

**Decision Maker:**       **AUDIT SUB-COMMITTEE**

**Date:**                   **Tuesday 5 April 2016**

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

**Title:**                   **INTERNAL AUDIT PROGRESS REPORT**

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**Chief Officer:**        Chief Executive

**Ward:**                   (All Wards);

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1. Reason for report

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

- 3.1     Priority One Recommendations
- 3.33    Audit Activity
- 3.35    Publication of Internal Audit Reports
- 3.38    Waivers
- 3.42    VfM arrangements
- 3.46    Housing Benefit Update
- 3.51    Other Matters
- 3.58    Training
- 3.60    Risk Management

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2. **RECOMMENDATION(S)**

- a. **Note the Progress report and comment upon matters arising.**
- b. **Note the list of Internal Audit Reports publicised on the web.**
- c. **Note the list of waivers sought since October 2015.**
- d. **Note the value for money arrangements reviewed by Internal Audit.**
- e. **Note the arrangements around risk management.**

## Corporate Policy

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

1. Cost of proposal: Not Applicable:
  2. Ongoing costs: Recurring Cost Non-Recurring Cost Not Applicable: Further Details
  3. Budget head/performance centre: Internal Audit
  4. Total current budget for this head: £540K including £174K fraud partnership costs
  5. Source of funding: General fund, Admin subsidy, Admin penalties, Legal cost recoveries
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## Staff

1. Number of staff (current and additional): 6 FTE including 0.5 FTE risk officer post
  2. If from existing staff resources, number of staff hours: 209 audit days per quarter is spent on the audit plan and fraud and investigations with 110 days per annum bought in from LB Wandsworth to augment the audit plan but excluding RB Greenwich investigators time
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## Legal

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

1. Estimated number of users/beneficiaries (current and projected): Approximately 110 including Chief Officers, Head Teachers and Governors
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## Ward Councillor Views

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

### **3. COMMENTARY**

- 3.1 The latest list of outstanding priority one recommendations is shown in Appendix A. There has been a further addition detailed below since the last meeting of this Committee. There has also been some movement in priority one recommendations brought forward that are detailed below.
- 3.2 Progress on implementation of recommendations for Fixed Penalty Notices (1 partially outstanding priority one recommendation out of 6 priority ones made originally- see part 2); Stray Dogs (5 outstanding priority one recommendations and 1 partial outstanding out of 9 priority one recommendations originally made- see Part 2) , CCTV (1 priority recommendation implemented out of 1 originally made-see part 2), Temporary Accommodation (2 outstanding priority recommendations out of 3 priority one recommendations original made- see part 2), Waste Services (2 outstanding priority recommendations out of 3 priority one recommendations originally made- see part 2), Astley Day Centre(3 priority one recommendations implemented out of 3 priority one recommendations originally made-see part2) and Disabled Facilities Grants (1 priority one recommendation implemented out of 1 priority one recommendation originally made-see part 2). The above are covered in part 2 of this agenda. The rest of the updates are detailed below. Family Placements (of the 8 priority one recommendations all have now been implemented); Leaving Care (9 priority 1 recommendations made of which 8 have been implemented and 1 priority one is partially implemented); Creditors (1 outstanding priority one recommendation out of 1 priority one made); Transition Team (1 priority one recommendation made which is outstanding); and Domiciliary Care (2 priority one recommendations made both of which remain outstanding). There is also a brief reference below to the outstanding priority one recommendations on Rent Arrears. There is one new priority one recommendation arising from planned audit work in Extra Care Housing.
- 3.3 **Family Placements**
- 3.4 The audit was carried out as part of the 2014/15 audit plan and was at the request of the Assistant Director –Safeguarding and Social Care. As a result of our findings we issued a nil assurance and there were 8 priority one recommendations in respect of overpayments, children’s savings, legal orders, special guardianship orders, kinship allowances, residence orders, adoption allowances and training. Internal Audit followed up these recommendations and reported to the previous two meetings of this Committee that progress was not satisfactory and that an additional priority one regarding DBS checks had been added on.
- 3.5 At the November 2015 meeting Members were informed that 3 recommendations relating to training, DBS checks and residence orders were still outstanding and 5 recommendations relating to overpayments, savings, kinship, SGO and legal orders had been partially implemented.
- 3.6 The third follow up audit review has now been completed; interviewing management and undertaking sample testing. Our findings have shown that significant improvements have been made and the team have conducted case reviews to identify and locate the supporting documentation. Audit testing identified legal orders for the sample of SGO, residence orders and kinship cases. The Head of Service confirmed that the priority 1 issues raised by Internal Audit are reviewed weekly and procedures have been put in place to ensure all officers are aware of their roles and responsibilities.
- 3.7 The Head of Service meets bi-monthly with Finance to review the aged debtors list and to take action to recover where appropriate. Audit testing on the overpayments list did not identify any new cases with high balances since the last follow up indicating that procedures brought in by management have been effective.

