

FINAL INTERNAL AUDIT REPORT
ENVIRONMENT AND COMMUNITY SERVICES

FOLLOW UP REVIEW OF THE STRAY DOGS CONTRACT
2016-17

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INTRODUCTION

1. This report sets out the results of our systems based follow up audit of the Stray Dogs Contract. The audit was carried out in quarter 3 as part of the programmed work specified in the 2016/17 Internal Audit Plan, agreed by the Director of Finance and Audit Sub-Committee.
2. The controls we expect to see in place are designed to minimise the department's exposure to a range of risks. Weaknesses in controls that have been highlighted will increase the associated risks and should therefore be corrected to assist overall effective operations.

AUDIT SCOPE

3. This follow up review of the stray dog's contract considered the progress made on implementing the agreed recommendations identified in the final Internal Audit report issued in November 2015. The review included interviews with the Head of Service, Assistant Director Street Scene and Greenspace and responsible officers in the Public Protection Division, and documented current working practices. Contractor A provided the Bromley dog register as at the 28.9.16, downloaded from the SharePoint site. From this spreadsheet stray dog collections for May and June 2016 were tested to ensure compliance to agreed procedures and contractual arrangements with each provider. All dogs returned to their owner during the sample period were checked to income records and invoices submitted by contractor B for May and June 2016 were checked to the dog register and supporting documentation. The findings of the follow review up are discussed in the paragraphs below with an opinion as to whether the recommendation has been implemented, partially implemented or is still outstanding.

MANAGEMENT SUMMARY

4. The review of the stray dog contracts was commissioned by the Executive Director of ECS following issues raised by the Head of Audit in May 2015. The Internal Audit report, finalised in November 2015, identified 9 priority 1 recommendations relating to contractual arrangements with providers, contract management, compliance to contract procedure rules and financial regulations, value for money and income and expenditure procedures. The full report was presented to Audit Sub Members on the 1st December 2015 and an update on progress taken to the April Committee. Members were informed in April 2016 that management had reacted swiftly to the major issues; retendering the kenneling contract on a pay as you go basis; renegotiating the collection contract and seeking Member approval for two policies relating to rehoming and destruction of stray dogs. The update report concluded that progress had been made for three priority 1 recommendations; contractual arrangements, analytical information reported to Members and the rehoming/do not destroy policy. These recommendations were considered implemented and therefore closed. The priority 1 recommendation relating to supporting documentation held for contracts and the departmental policy to retain documents was partially implemented. Although 5 priority 1 recommendations were outstanding, Internal Audit acknowledged that significant changes and improvements had been made by the Head of Service. Given that the new contract with contractor B had only been operational since February 2016 it was agreed to carry out the follow up audit review after a 6 month period. This follow up review will be reported to Audit Sub in November 2016.

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5. The follow up review was supported by audit testing on source data provided by contractor A, invoices submitted by the suppliers and records maintained by the responsible officers. Interviews were held with officers involved in the stray dog process and also management to determine progress on findings deemed to be departmental. There have been two major changes since the original report; the change in legislation requiring all dogs to be micro chipped, that came in to force on the 1st April and could impact on the volume of dogs collected and sent to kennels and secondly the move to a pay as you go contract rather than block booking reserved kennels.
6. Annual payments to contractor A for the dog collection service have remained at £63K for this financial year. The variation to contract signed in July 2016 has formalised the additional duties that contractor A will undertake to offset the reduced number of stray dog referrals. Payments to contractor B, as at 30/8/16 is £6K; £480 has been paid to contractor C. Contractor A returns show that for the first quarter 2016/17 13 dogs have been collected and returned to owner, 35 dogs collected and transferred to kennels and there were 37 aborted calls. Extrapolating the kenneling costs for the first 3 months the average cost for each dog is £3.6K/35 dogs £103 which represents 10 days in kennel.
7. The follow up review concludes that of the 5 outstanding priority 1 recommendations 2 have been fully implemented relating to waivers and value for money. The 3 recommendations relating to contract monitoring, payment of invoices and collection of income are partially implemented. There are minor findings in all three areas that prevent full implementation but it is acknowledged that the service have made significant progress in all three areas that would warrant a priority 2 recommendation rather than the priority 1. For the 1 partially implemented recommendation, relating to retention of documentation, this is now considered fully implemented. The retention of documents will be routinely tested for all contracts as audit reviews are undertaken in the department.
8. The findings of the follow up work for the April update to Members are shown at Appendix A as well as the audit findings and opinion resulting from the work undertaken in September 2016.

SIGNIFICANT FINDINGS (PRIORITY 1)

9. Of the 9 priority 1 recommendations identified in the Internal Report for Stray Dogs, finalised in November 2015, 6 have been completed and the recommendations considered closed. For the remaining 3 recommendations shown as partially implemented in this report, significant progress has been made. Each of these three recommendations had multiple elements and the division has achieved full implementation of some of the elements; in the case of contract monitoring, the recommendations relating to occupancy and block booking became redundant when the service moved to a pay as you go basis. The findings identified during this follow up review for these 3 partially implemented recommendations are now considered to be priority 2 and as such the recommendations will be removed from the priority 1

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list reported to Members. The Stray Dogs contract has now been transferred to an Environmental Health Officer with defined roles and responsibilities for monitoring, income and expenditure processes. During the course of the follow up, findings were discussed with responsible officers and the need to develop a spreadsheet to handle the data that is generated for this service. It is also suggested that the division consider the training needs of both officers, specifically Financial Regulations and Contract Procedure Rules.

