Market Volatility Financial loss arising from the volatility of financial markets.	12	8
3	Capital Financing Shortfall Risk of significant costs increase in the Capital Programme and possible reductions in proceeds from disposals could impact on the Council's ability to fully fund the Capital programme	16	12
4	Pension Fund The pension fund not having sufficient resources to meet all liabilities as they fall due	15	8
5	Failure to deliver a sustainable Financial Strategy which meets with Making Bromley Even Better priorities and failure of individual departments to meet budget	25	20
6	Failure to act upon Financial assessments or arrears in a timely manner	9	6
7	Failure of Finance IT systems	6	4
8	Failure of external contractors	12	6
9	Contractor Poor Performance Contractor fails to meet performance expectations across Revs & Bens, Payroll, Pensions, Debtors and Accounts Payable	9	6
10	Significant Fraud/Corruption	12	6

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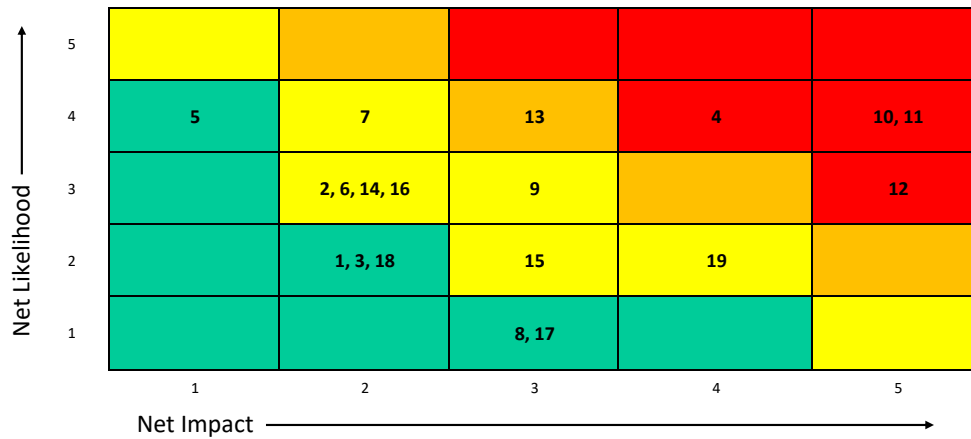
Housing, Planning and Regeneration Risk Register - Appendix H



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Failure to deliver Housing Financial Strategy	25	20
2	Failure to deliver effective Housing Needs services	16	8
3	Temporary Accommodation	20	16
4	Capital Grant	16	12
5	Recruitment and Retention	20	8
7	Business Interruption / Emergency Planning	10	5
8	Data Collections	9	3
9	Financial Performance	15	10
10	Health and Safety Regulations	15	10
11	Contractor Performance	15	10
12	Outreach Service	16	12
13	Vitality and Prosperity of Town Centres	16	12
14	Capital Schemes	25	16
15	Leisure Centres	16	9
16	Library Service	16	9
17	Planning Service	12	6
18	Community Infrastructure Levy	6	6
19	Section 106 Agreements	9	1
20	London Plan	15	9
21	Homes for Ukraine	20	16