- 3.8 There was still an issue with outstanding DBS checks however it was confirmed that the delay was at stage 4, the police check and that the team had started the renewal process in a timely manner. For placements with foster carers with expired DBS, additional controls are in place i.e. a risk assessment and increased visits.
- 3.9 It was confirmed that all identified staff within the team had completed and passed the mandatory training for Financial Regulations.
- 3.10 The audit testing was satisfactory in all areas and allows the priority 1 recommendations to be progressed to implemented. The follow up Internal Audit report will upon finalisation, be redacted and published on the web.
- 3.11 **Leaving Care (Payments to Clients)**
- 3.12 A previous audit of this area resulted in a nil assurance opinion and 9 priority one recommendations were reported to this Committee. At the last cycle we reported that 7 of these recommendations had been fully implemented with two deemed to be partially outstanding. The 2 recommendations, related to pathway plans and purchase cards.
- 3.13 Pathway Plans (PP): The Head of Service for Care and Resources is closely monitoring PP for timely completion and quality. The monitoring report weekly is reviewed, discussing performance with individual workers if required. The Department have set a target of 85% to be an accepted performance level. Pathway plans is now reported to the monthly performance board chaired by the Chief Executive. The most recent performance report details show that of the 204 eligible young people, 182 (89%) have a PP completed and authorised in the last 6 months, 4% had a PP completed by the worker but awaiting authorisation. A sample of 5 clients tested by Audit showed that 3 had a completed, authorised PP within the 6 month target and were open but within the agreed tolerance. This shows a significant improvement to the performance originally identified in the audit report. Reporting to the board should ensure that the agreed target is met and exceeded. This recommendation is now considered to be implemented.
- 3.14 Purchase cards: The purchase card transaction report issued to officers in January 2016 showed 87 payments for the 4 purchase cards held by the Leaving Care Team (LCT). The report indicates that payments are not being validated and authorised in a timely manner as is shown below, transactions back to August 2015 are still outstanding. The audit testing was undertaken on the 25<sup>th</sup> January 2016 and discussed with the LCT Monitoring Officer and Group Manager on the 9<sup>th</sup> February.
- 3.15 A sample of 13 payments was selected for audit examination to verify supporting documentation and record keeping. 5 of the 13 related to clients for Setting Up Home Allowances (SUHA) and were checked to client monitoring and the request for finance form. 1/5 was authorised and recorded 2 months after the transaction date; 1/5 was authorised to be deducted from SUHA but not recorded on the client record; 3/5 were satisfactory. The remaining 8 transactions (waiting account holder) were checked to records held in LCT however only 2 could be identified and although both were supported by an authorised request for finance only 1 had been updated on the client monitoring record. For the other 6 transactions insufficient information had been declared on the purchase description to identify a client or to support the purchase. These transactions were left with the LCT to resolve and process.
- 3.16 The Group Manager agreed that the procedures around purchase cards should be improved, specifically the need for expenditure to be authorised prior to procurement, supporting documentation and validation to be processed in a timely manner to allow the transactions to be posted and expenditure shown against the cost codes rather than the holding account. The Group Manager has requested that the LCT Finance and Monitoring Officer be set up as an

administrator on MyVision (purchase card system) to monitor usage and ensure compliance. In response to the audit findings and follow up testing, the LCT will be discussing the use of purchase cards at a training session on the 25<sup>th</sup> February. Given the findings of the audit testing the recommendation relating to purchase cards will remain partially implemented, although it is acknowledged that management are taking action to resolve the issues.

### **3.17 Transition Team**

3.18 A priority one recommendation was made in respect of overpayments and underpayments on a sample of direct payment cases that were reported to this Committee. The cases identified in the audit report were followed up but action including decisions to recover or refund or write off had not been made.