DETAILED FINDINGS/MANAGEMENT ACTION PLAN

10. Any new findings and re-recommendations are detailed in Appendix B of this report and require management comment. Appendix A provides information on the recommendations that are being followed-up and Appendix C give definitions of the priority categories.

ACKNOWLEDGEMENT

11. We would like to thank all staff contacted during this review for their help and co-operation

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
1	<p>Review the formal contract arrangements with contractor A for the collection and transfer of stray dogs.</p> <p>Acknowledging that the provision of kennelling is currently under review; formalise a contract for this service once the provider has been selected.</p> <p>Review the contractual terms to ensure that the Authority has the option to renegotiate service provision.</p> <p>Retain a copy of the contracts within the department for reference and monitoring purposes</p> <p>Ensure that any variation to service provision is supported by an adequate audit trail and formalised with the service provider.</p> <p>Priority 1</p>	<p>A desktop review of the contractor A contract has been completed and a meeting has been arranged with the Company to discuss possible variations to the contract.</p> <p>Fourteen local kennels were contacted with the view of providing this service. Six responded stating that they were not interested in taking on local authority stray and abandoned dogs and three companies stated that they were prepared to consider providing this service through until April 2017, as per the Executive report for co-terminosity of contracts.</p> <p>The contract will be for the sixteen or seventeen months through until April 2017, with proposal to review every March.</p> <p>The contracts have historically been held by the Legal Department. However it is now</p>	Oct/Nov 2015	Head of Environmental Protection (HoEP)	<p>Audit Sub Update April 2016</p> <p>The follow up of this recommendation has indicated that following negotiations with contractor A, the existing provider for the dog collection service, a variation to contract has issued but at the time of this report still under negotiation. Although there is a reduction in the number of dogs any saving will be offset against additional services; liaising and updating contractor C and transporting any dog to the overflow unit in Brands Hatch. Contractor A will also provide emergency cover if the nominated kennels is full at a negotiated cost of £14.50 per kennel per day. The fixed cost element of the collection service was £63,565 for 2015/16 and will remain the same for 2016-17.</p> <p>Fourteen local kennels were contacted to tender for the kennelling provision. Responses were received from 6, of which 4 registered an interest and supplied a competitive quote. Providers were asked to quote on a pay as you go basis but would need to keep a number of kennels open to meet the Council's statutory duty. Two quotes were comparable, the third from contractor B, significantly cheaper. Contractor B met the criteria. The number of dogs collected and taken to kennels had been decreasing since 2012/13 and with the change in legislation for all dogs to be microchipped, strays should be reunited with their owners before kennelling and therefore the capacity at the nominated kennels should be adequate but to cope with any spikes in demand contractor A will provide emergency kennelling.</p> <p>Contractor B has been given a 2 month order for kennelling with a view to issuing a 12 month order if the initial period is successful. This will allow an end date of April 2017 to comply with the Executive directive for contracts to be co terminus. Given the lower unit price of £10 and an average of 6 dogs a day for Bromley the maximum payable to this provider should be £21,900 pa. The specification for kennelling provision was issued with the i-Proc order to</p>	Completed

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		<p>proposed that a contracts file will be set up, which will hold copies of the contract and all relevant monitoring and review records.</p> <p>The contracts file will contain all contract variations and all associated paperwork.</p>			<p>ensure that basic terms and conditions can be applied.</p> <p>A copy of the variation to contract and the specification is retained in the contract folder held in the shared area. Access to amend and delete is limited to the contract owner and line report to ensure the documents are protected. The development of the contract monitoring document for Public Protection will require managers to specify both hard and soft copies of contracts.</p> <p>September 2016</p> <p>A 12 month I-Proc for 2016-17 was issued to both Contractor B and Contractor C. The variation to contract was signed by Contractor A and Bromley July 2016.</p>	
2	<p>Establish contract folders in the team's shared area for a soft copy trail of all key information.</p> <p>The Authority must, independent to the contractor's advice, evidence service delivery changes in terms of need and cost to verify that value for money options have been evaluated. Documentation should be evidenced that both parties accept the service changes.</p> <p>Ensure that all officers transfer relevant e-mails to the contract folder</p>	<p>This is being carried out; see comment above.</p> <p>All service delivery changes will be evidenced in writing by both parties and stored in the contracts file in order to provide an audit trail.</p> <p>All documentation, computerised notes, emails, faxes, letters and any other</p>	Nov/Dec 2015	HoEP	<p>Audit Sub Update April 2016</p> <p>This recommendation related to the loss of information when key officers left the organisation and the availability of contract information in a shared area. Variation to service delivery had been verbal or confirmed by e-mail but was not then available for audit inspection. The follow up of this recommendation has shown that the HoEP confirmed a change in working practice to ensure that all matters relating to contracts were supported by e-mail, stored in the contract folder in the shared area. The EDM confirmed that the contract monitoring summary that is being developed for Public Protection will detail all variations and links to the supporting documentation, waiver committee report as appropriate.</p>	Partially Implemented