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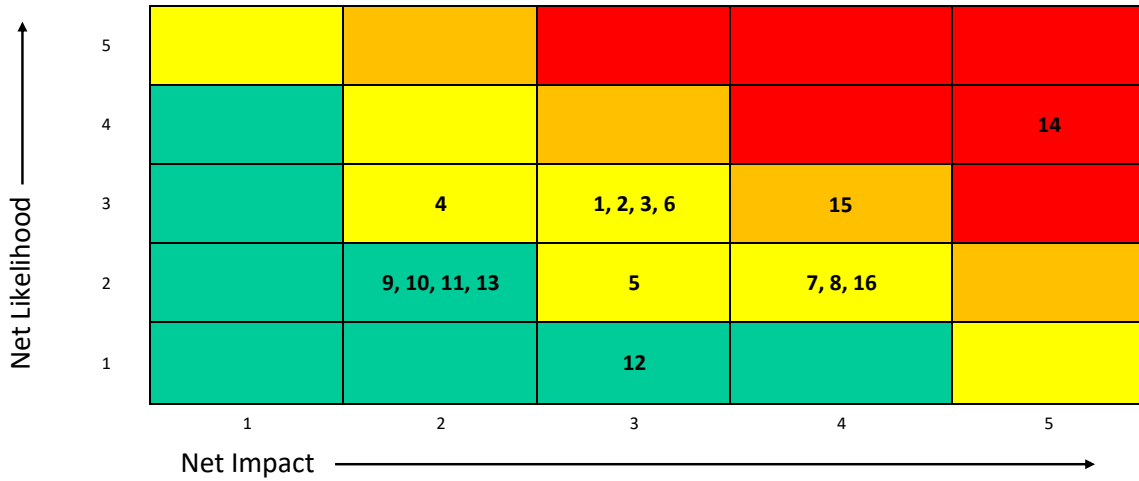
Human Resources and Customer Services - Appendix I



Risk Ref	Risk Description	Gross Risk Rating	Net Risk Rating
1	Ability to respond to industrial action, changes in government initiatives or legal requirements	4	4
2	Failure to comply with HR related legislative requirements e.g. Equalities Act 2010	12	6
3	1) ineffective workforce planning initiatives including succession planning, talent management. 2) upskilling of staff - lack of training resources/opportunities	9	4
4	Ineffective recruitment and retention strategies for hard to fill posts e.g. Adult's Social Workers, Children's Social Workers, Housing, Planning, Building Control	25	16
5	Ineffective pre-employment checks including agency workers	12	4
6	Management of the on-going transitional and transformational changes (Commissioning process, baseline exercise and service redesigns and alternative delivery options)	12	6
7	HR systems failures e.g. payroll, recruitment, HR self-service, pensions	10	8
8	Ineffective compliance with IR35	10	3
9	Staff not completing mandatory and/or required training	12	9
10	Health & Safety (Council) Ineffective management, processes and systems across all Council departments Including in relation to the following areas: Fire Safety Lone Working Violence & Aggression at work	25	20
11	Failure to comply with H&S related legislative requirements e.g. Health and Safety at Work etc. Act 1974	25	20
12	Insufficient fire safety arrangements Non compliance with Regulatory Reform (Fire Safety) Order 2005, as amended by the Fire Safety Act 2021	25	15
13	Insufficient first aid arrangements Non compliance with Health and Safety (First Aid) Regulations 1981	20	12
14	Fall in income from Registrars	9	6
15	Contractor Failure	8	6
16	Contractor Performance	12	6
17	Maintenance of Statutory and GRO standards	9	3
18	Loss of Facility	9	4
19	Safety of Statutory Records	8	8

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Public Protection and Enforcement Risk Register - Appendix J



Risk No.	E&PP Risk Ref	Risk Description	Gross Risk Rating	Current Risk Rating
1	1	Emergency Response	12	9
2	2	Central Depot Access	12	9
3	4	Business Continuity Arrangements	12	9
4	14	Income Variation (Highways and Parking)	9	6
5	18	Town Centre Markets	12	6
6	20	Staff Resourcing and Capability	12	9
7	22	Climate Change	12	8
8	29	Out of Hours Noise Service	16	8
9	30	Integrated Offender Management post	9	4
10	31	Community Impact Day Co-ordinator post	9	4
11	32	Serious Youth Violence and Gangs Officer post	9	4
12	33	The provision of 24/7 CCTV Monitoring	12	3
13	34	Loss of income from Licenced Premises fees	9	4
14	37	Increased Costs for Coroners Service	20	20
15	39	Dysfunctionality of Uniform Information Management System	20	12
16	42	Health & Safety (PP&E)	12	8

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