### **3.19 Domiciliary Care**

3.20 An audit of this area resulted in two priority one recommendations relating to service agreements closed on incorrect dates and also non closure. Sample testing showed that at the time of the audit, out of the sample of 44 cases selected for review, issues arose in 14 cases in relation to the dates of service and in one case non-closure. The second recommendation related to Extra Care Housing where in three cases the actual hours delivered was not reconciled to planned hours. A second follow up of these two recommendations has shown that:

3.21 Testing was undertaken to confirm that service agreements were closed on the correct date. It was found that from sample testing that in five cases tested, closure of services for deceased clients had been undertaken on differing dates and in one case, services remained open. This recommendation is therefore considered to be outstanding.

3.22 Planned hours were compared to actual hours recorded for each service user sampled within given weeks. This was then reconciled to the timesheet hours for each ECH Unit and any variances in hours noted. Queries arose with 5 samples that could not be answered at the time of the audit, when queried by the Auditor. This recommendation is therefore considered to be outstanding.

### **3.23 Rent Arrears –Emergency Accommodation**

3.24 In 2011-12 when this recommendation was first made the total amount of rent arrears was £1.3 million and at the time there were 326 clients in temporary accommodation. By February 2015 890 number of people being housed in TA. We had previously reported that the arrears figure was £3.57 million at December 2014 and that the increase was partly a result of write offs not being actioned, a reconciliation to close accounts for Orchard and Shipman clients not having taken place (which is expanded upon in Part 2 of this agenda) and the increased number of clients being placed in TA. Action has been taken to rectify these findings however as at October 2015, the rent arrears had increased to £3.58 million, with 953 clients in temporary accommodation. Write offs were actioned and the reconciliation with Orchard and Shipman is underway (as identified in the Audit of Orchard and Shipman) that could further reduce the arrears figure. There remains a high level of uncollected rent and therefore this recommendation remains outstanding.

3.25 At March 2016 the total number of people in TA is now 1074 and the level of rent arrears is £3.87 million. Reconciliations have begun with Orchard and Shipman, though have not been completed. This is expected to be completed by financial year end. This is covered in part 2 of this agenda.

### **3.26 Creditors**

- 3.27 The original Internal Audit report identified that there was a significant number of orders that were raised retrospectively. A 'retrospective purchase order' report was run in May 2013 that showed that after adjustments there were 3,290 orders that had been made in the period 30/01/13 to 30/05/13, with two thirds of these attributed to 30 officers. Raising orders is crucial to committing expenditure for accounting purposes as well as verifying goods received to what was ordered. Two previous follow ups covering periods up to the end of September 2015, showed that there was still a problem given the number of retrospective orders raised. In particular Housing accounted for 43% of the total which it is envisaged may improve when the new housing system is implemented.
- 3.28 The latest follow up covering the three month period October 2015 to December 2015 shows 2,155 retrospective orders being raised and is an increase from the previous quarter to September 2015 when 1,818 were raised retrospectively. 44% of the orders related to Housing. The new housing system will not be operational for some time but we have agreed Housing's proposal to streamline payment procedures that may reduce retrospective orders in this area.

### **3.29 New priority one recommendation-Extra Care Housing**

- 3.30 A review of the planned and actual care hours and the respective charges were made across 5 separate weeks from the records held at Norton Court. The client contribution rates were confirmed and the monthly statements for each client from May 2015 to September 2015 inclusive were reviewed. Errors were identified on weekly care charges. There were increases and decreases in hours that were found not to have been adjusted accordingly.
- 3.31 One of the clients had a credit balance of £1,334.94 as at 7/10/15. The auditor queried the account for Sample 8. The account and the financial assessment stated that the client was full cost, but no charges could be seen on recent domiciliary care statements. This client is deemed to be critical on her statement of needs in respect of needing help with managing her finances and is a current Appointeeship client, therefore, the Authority manages her finances on her behalf, in the absence of any relatives. No financial assessment could be found on Carefirst to evidence that the client is now a nil payer at the time of testing. The Financial Assessment team confirmed that the assessments will be recalculated using the revised figures as soon as possible. Management have also confirmed that each March there is an annual review and clients are informed of their new charge. A breakdown of the charges is provided and they are advised to inform LBB if there has been any change to their financial circumstances.
- 3.32 The service level agreement requires all clients to have a completed and verified financial assessment form at least every 2 years. These reviews are carried out on a monthly basis and the completed financial assessments forms are processed on completion.

### **3.33 Audit Activity**

- 3.34 Members of this Committee will be updated in April 2016 on our progress against the 2015/16 internal audit plan, completion of work brought forward from the 2014/15 plan and investigations. The period covered by the update will be April 2015 to March 2016. There has been some slippage in the 2015/16 internal audit plan due to priority one findings arising from our investigations and audits that appear in part 2 of this agenda. The returned audit satisfaction questionnaire indicates a score of 4.5 out of 5 on finalised audit reports which is good. In addition to audit planned work we also carried out the following:

- Fraud and investigations.
- Updated the Financial Regulations and the Fraud and Corruption Strategy approved by this Committee at the last cycle.