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	<p>in a timely manner to ensure continuity of information.</p> <p>Ensure that any information pertinent to a contract is recovered from an officer due to leave the Authority.</p> <p>The Department should review their retention of documents policy to ensure it complies with Financial Regulations.</p> <p>This includes any information that is held within e-mails.</p> <p>Priority 1</p>	<p>communications will be transferred to and stored in the contracts file.</p> <p>The storage and recovery of officer held information is a Departmental and prior to review, corporate matter and advice is being sought as to how this should be progressed.</p> <p>To protect the contracts locally in the interim, all paperwork associated with the contracts will be stored on the contracts file where it cannot be deleted. This is subject to a departmental Review; see above comments</p>			<p>September 2016</p> <p>Internal Audit were given access to the Environmental Protection shared drive and confirmed that the contracts folder contains contract information appertaining to the management of the stray dogs contract. Following the previous Internal Audit review and subsequent management review the Lead Practitioner in the Environmental Protection Team was nominated as the contract lead for stray dogs and the manager for all associated administrative tasks. This officer recently left the Authority and responsibility now passed to an Environmental Health Officer. The handover was adequately supported by the trail of documentation held in the contracts folder.</p>	<p>Completed</p>
<p>3</p>	<p>Ensure that analytical information reported to Members can be evidenced to supporting source data. This relates to the 15% saving quoted to be achieved by procuring kennelling direct from Contractor D, not evidenced.</p> <p>[Priority 1]</p>	<p>As identified in this audit, a considerable amount of evidentiary material was missing, subsequent to the Contract monitoring officer being made redundant and leaving the Authority.</p> <p>As per recommendation 2 above, the contracts file will contain all necessary evidence, including the analytical information and will be stored such that it cannot be deleted/removed/destroyed without the appropriate Managerial authority.</p>	<p>Oct 2015</p>	<p>HoEP</p>	<p>Audit Sub Update April 2016</p> <p>This relates to the 15% saving quoted to be achieved by procuring kennelling direct from contractor D that was not evidenced. Management approached the former contract manager, responsible for the information provided and it was established that contractor A were planning to impose a 15% admin charge for processing contractor D invoices. As this recommendation relates to an event in the past and the process covered by the move to shared contract folders, this priority 1 recommendation is considered closed.</p>	<p>Completed</p>

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4	<p>Review the current arrangements for a rehoming service as the Authority currently part fund a rehoming officer employed by the provider.</p> <p>Declare the non-statutory element as a potential saving within the service. Formalise the Authority's policy for rehoming stray dogs as a non-statutory service.</p> <p>Evidence Member opinion that the Authority has a "do not destroy" policy and how this is to be implemented in terms of service, to ensure minimal cost to the Authority. [Priority 1]</p>	<p>The Manager of this service has ceased funding the rehoming service at the kennels and has approached contractor C with regard to re homing the LB Bromley abandoned and stray dogs.</p> <p>Negotiation has been entered into with contractor c for them to take the dogs and rehome them for a one off fee of £40 per dog, (subject to various conditions), which is 50% lower than the quotes received from the Private Kennels.</p> <p>This has not been considered as a potential saving as the cost of euthanasia was generally considered higher than the cost of re homing. This has been confirmed in the recent quotes obtained from three kennels on a pay as you go basis where the euthanasia option is estimated to be £15,000 more than re homing. This will be included in the January PDS Report.</p> <p>In the past the Members of Public Protection and Safety PDS have expressed the requirement for a non-</p>	Dec 2015/Jan 2016	HoEP	<p>Audit Sub Update April 2016</p> <p>The audit review identified that the service was paying £13.5K pa for a rehoming officer employed by the previous nominated kennels. A follow up of this recommendation has shown that this practice ceased and contractor C was approached to take on this function. A flat fee of £40 per dog has been agreed and there are contingency plans with contractor A should contractor C be closed to new dogs for any period of time.</p> <p>Members of the Public Protection and Safety PDS at their meeting on 20th January 2016 agreed to formalise two policies; the euthanasia of banned breeds or those dogs unsuitable for re-homing and secondly the kennelling of dogs deemed fit to be rehomed that had not been claimed after the statutory period.</p>	Completed

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4 Con		<p>destruct policy. However, this needs to be evidenced as it does not appear in the recorded Minutes of the meetings.</p> <p>In view of this recommendation to declare a saving on this non-statutory element of the service and to formalise the Authority's Policy, of rehoming or destroying all such dogs in achieve this saving, a formal Report will be put before members at the January PDS to make this decision.</p> <p>This was not a recommendation discussed with JM and it should be noted that a policy of destruction for healthy, unwanted dogs would result in the existing Dog Warden contractor refusing to work with Bromley and closing down the contract and most kennels, including contractor C also refusing to work with Bromley Council. Being associated with a Borough that has a positive policy to destroy healthy dogs is unacceptable to most of the people/companies in this business and it is unlikely that Bromley would be able to provide a service.</p>				

