

**Decision Maker:** GENERAL PURPOSES AND LICENSING COMMITTEE

**Date:** 25 September 2013

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

**Title:** PUBLICATION OF INTERNAL AUDIT REPORTS

**Contact Officer:** Graham Walton, Democratic Services Manager  
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**Chief Officer:** Mark Bowen, Director of Corporate Services

**Ward:** N/A

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1. Reason for report

- 1.1 After consideration of the issue by Executive and Resources PDS Committee, the Constitution Improvement Working Group has recommended to this Committee that a policy of publishing all Internal Audit reports is adopted, except where exemptions apply.
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2. RECOMMENDATIONS

**(1) That the Committee considers the recommendation from the Constitution Improvement Working Group to establish a policy that all Internal Audit Reports are published in full by default, except where exemptions apply, that Audit Sub-Committee is informed of the reasons for non-publication of any reports and that these be subject to review every six months.**

**(2) That Audit Sub-Committee be requested to approve the details of the new arrangements.**

## Corporate Policy

1. Policy Status: New Policy: Bromley does not currently publish Internal Audit reports
  2. BBB Priority: Excellent Council:
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## Financial

1. Cost of proposal: Estimated Cost: The proposal will involve additional officer time, but this has not been quantified as yet.
  2. Ongoing costs: Recurring Cost:
  3. Budget head/performance centre: Internal Audit
  4. Total current budget for this head: £552k including 325k net cost for fraud partnership.
  5. Source of funding: General Fund, Admin subsidy, Admin Penalties, Legal cost recoveries, provision of sold services to academies.
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## Staff

1. Number of staff (current and additional): 6.4fte including 0.5fte to cover risk management
  2. If from existing staff resources, number of staff hours: N/A
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## Legal

1. Legal Requirement: None:
  2. Call-in: Not Applicable: This report does not involve an executive decision.
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## Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Not Applicable
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## Ward Councillor Views

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

### 3. COMMENTARY

- 3.1 At the meeting of the Executive and Resources PDS Committee on 27<sup>th</sup> March 2013 Councillor Nicholas Bennett requested guidance from officers on when Internal Audit reports could be published. A note was prepared by the Director of Corporate Services and the Head of Audit which was circulated for the Committee's meetings on 5<sup>th</sup> June and 18<sup>th</sup> July and also circulated but not considered by the Audit Sub-Committee at its meeting on 6<sup>th</sup> June. A copy of the note is attached as appendices A and B.
- 3.2 At the PDS meeting, Members expressed the view that Bromley should be more transparent and open in making these reports available. An informal survey of other authorities, mainly in London, showed that although some did not publish any information about Internal Audit reports, many were more transparent than Bromley and published summaries of limited/no assurance reports in their committee reports. One authority, LB Newham, published limited/no assurance reports in full in committee reports.
- 3.3 Members also commented that the House of Commons Public Accounts Committee published extensive information in its reports, and that publication would not necessarily reveal opportunities for other potential fraudsters, as gaps in the Council's procedures would have already been addressed. Officers advised that it was indeed essential to ensure that potential gaps were closed down before information was published, and that there was also a concern not to have an adverse impact on confidence in the Council amongst both residents and other organisations and businesses.
- 3.4 The view from the Head of Audit is that publication of full audit reports that have to be appropriately sanitised to remove confidential information may not be the best way forward for a number of reasons: the flow of the report following removal of confidential data may result in impact and meaning being lost; time taken to sanitise reports; weaknesses in system controls may be exploited; public confidence in the section that had been audited may be undermined as they could misconstrue audit findings to service delivery issues; staff morale may be undermined; staff may be reluctant to give audit full information if they know that reports may be in the public domain; naming schools may have a detrimental affect. However, a number of London Boroughs do summarise audit reports where a limited or nil assurance opinion has been given. This option is feasible by reporting to Audit Sub Committee through the medium of the Progress Report.
- 3.5 Of the various exemptions to publication referred to in Appendix A probably the most complex is around the publication of personal information. A summary of some of the key considerations and a recent case is attached in Appendix B. In short, where there is a public interest then there may be, particularly for senior employees (or former employees), scope to include personal data in a disclosure.
- 3.6 The issue was then considered by the Constitution Improvement Working Group at its meeting on 29<sup>th</sup> July 2013. Officers advised that some reports would need considerable redactions, and that many of the reports that have been of greatest interest to Members in recent years would not have been suitable for publication.
- 3.7 Councillor Bennett favoured a simple policy of publishing all Internal Audit reports by default unless any of the key exemptions applied. Even if an exemption did apply, he considered that Audit Sub-Committee should be informed of the reasons for non-publication and that these should be reviewed every six months. He also proposed that the policy be backdated to include reports produced in recent years.
- 3.8 The Working Group did consider whether it would be adequate to just publish a summary of each report, an approach taken by a number of local authorities. However, Members concluded

that this would only be likely to stimulate interest in the details contained in the full reports. Members also asked for guidance on how long it would be necessary to delay publication in cases where litigation was anticipated. Potentially this would be a few months in employment cases, but six years for civil litigation or twelve years where documents under seal were concerned.

- 3.9 The Constitution Improvement Working Group’s conclusion was that this Committee should be recommended to agree a default policy of publishing all Internal Audit Reports in full, except where exemptions apply, and Audit Sub-Committee being informed of the reasons for non-publication, with these being subject to review every six months. It is suggested that, if the Committee is minded to support the suggestions made by the Working Group, that Audit Sub-Committee be asked to confirm the details of the new arrangements at its next meeting.

**4. LEGAL IMPLICATIONS**

- 4.1 Under the Freedom of Information Act 2000 there is a presumption that information held by public bodies, including local authorities, should be made available to the public wherever possible, unless specific exemptions apply. Further guidance on this is set out in appendices A and B.

<b>Non-Applicable Sections:</b>	Policy/ Finance/Personnel
Background Documents: (Access via Contact Officer)	Minutes of the Executive and Resources PDS Committee (5 <sup>th</sup> June 2013 and 18 <sup>th</sup> July 2013)  Minutes of Audit Sub-Committee (6 <sup>th</sup> June 2013)