- Advice and support on Financial Regulations, variations to change in system controls.
- Ongoing liaison role in assisting management inquiries.
- Monitoring role of the Greenwich Fraud partnership.
- Developing an e-learning training package in respect of audit controls and risk management.
- Liaison work with our external auditors in preparation of their audit of the 2014/15 accounts.
- Updating the risk register to promote consistency.
- Involvement in proactive exercises.
- Committee work.
- Internal Liaison with the Commissioning Board; Directors Group; Directorate Management Teams, Corporate Management Team in respect of constructing the 2016/17 Internal Audit Plan.
- External liaison with the various London Audit Groups- Fraud, Procurement, IT and Head of Audit. Also the London Boroughs Fraud Investigation Group our External Auditors.

### 3.35 **Publication of Internal Audit Reports**

3.36 At the last meeting of this Committee we reported our sixth batch of Internal Audit reports finalised since March 2014 that was published on the web. In total 96 reports were publicised on the web. No exemptions are being sought for this cycle.

3.37 Since the last cycle of this Committee we have published a further 17 redacted final reports making a total of 113 since publications first started.

- Blenheim Primary School
- Chelsfield Primary School
- Review of Extra Care Housing (Norton Court)
- Edgebury Primary School
- Marjorie McClure School
- Car Parking Income (Multi Storey and On Street)
- Section 106 Agreements
- Council Tax
- Southborough Primary School-Follow up
- Review of NNDR
- Bickley Primary School
- Review of Debtors

- Clare House- Follow up
- Poverest Primary School
- Troubled Families
- Youth Offending Service
- Red Hill Primary School Follow up

### 3.38 Waivers

- 3.39 Members of this Committee took the decision to only report on waivers sought under the Contract Procedure Rules 3 and 13.1 and to therefore exclude specific exemptions provided to officers under the Council's Scheme of Delegation which relate to social care placements. The list attached as Appendix B reflects waivers sought for the period October 2015 to February 2016.
- 3.40 As required by the Contract Procedure Rules (CPR) this Committee has to be updated on waivers sought across the Authority at six monthly intervals. The last update was reported to this Committee in December 2015 and covered waivers sought up to September 2015. The list is collated from the Heads of Finance for each of the Service areas and any information kept by the Chief Officers. Members are asked to review this list and comment as necessary preferably prior to the meeting so that officers can extract the details on queried waivers.
- 3.41 The waiver procedure has been simplified by issue of a guidance procedure that forms part of the Contract Procedure Rules. This documents defines a **Waiver** as – **“the dispensation of the need for compliance with a particular requirement of these Contract Procedure Rules”**

Where the estimated value of this requirement is likely to exceed;

- **£50k** The Agreement of the Chief Officer needs to be obtained; The matter also needs to be included in the bi-annual report submitted to Audit Sub Committee;
- **£100k-£1m** The Chief Officer in Agreement with the Director of Corporate Services and the Director of Finance together with the Approval of the Portfolio Holder. The matter also needs to be included in the bi-annual report to Audit Sub Committee;
- **£1m and Above** The Chief Officer in Agreement with the Director of Corporate Services and the Director of Finance together with the Approval of the Executive or Council as appropriate.

### 3.42 Value for Money Arrangements

- 3.43 We had previously reported that we still had to complete one rolled over review of VfM arrangements for the Youth Offending Service. This is now reported on below.
- 3.44 The standard methodology to review value for money arrangements (VfM) was agreed by Members in September 2010. The matrix to assess value for money gives a rating 1 to 4, with 1 equating to not met and 4 equating to fully met. The VfM arrangements for this service was discussed with management and based on the findings, a score rating of 2 out of 4 is reported, which is partially met.
- 3.45 This equates to VfM arrangements being partially met where there are some aspects of vfm in place but these are not robust enough to reach an informed decision that the service is achieving vfm. (e.g. data submitted for benchmarking is not accurate enough or cannot be substantiated or customer satisfaction surveys have not taken place, although there may be a

benchmarking exercise that was completed; or that the service is operating at high unit costs in comparison with other Boroughs' costs although providing a satisfactory service).