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5	<p>Review contract monitoring for this service to ensure compliance to CPR 23.</p> <p>For a service that is procured as block booked units, management must evidence that utilisation is regularly monitored to evidence continued need and thus value for money. Underutilisation is a cost to the Authority and should be addressed in contract monitoring meetings.</p>	<p>A review of the Contract Monitoring Rules in CPR section 23.5 is to be carried out for the whole Department as part of a wider Corporate review. Appropriate action to ensure full compliance with CPR 23.5 will be taken, subject to advice from Procurement</p> <p>The use of block booking does not provide for any refund for underutilisation. The kennels are pre booked for the exclusive use of the Council in order to meet their Statutory responsibility. They were paid for whether vacant or occupied in order to ensure LB Bromley exclusivity as previously explained.</p> <p>However, in view of the Audit comments, this procedure has been dropped and the Council will now book the kennels on a pay as you go basis.</p> <p>The action plan provides more detail on this new proposal as there is a risk that the Authority may have no kennel in which to place some dogs and a number of back up plans will need to</p>	Oct 2015 and Jan 2016 for ownership issues	HoEP	<p>Audit Sub Update April 2016</p> <p>A meeting was held with the Environmental Development Manager (EDM) who had been tasked with reviewing the departmental issues relating to contract management and compliance to contract procedure rules. The EDM and the HoEP are currently producing the contract management summary for Public Protection in line with the document produced for Environment and Community Services; recognised as an example of good practice for contract management and monitoring.</p> <p>The follow up of this recommendation has shown that as the kennelling contract was awarded to contractor B on a pay as you go basis the monitoring of usage/occupancy is important and the service monitor actual usage patterns to identify if more favourable terms can be negotiated at a later date. The service will reconcile data from contractor A to the kennelling returns. The team have developed a spreadsheet to record each dog collected to then track the dog through to outcome, including costs and income due. KPI's for contractor A would be identified once the draft variation to contract has been returned.</p> <p>At the time of the follow up review, no contract monitoring meetings had been held; the new service and kennelling arrangements have only been operational since the end of January 2016. It is planned to hold quarterly monitoring meetings with both providers, the minutes to be scanned and stored in the contract folder in the shared area.</p> <p>The EDM confirmed that the contract monitoring summaries, published for Environment and Community and currently being reviewed for Public Protection, will collate all the information required for effective monitoring.</p>	Progress to implement

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5 Co	<p>The department must account for the monthly occupancy sheets prior to payment of an invoice and interpret the data recorded to identify underutilisation.</p> <p>The duration of kennelling for each dog should not exceed statutory requirements or locally agreed limits, (as evidenced by a contract), when the ownership has passed to the kennels.</p>	<p>be put in place to protect the Council's position in the case that several dogs are collected at in a short period of time and there are no vacant kennels available. The statistics have been analysed and the risk calculated as approximately 10% of the time the Council will not be able to meet its statutory duty and the action plan describes the processes that are being put in place to address this risk. There will be no underutilisation as the proposal is to move to a pay as you go system.</p> <p>All invoices will continue to be checked to occupancy and reconciled with contractor A statistics, on a monthly basis, prior to payment.</p> <p>The duration of occupancy is of no concern to the Council once ownership is passed to a third party as all subsequent costs are also transferred with ownership.</p> <p>Local Authority has a Statutory duty to kennel the dog for seven days and on day eight must decide whether to put the dog up for rehoming or to destroy the dog.</p>			<p>September 2016</p> <p>The EDM confirmed that all Public Protection contracts are now included in the contract monitoring summary for Environmental Services. Contract monitoring for the whole Council is being further developed so that the contract summaries held as Word documents on Sharepoint, will be a database that will upload and collate information from other sources such as FBM. Managers will be responsible for the information held on the database and updating as necessary. The database will provide the contract information to be reported to all PDS Committees and Contracts Sub Committee to allow continuity and accuracy. The timescale for this project is early 2017.</p> <p>The Technical Support Team Manager in the Street Scene and Greenspace division has developed a dashboard reporting tool to enable more effective contract monitoring. The system has been trialled with the street cleansing contract and will be rolled out to all contracts within the division including PP. Information is collected from all sources and used to identify trends, peaks and troughs; contract managers will be asked to explain variances.</p> <p>The procurement of kennels from the provider is still on a pay as you go basis. Information is transferred from contractor A's schedule to Uniform and then checked to the monthly invoices received for each dog held at the nominated kennels. There is no apparent register of dogs submitted by the kennel provider to summarise the duration of kennelling or the outcome. This was discussed with the Public Protection team and has been raised at the next contract monitoring meeting with contractor A as discussed below.</p> <p>There were 5 invoices received from contractor C since the new contractual arrangements, relating to 12 dogs. The information shown on these invoices was not consistent</p>	Partially implemented

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5 Co	<p>Any negotiation to reserve a fixed number of kennels must be supported by a financial analysis to consider the occupancy rates, length of stay and alternative cost of paying an enhanced rate for kennelling above reserved units.</p> <p>If the kennelling contract necessitates reserved units, consideration should be given to a credit clause to offset for periods of non-occupancy. As a minimum the contract negotiations should demonstrate arrangements that are fair to both parties.</p> <p>The data from contractor A should be reconciled to the dog register maintained by contractor D (or alternative kennelling contractor) to ensure that the total number of dogs agrees.</p>	<p>At present I am unaware of any local authority that has such a destruction policy and who pay to kennel only for the statutory seven days for healthy dogs but this matter will be put to Members for them to make a decision at the January 2016 PDS.</p> <p>This is no longer happening; see comments above.</p> <p>This is no longer happening; see previous comments.</p> <p>This will now be carried out monthly.</p>			<p>with the kennel invoice and contractor A spreadsheet. Each provider allocates their own reference number and for the 3 dogs checked to May and June invoices the date of seizure and description of the dog differed.</p> <p>The Environmental Health Officer who has recently taken over responsibility for this contract is looking to develop a spreadsheet to record all pertinent information and track the outcome of each dog, tying in expenditure and income details as appropriate from all providers.</p> <p>The audit testing on the kennelling invoices for May and June 2016 showed that 10 dogs went to kennel in each month. Of these 20 cases:-</p> <ul style="list-style-type: none"> 10 dogs were kennelled for less than 7 days, 5, 8 to 30 days, 3, 31 to 60 days and 1 dog was kennelled for 84 days. There was no evidence to support that contractor C had been approached to take the dogs once the statutory 7 days had expired. It was not clear which provider should notify contractor C that a dog is going to need transfer and rehoming or that LBB monitor that this part of the process is followed. 	New Rec.

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5 Co	<p>Contract monitoring should be effective to ensure that key performance indicators are met and that any defaults are identified.</p> <p>Contract meetings should be minuted and available on the shared area. Similarly, if contract meetings are to be held for exception purposes only this should be evidenced as mutually agreed and regularly post that both parties agree that no issues are arising.</p> <p>[Priority 1]</p>	<p>This has always been carried out. A check revealed only one failure by contractor A to meet the 95% pick up rate within four hours, where they achieved 88.8%. This was due to two dogs being held in a veterinary surgery that was not open at the time of receipt of the call and as such no further action was taken. However, this process has been tightened up to ensure that the new kennels meet their required standards and all such comments are recorded within the contracts file.</p> <p>This is in place and all subsequent documentation will be held on the Contracts file.</p>			<p>Contract monitoring meetings are now planned with contractor A quarterly, although only the July meeting will be on site at the Council offices, the other three meetings will be a telephone conference call. The minutes of the monitoring meeting for July 2016 were reviewed and evidenced a range of topics covered and action points noted. These minutes indicated that “the register is dual managed with contractor A updating the collection and movement details and LBB updating the outcome from kennels. The minutes of the telephone conference call on 10/10/16 were evidenced and showed a similar level of detail. These minutes raised the issue of the dog register and a suggestion that the next contract should “account for the kennel to update the register with the outcome of the dog”. In the interim period either LBB issue the provider with a SharePoint licence or update the online register with the outcome as advised by the kennel.</p> <p>A change in contract manager in the Public Protection team prompted a joint visit to the nominated kennels on the 15th June 2016. The site visit was to ensure that the handover was effective and satisfy the requirements for contract monitoring of the kennel provider.</p>	

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6	<p>The department must review the waiver process to ensure that all documents comply with CPR.</p> <p>The roles and responsibilities of each officer involved in the process should be clarified specifically the need for all appropriate officers to authorise the waiver. The initiating officer should ensure that appropriate officers have authorised the waiver to evidence scrutiny by Legal and Finance.</p> <p>The department should review the administrative arrangements for the waiver process to ensure that all waivers are “captured” and held by a responsible officer.</p> <p>Reconciliation to the departmental contract register should ensure that continuing a contract past the expiry date is supported by a waiver.</p> <p>The authorising officer must ensure that the waiver adequately details the reason for the waiver and that there is documented evidence to support this. Similarly the report must demonstrate that continuing with a provider will not be at a cost to the Authority and value for money is still achieved.</p> <p>The Chief Officer should only authorise a waiver that has been seen</p>	<p>The Department will conduct a full review of the waiver process after advice is sought from Procurement and Legal and a new procedure will be developed.</p> <p>The roles and responsibilities of each officer within the Council will be clarified as part of the review and training will be arranged on the new procedure.</p>	Jan 2016	HoEP and CO	<p>Audit Sub Update April 2016</p> <p>A follow up of this recommendation has shown that at service level, the HoEP has developed a procedure and work flow to ensure that the appropriate officers receive, review and authorise any waiver. This includes the type of information to be included in the justification section; the reason for the waiver and assurance of continued value for money. The cumulative spend and whole life costs will also be specified. A line specific to the Head of Finance has been included to evidence that finance have cleared the information reported. Once all comments have been received from the Chief Officer, legal and finance the HoEP will ensure that the document is signed and filed.</p> <p>At a departmental level, the EDM confirmed that a system exists for extensions on the ECS Business Management team site, on One Bromley, this includes the waiver register, contract procedure rules for waivers and exemptions and the waiver template. This information has been available on the departmental team site but it was accepted that officers needed to be reminded of the process and where to access and log forms.</p> <p>Internal Audit review all waivers collated and reported to this committee. For the 6 waivers declared by Environment and Community Services for this cycle there are no issues arising regarding authorisations.</p> <p>September 2016</p> <p>At a corporate level, waivers have been reviewed and rolled out to officers as part of the new Contract Procedure Rules.</p> <p>A review of the authorised corporate procurement templates held by ECS between March 2016 and September 2016 identified that Public Protection has not</p>	<p>Progress to implement</p> <p>Implemented</p>