- Benchmarking of data reports has been carried out against another London Borough (Section 1d of Youth Offending Service Improvement Plan refers), but there is no evidence of financial or other benchmarking against other authorities carried out. . We have discussed this with the Head of Service and he is proposing to consult with the Youth Justice Board and YOT Heads of Service at other similar sized Boroughs in the near future to identify what financial or other benchmarking information can be obtained and analysed.
- HM Inspectorate of Probation undertook an inspection of the service in February 2015 where the service was compared against how other Youth Offending Services perform. Following this the service has implemented the Youth Offending Service Improvement Plan which is being regularly scrutinised by the Youth Justice Board (YJB) in readiness for HM Inspectorate of Probation re inspection.
- The service has seconded a YJB employee to assist in delivering the YOS Improvement.
- Feedback from service users is collated via the Children's Social Care Service User feedback forms. These are analysed by Strategic and Business Support every quarter. The service has received good feedback so far. In addition to this young people are requested to complete HMIP questionnaires. The service has exceeded the number of questionnaires which HMIP had requested to be completed by LB of Bromley young people by the deadline date of February 2016. Feedback on this should be available later in the year.
- The service is aware that there has been an overspend in the last financial year. The service has been given permission to continue with the overspend by the Chief Executive and Councillors whilst improvements are being put into place. The staff structure and budget will be revisited again in 2017/18. Current staff consultation outlines proposals to reduce the budget.

### 3.46 Housing Benefit Update

3.47 As reported at the last cycle of this Committee we are no longer submitting the appendices on benefit fraud statistics as this service transferred over to the DWP on the 1<sup>st</sup> July 2015 and all the outstanding sanctions work including prosecutions is now completed.

3.48 Since the commencement of the partnership in April 2002, through to February 2016, the Council has successfully has prosecuted 429 claimants for benefit fraud; given 104 formal cautions; and administered 431 penalties giving a total of 964 sanctions.

3.49 **Housing Benefit Fraud Cases Referred to the DWP-** at the last meeting of this Committee we reported on the spreadsheet of 118 referred cases to the DWP maintained by RB Greenwich. Since then an additional 75 cases were referred making a total of 193 cases since the transfer. We have been informed that the latest status of the 118 cases that we reported on at the last meeting of this Committee is as follows:

- 39 current investigations
- 33 still with their RER team (risk analysis team)
- 6 no action
- 7 no trace
- 12 awaiting management instructions
- 4 being dealt with by Compliance
- 17 waiting to be allocated to an investigator

3.50 We are still awaiting feedback on the additional 75 cases. There is a new manger appointed to head up the SFIS team covering Bromley and following discussion with RB Greenwich it is hoped that this information flow from the DWP will improve with cases reported under three headings:

- No. accepted for investigation
- No. not accepted for Investigation
- No. referred to Compliance

### 3.51 **Other Matters-**

3.52 Local audit contract for local authorities; Public Sector Internal Audit Standards; Internal Audit budget savings- these are expanded on below.

3.53 **Local audit contracts for local authorities-** There are no new developments to what was reported at the last cycle. There is currently a requirement that from the financial year 2018/19 the appointment process under the Local Audit and Accountability Act 2014 will be operational. Under the legislation appointments must be in place before the start of the financial year to which they relate – so in practice the procurement must be completed by December 2017.

### 3.54 **Public Sector Internal Audit Standards**

3.55 The Public Sector Internal Audit Standards (PSIAS) which came in to effect in April 2013 requires an external assessment of the service every 5 years. Rather than employ a firm of accountants/auditors, the Society of London Treasurers felt that it would be more cost effective and useful if there was a London wide forum to undertake this task. Consequently we have joined a London wide external assessment group to undertake this assessment and at the time of writing this report we are due to be assessed by the Head of Audit, Haringey in mid-March 2016. We are preparing the necessary information the assessment. The outcome of the assessment will be reported to this Committee.

### 3.56 **Internal Audit Budget Savings**

3.57 Members should note that need to save £80k form the Internal Audit budget will achieved by proposals to delete the 0.5 fte vacancy, the 0.5 fte risk management post and the £40k for buying in services currently from the London Borough of Wandsworth. This will impact on the 2016/17 Internal Audit Plan as indicated elsewhere on this agenda.

### 3.58 **Training**

3.59 **Audit Controls- online interactive training-** we have now developed an online interactive training package for officers to promote findings and resultant control weaknesses identified from Internal Audit reports. The training is aimed primarily at managers and officers who have finance related functions and is expected to be about 30 minutes in duration including a question and answer session. We are currently testing the package and the launch is imminent.