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	<p>and initialled by the Head of Finance as per the DMT minutes for 26.11.13</p> <p>This review has identified that the waiver process is not clearly understood by officers. The department should identify and instigate training to eliminate the ambiguities of this process, namely the status of a contract once expired but procurement with the same contractor is continued.</p> <p>Officers should identify whole life costs and cumulative spend to ensure that the waiver document accurately reflects actual spend with the preferred contractor.</p> <p>[Priority 1]</p>				<p>submitted any waivers during this period. There was an authorised template to extend a contract for the CCTV service and this had been duly completed, signed and dated and will be considered during the CCTV follow up audit.</p> <p>An Internal Audit review of waivers reports is currently being undertaken to confirm that the process to waive any requirements for competitive bids has been carried out as set out in Contract Procedure Rules.</p>	
7	<p>The Department must ensure that the procedures to receipt and approve invoices for payment are robust and compliant to Financial regulations.</p>	<p>This will form part of the Departmental Review to ensure that robust procedures for receipting and approving invoices exist and are adhered to. However, it is recognised that not every entry of every line has been checked over the last ten years that were audited and the Department will identify a resource to carry out this function into the future.</p>	<p>Oct 2015 Jan 2016</p>	<p>CO and HoEP</p>	<p>Audit Sub Update April 2016</p> <p>I-Proc orders have now been raised in advance of the service being procured but as the new contract started in February 2016 no invoices had been received. The roles and responsibility of the officer tasked with the payment of invoices has been clarified and this will be tested during the follow up. The contractor has been made aware of the documentation that will be required to support any variable fees charged to the Authority on the monthly invoice.</p>	<p>Progress to implement</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
	<p>The need to pay for any service in advance should be with the approval of the Director of Finance.</p> <p>The role of the officer responsible for expenditure should be agreed. Compliance to agreed tasks should be regularly reviewed and challenged specifically for expenditure that was raised by management as queries.</p> <p>An order should be raised in advance of the committed expenditure and not after the invoice has been received. [Priority 1]</p>	<p>The purchase of any advance services within the Division has been stopped. An alternative method of providing the service is to be instigated.</p> <p>The budget holder is identified as the HoEP and his role within the expenditure of this budget will be defined by the Senior Management of the Department. Such Senior Management will then identify tasks, be responsible for the review and will challenge any management queries.</p> <p>Orders are now raised in advance of expenditure not after the invoice has been received.</p>			<p>September 2016</p> <p>The payment of invoices has now been transferred to the administrative officer who is also tasked with the collection of income. The combination of both income and expenditure processes has allowed an element of continuity for the collection and kenneling of dogs, a familiarity of each case and the benefit of seeing each case through from start to finish.</p> <p>I Proc orders have been raised for the financial year 2016-17; contractor C £5,000 and contractor B £12,000. As at the end of August 2016, £6K has been paid to the kennels and £480 to contractor C.</p> <p>The process for receipting and checking invoices is now supported by a written procedure available in a shared folder.</p> <p>Interviews with the administrative officer and the line manager indicated an understanding of Financial Regulations and the checks that are now undertaken before each invoice is passed for payment.</p> <p>May and June 2016 were selected as sample months for audit testing. Following the audit report and the commencement of the contract with the nominated kennels, the manager requested monthly invoices for each dog held by the provider. The invoices detail start and end dates and specify "interim" invoice for dogs that are held over the month. Vet fees are broken down over each charge category and are supported by scanned copies of the invoice from the vet and receipt of payment by the kennels</p> <p>9 dogs were taken to kennels in May (1 to Slough), 10 in June. The invoices were checked to the agreed fees and</p>	<p>Partially implemented</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
					<p>charges; the main issues arising were:-</p> <ul style="list-style-type: none"> • 1/19 - kennel fees for 28 days charged should be £280 but £800 levied as exceptional circumstances and the dog had a litter of puppies. Although the budget holder had authorised the additional spend there was no audit trail on the invoice to support payment. • 1/19 – kennel fees for 2 days; narrative states “transfer to Greenwich” and “dog found in Greenwich”. Insufficient detail to confirm Bromley’s liability. • Kennel fees exceeding the statutory 7 days; for the 3 cases that spanned monthly invoices there was no evidence that contractor C had been contacted for a place or the status of a possible transfer for rehoming. <p>The 5 invoices submitted by contractor C identified 3 dogs that had been transferred in the sample months checked. The information on these invoices did not tie up with the data from the other two contractors; the seizure date was different and contractor C allocates their own reference number. The date that the dog was transferred did tally to the departure date from the kennels. Contractor C have charged a £15 transfer fee and £25 vet fee per dog however this has not been verified as correct given the I-Proc order does not specify the agreed rate. The I-Proc order refers to “agreed schedule of rates” and this has now been made available to the administrative officer responsible for the payment of invoices.</p>	<p>New Rec.</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
8	<p>The Department should review the procedures to identify all income due and ensure that controls are robust to collect that income.</p> <p>Collect the £1,524.97 income due from contractor A for quarter 1 2014/15.</p> <p>Consider the policy to collect payment prior to the dog being returned, as stated on the website and how this can be enforced.</p> <p>[Priority 1]</p>	<p>A review is currently in process.</p> <p>The incumbent dog Warden contractor currently releases confined dogs on payment of outstanding debt directly to them on behalf of the Council. In accordance with Audit recommendations, it will be proposed to Members in the January Committee Report that all owners are invoiced</p> <p>This has been invoiced, along with all of the 2015/16 outstanding income and payment is awaited.</p> <p>In a significant number of cases, it is not practicable to receive payment before returning the dog to the owner. However, a new procedure is being set up with contractor A, whereby they will endeavour to recoup all fees prior to the return of the dog if it is within the first three days and returned from their kennel or if a dog is returned to the owner from the Bromley nominated kennel between 3 and 10 days. In all other instances,</p>	<p>Oct 2015 Jan 2016</p>	<p>HoEP</p>	<p>Audit Sub Update April 2016</p> <p>The team have reviewed the task of income collection and have introduced a process to monitor dogs collected and returned to ensure all income due can be identified and recovered. As previously discussed it is anticipated that the majority of dogs will be identified and returned to their owner before incurring kennel fees, however owners will be expected to pay the £25 statutory fee. As with expenditure, the arrangements for income will need to be operational for 6 months before audit testing can effectively assure that the recommendation has been implemented. The £1,524.97 owing from contractor A is still outstanding due to delays in the processing of the invoice by the Exchequer contractor.</p> <p>September 2016</p> <p>Interviews with the administrative officer and the line manager indicated an understanding of Financial Regulations with regard to the collection of income. An exchange of emails with contractor A in August 2016 identified that the need for all owners to be charged the statutory £25 (even if the dog is returned directly to the owner) needed to be clarified. In practice, LBB are invoicing all owners of micro chipped dogs as the owner details are available and recorded by contractor A. The contract monitoring minutes for October 2016 record that this issue has been discussed with the contractor and agreed. Contractor A have been requested to inform all owners, as the dog is returned, that a £25 fee will be levied by the Council.</p> <p>The charging policy for stray dogs is set out on the Bromley website including the statutory payment of £25 for dogs that are identified and returned on the same day. The kenneling fee is shown as £15; this should be corrected to £10 to reflect the cost paid to the provider.</p> <p>May and June 2016 were selected as the sample months for audit testing. The dogs returned to owner (RTO) should be charged the statutory fee of £25; dogs returned from the</p>	<p>Progress to implement</p> <p>Partially Implemented</p> <p>New Rec.</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
8 Co		LBB will invoice the owner after the dog has been returned			<p>kennels will be required to contact contractor A offices and pay by debit/credit card before the dog is returned, the fee is £25 statutory fee, £100 return fee (reduced by 50% if microchipped) and £10 per night in kennels.</p> <p>May:- 25 calls - 10 aborted/10 dogs to kennel/5 RTO June 27 calls – 14 aborted/10 dogs to kennel/3 RTO</p> <p>For the 8 RTO tested, 7 had been identified from the contractors record and an invoice request submitted to the Exchequer contractor. The missing RTO was a dog that was collected on the 3/5 and the 11/5 but each occasion should have been charged. As previously reported, once the invoice has been requested it is the responsibility of the Exchequer contractor and the debtors process to recover income.</p> <p>For the 20 dogs taken to kennel, 11 were claimed by their owner and returned. In all cases contractor A have collected the fees due. The HoEP evidenced the quarterly statement submitted by the contractor for April to June 2016 but had not undertaken any reconciliation at the time of the audit. Audit checks identified 2 cases for £145 and £185 that had not been declared on the schedule. It was also identified that contractor A were collecting £25 and £100 as statutory fees and the overnight kennel rate although only £125 statutory fees were being declared on the schedule.</p> <p>Finance provided a Discoverer report from ORACLE to detail all transactions on the stray dogs income code. The sample of 7 requests for invoice was checked; 1 was open and 6 had been paid and closed. The £1524.97 outstanding fees from quarter 1, 2014/15 due from contractor A could not be found in the accounts. The contractor confirms that all fees have been submitted to Bromley. The HoEP is currently liaising with the Income Team, (Exchequer contract) to account for all income collected matched to request for debtor invoices raised by the stray dogs team.</p>	New Rec

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
					Once the quarterly schedules are received from contractor A, the fees collected should be reconciled to the master sheet retained by the team to ensure all income is collected. This task will be undertaken by the administrative officer.	
9	<p>This review has identified significant shortcomings regarding value for money issues. The department should regularly bench mark the costs and income of this service and formally report these findings. Any contractual arrangements should demonstrate value for money. For a variable service, provision needs to be regularly reviewed to assure that ongoing value is achieved.</p> <p>[Priority 1]</p>	<p>The Audit value for money argument primarily revolves around what Audit refers to as “underutilisation” of kennels. As previously stated by the Service Manager, the whole purpose of pre –booking kennels was to guarantee that LBB had vacant kennels where their stray and abandoned dogs could be placed in order to comply with the Statutory obligations. As evidenced to the Auditor, this was known over a year ago by Procurement and Finance and was not challenged as a Policy.</p> <p>With regard to the practicalities of running this service, the kennel owner has to turn away customers in order to keep the allocated kennels vacant for the Council and as such would not then agree to a rebate because the Council did not fill them to capacity, 100% of the time. This is in line with the Procedures of other Local Authorities and the private sector.</p>	Jan 2016	HoEP	<p>Audit Sub Update April 2016</p> <p>One of the main issues arising from the audit review was that the block booking of 9 kennels, pre-paid did not offer value for money. The change in service delivery to pay as you go should offer improved value for money as actual usage is charged. The recent tender exercise identified a cheaper provider for the kennelling element, a reduction from £15 per unit to £10 per unit, however the 2 month pilot will be used to measure the performance of this supplier before committing to a 12 month contract.</p> <p>The HoEP continues to bench mark against neighbouring Authorities and this information will be made available in any reports or waivers that may be presented.</p> <p>September 2016</p> <p>The new contractual arrangements with contractor B and the variation to contract with contractor A have now been operational for 9 months. The follow up review of the stray dogs contract has evidenced significant progress in all areas of service delivery; contract monitoring, payment of invoices and collection of income. With improved checking and recording the team is now routinely monitoring value for money issues. The contract has now been assigned to a manager within the division and the roles and responsibilities defined to ensure that trends and performance are measured.</p> <p>The move from block booked kennels to “pay as you go” has achieved the savings identified in the original audit report and allowed the Authority to meet their statutory duties. Extrapolating the kenneling costs for the first 3 months of 2016/17, the average cost for each dog is £3.6K kennel costs/35 dogs = £103 per dog, which represents 10</p>	<p>Progress to implement</p> <p>Implemented</p>