### 3.60 **Risk Management-**

3.61 Members of this Committee were updated on the outcome of the exercise that Zurich had completed on reviewing risk arrangements across the authority. The new risk matrix that was proposed utilises four levels of risk; high, significant, medium and low in contrast to high, medium and low previously. In using the new guidelines for impact and likelihood and plotting these on the revised risk matrix the number of high risks has dropped from 21 to 3 but this was under review. The Committee were also informed that LBB's main corporate risks were being updated. There was a debate on the number of high and significant risks and the criteria behind this. There were also queries on the new control matrix in terms of impact and likelihood. The

Head of Audit pointed out that the submissions on risk classification had not been fully completed and details appearing in the report could change after management/DMT scrutiny of their risks. It was agreed that the complete details of high and significant risks be submitted to the next meeting of this Committee together with the revised corporate risks.

3.62 The final part of the exercise working with Zurich and Learning and Development is to produce a new e-learning online tutorial for risk management. The aim is to provide a 30 minute interactive package that officers can access and complete as a replacement to running risk management courses. The story boards have been agreed and Learning Nexus are currently building the course. The implementation of this training package has slipped but we are expecting to launch it in July 2016.

3.63 Each Department has completed their review of risks using the new risk matrix and impact and likelihood guidelines. Although the number of high boxes has only dropped from 8 to 6, a large number of previous high risks now fall in the significant category (21 high risks now 1 high and 12 significant). This is mainly because a number of major impact risks which were viewed as possible (annual likelihood) or unlikely (3 yearly likelihood) are now categorised as significant or medium risks. The new financial impact guidelines will also affect how some risks are now scored e.g. major impact now between £1m and £5m, previously £500k to £5m. Full details of the high and significant, including controls, actions and financial implications, are attached as Appendix C. Going forward we will monitor all the high and significant net risks and focus on the reporting and managing of risk exceptions.

3.64 We have also taken the opportunity to review how we present the corporate risks (previously these were our 'top 10' generic risks). Following discussions at Corporate Risk Management Group we have agreed to present these in a different format and focus on the key risks and issues that could stop us achieving our BBB objectives. We have agreed the following 7 headings which we felt were the major corporate challenges that the Council needs to address going forward as we become a smaller organisation:

- Financial
- Commissioning
- Health and Social Care Integration
- Organisational Change
- Contract Management
- Information Communication Technology
- Business Continuity and Emergency Planning

3.65 To an extent this is a top down rather than bottom up perspective (which is the role of the risk register). The revised corporate risks are attached as Appendix D. These will be subject to regular review by Directors/CMT and changes reported back to this Committee.

### 3.66 **Annual Governance Statement**

3.67 The preparation and publication of an AGS in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) / The Society of Local Authority Chief Executives and Senior Managers (SOLACE) Delivering Good Governance in Local Government: Framework 2007, and an addendum published in 2012, is necessary to meet the statutory requirement set out in Regulation 6 of the Accounts and Audit Regulations 2015. This requires a relevant authority each financial year to 'conduct a review of the effectiveness of the system of internal control' and to 'approve an annual governance statement'. We also operate to the requirements of the Public Sector Internal Audit Standards.

3.68 The AGS explains how Bromley has complied with its own Code of Corporate Governance which reflects the following six core principles of good governance:

- Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area.
- Members and Officers working together to achieve a common purpose with clearly defined function and roles.
- Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risks.
- Developing the capacity and capability of Members and Officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

3.69 Our Code of Corporate Governance was last updated and approved by full Council on 23 September 2013. CIPFA are reviewing the Framework and will be issuing new guidance in April which will come into effect for the financial year 2016/17.

3.70 As risk management features strongly in the AGS process, this year's review will again be coordinated by the Corporate Risk Management Group. The purpose of the review is to provide assurance from a number of sources including Members, Directors, 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.

#### 4. POLICY IMPLICATIONS

None

#### 5. FINANCIAL IMPLICATIONS

Some of the findings identified in the audit reports mentioned above will have financial implications.

#### 6. LEGAL IMPLICATIONS

There is a statutory requirement to provide an internal audit function through the Accounts and Audit Regulations 2015.

#### 7. PERSONNEL IMPLICATIONS

Staff in breach of financial rules and procedures or acting inappropriately against the Council's legal and financial interests may be subject to disciplinary actions or/and police investigations.

<b>Non-Applicable Sections:</b>	Policy Implications
Background Documents: (Access via Contact Officer)	Published internal audit reports on the web are discussed in this report.