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
9 Co		<p>However, it is proposed to move the Council to a pay as you go system with no guaranteed kennels pre-booked.</p> <p>Also, in accordance with this Report, the proposed kennel for the Council to accept will be the cheapest quote. However, it must be noted that it only has six kennels available for Council use. There will be a subsequent risk that the Council will not be able to meet its statutory obligations if six or more dogs are required to be kennelled. For a seven day statutory hold that is less than one dog per day in the same week, whereas the Council has regularly exceeded this.</p> <p>However, analysis of the audit statistics shows that the Council is at risk of failing to meet its statutory duty for 10 % of the time and this may be considered satisfactory to Members at a time when the Division is only committed to a basic Statutory minimum. This will be put to Members for decision at the Committee meeting in January 2016.</p> <p>There are a number of</p>			<p>days in kennel.</p> <p>The legislation that now requires owners to microchip their dogs came into effect 1st April 2016. The October 2016 minutes of the meeting with contractor A recorded that 60% of the dogs collected for the first quarter to June. Being able to identify the dog at the first point of contact allows an early return to the owner and for the Council to invoice the owner to recover fees. Returned dogs that are not chipped are issued with a warning letter and the Authority has held microchipping events to increase take up.</p> <p>The HoEP submitted a report to the Commissioning Board on the 5/9/16 proposing to seek one contractor to take on the whole stray dog service, collection, kenneling and collection of income. Benchmarking costs with neighboring boroughs will be part of the process to retender the service as one entity.</p>	

No	Recommendation	Management Comment	Target Date	Responsibility	Follow-up comments	Status
9 Co		<p>changes to the dog warden contract to be discussed with the provider and will be supported by a variation to contract. These include for contractor A to provide kennelling at their base for the first three days, which will reduce the pressure on the nominated kennels as over 50% of dogs are returned immediately. This percentage may increase when the legislation for owners to microchip their dogs comes into force.</p> <p>A process map has been compiled to support the stray dog service. This shows that contractor C will be notified on the day of seizure to reserve a space; average waiting time is currently 7-10 days.</p>				

Original recommendation No.	Recommendation	Priority	Management Comment	Responsibility	Agreed Timescale
5	<p>The data from contractor A should be reconciled to the dog register maintained by the kennelling contractor to ensure that the total number of dogs agrees.</p> <p>The team should consider developing the spreadsheet to record all key information to be able to trace the dog through the process.</p> <p>The team should clarify which contractor is responsible for referring any stray dog still in kennels and likely to exceed the statutory period. Cases exceeding the 7 day period should be monitored to ensure that the dog can be transferred to contractor C at the earliest opportunity.</p>	<p>2*</p> <p>2</p>	<p>Arrangements have been put in place for contractor A to provide a Licence for the nominated kennels to access their spreadsheet and update the information so that the details and in particular the numbers are the same for both contractors.</p> <p>See comments above.</p> <p>The contractor responsible for this function is contractor B. They are required to contact contractor C immediately after the statutory period has expired and then ring daily thereafter to check if a place has become available. As this could involve hundreds of calls, it has been agreed that the kennel will send a weekly update for the status of each dog and the reason that contractor C have given if they have not been rehomed so that the Council can monitor the process.</p>	<p>HoEP</p> <p>HoEP</p>	<p>December 2016</p> <p>December 2016</p>

<p>7</p>	<p>The Department must ensure that the procedures to receipt and approve invoices for payment are robust and compliant to Financial regulations.</p> <p>Any variations to agreed schedule of rates should be authorised by the appropriate officer and supporting documentation available to support that variation.</p>	<p>2*</p> <p>2</p>	<p>Procedures have been set up to receipt and approve invoices for payment. They are overseen by a Manager and are checked to ensure that they are both robust and compliant to Financial regulations.</p> <p>Due to the dynamic and often urgent nature of variations to schedules of rates e.g a stray bitch having ten puppies in the kennels, the authorisation has been verbal in the past. However, the Managers will ensure that any such variations will be confirmed in writing in order to be able to provide the necessary supporting documentation.</p>	<p>HoEP</p> <p>HoEP</p>	<p>December 2016</p> <p>December 2016</p>
<p>8</p>	<p>The Department should review the procedures to identify all income due and ensure that controls are robust to collect that income.</p> <p>The schedule of fees collected by contractor A should be received quarterly and reconciled to the Bromley spreadsheet. The contractor should be asked to account for the two missing cases identified in the audit testing and for Bromley to confirm that the total value of fees collected is passed on to the Authority.</p>	<p>2*</p> <p>2</p>	<p>Arrangements are being made for officers to have access to Oracle and the Discoverer reports so that income may be checked to ensure that it has been received.</p> <p>For the two cases identified by audit, the fees had not been collected when the dog was returned to the owner and should have been invoiced by the Authority; two invoices have now been raised. All of the income</p>	<p>HoEP</p> <p>HoEP</p>	<p>December 2016</p> <p>December 2016</p>

	<p>The Bromley website should be updated to reflect the charge that will be levied for kenneling</p>		<p>entries will now be checked manually against the quarterly remittance received from contractor A to ensure that they have not missed any payments made to them and this will subsequently be checked again by a Manager.</p> <p>There are current changes to fees being considered at present and the website will be updated once this has been agreed.</p>	<p>HoEP</p>	<p>December 2016</p>
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Definition of priority categories.

Priority 1

**Required to address major weaknesses
and should be implemented as soon as
possible**

Priority 2

**Required to address issues which do
not
represent good practice**

Priority 3

**Identification of suggested
areas for improvement**