

FINAL INTERNAL AUDIT REPORT
CHIEF EXECUTIVE'S DEPARTMENT

REVIEW OF GIFTS, HOSPITALITY AND DECLARATIONS OF INTEREST AUDIT FOR 2017-18

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REVIEW OF GIFTS, HOSPITALITY AND DECLARATIONS OF INTEREST AUDIT 2017-18

INTRODUCTION

1. This report sets out the results of our systems based audit of Gifts, Hospitality and Declarations of Interest. The audit was carried out in quarter three as part of the programmed work specified in the 2017/18 Internal Audit Plan agreed by the Section 151 Officer 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. The scope of the audit was outlined in the Terms of Reference issued on 7th November 2017.

AUDIT OPINION

4. Overall, the conclusion of this audit was that Substantial assurance can be placed on the effectiveness of the overall controls. Definitions of the audit opinions can be found in Appendix C.

MANAGEMENT SUMMARY

5. Controls were in place and working well in the areas of guidance available to Members on Gifts, Hospitality and Declarations of Interest, and implementation thereof.

Whilst controls were in place for the declaration of Gifts and Hospitality offered and accepted/declined by Officers, the procedure lacked clarity, with five sets of guidance currently in circulation.

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6. Our testing identified the following issues which we would like to draw to management's attention:-

- Whilst Members' Gifts and Hospitality records are publicly available, they are not currently subject to an annual review or cross referred to Officers' Gifts and Hospitality Registers to ensure that where hospitality is offered to both Officers and Members, it is included in the Member's publicly available declaration.
- Five published sets of guidance for Officers pertaining to Gifts and Hospitality were identified as currently available either via 'One Bromley' or provided as part of the employment/new starters process. The guidance should be reviewed and, where necessary, updated, with only the revised version accessible to staff.
- The recording process for Gifts and Hospitality offered to Officers is manual, with eight registers located during the course of the audit. Consideration should be given to automating this process through the development of an E form on the HR Self Service system (MyView). This would enable an instant review of the declaration by line management ensuring that any issues with suitability of the gift/hospitality offered or risk areas identified could be dealt with swiftly.
- Of the eight Gifts and Hospitality registers located, five showed no evidence of review at Director level during the past year. One of the reviews lacked independence as it had been carried out by a Director for whom nine entries had been recorded in the register. The Officers' Gifts and Hospitality Registers should be subject to an independent review on an annual basis.
- Items recorded in the Gifts and Hospitality Registers as being donated by Officers to the Mayor's Charity are not recorded by the Mayor's Office as received. It cannot, therefore, be confirmed that the items were indeed donated as stated.
- Of a sample of 20 Officers who act as requisitioners of goods and services on I Proc, Declarations of Interest could not be located for 12. Consideration should be given to expanding the current criteria for completing a Declaration of Interest form to include all Officers involved in the procurement process, to ensure that there is no conflict of interest when placing orders for goods and services.

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- Declarations of Interest could not be located for two Contract Approvers. Both Officers are employed through the Local Authority's Agency staff provider at Director level. This is also being addressed in the Agency Staff Audit which is currently in course.

SIGNIFICANT FINDINGS (PRIORITY 1)

7. There are No Significant findings.

DETAILED FINDINGS / MANAGEMENT ACTION PLAN

8. The findings of this report, together with an assessment of the risk associated with any control weaknesses identified, are detailed in Appendix A. Any recommendations to management are raised and prioritised at Appendix B.

ACKNOWLEDGEMENT

9. Internal Audit would like to thank all staff contacted during this review for their help and co-operation.

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
1	<p>Members The Gifts, Hospitality and Declarations of Interest disclosures, whilst publicly available, are not subject to an annual review to ensure accuracy, or to highlight risk areas or potential for abuse by either the providers or recipients of the gift/hospitality.</p> <p>Consideration should also be given to reviewing the Officers' Gifts and Hospitality Registers to ensure that any records where Officers and Members were offered hospitality are included in the Member's publicly available declaration.</p>	<p>Breaches of the Code of Conduct, if not identified, could lead to adverse publicity and reputational risk.</p>	<p>An annual review should be undertaken of Members' declarations to ensure accuracy and completeness, and identify risk areas or potential for abuse by donors or recipients.</p> <p>[Priority 3]</p>
2	<p>Officers Whilst controls are in place for the declaration of Gifts and Hospitality, the procedure lacks clarity. During the course of the testing, five sets of guidance were identified as currently available to staff either via 'One Bromley' or provided as part of the employment/new starters process.</p> <ul style="list-style-type: none"> - Dated 16th December 2010 - Dated 7th December 2011 - Dated 6th December 2013 - Employment Pack - Welcome to Bromley course 	<p>Gifts and Hospitality accepted or declined may not be recorded in line with the current guidance.</p>	<p>The procedural notes and guidance for declaring Officers' Gifts and Hospitality should be reviewed and, where necessary, updated and disseminated to all staff.</p> <p>Consideration should be given to automating the</p>

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

DETAILED FINDINGS

No.	Findings	Risk	Recommendation
	<p>None of these accurately reflected the holders of the eight Gifts and Hospitality Registers located during the audit.</p> <p>To ensure that all staff understand their responsibilities and comply with the current guidance, including the requirement to declare Gifts and Hospitality offered and declined, the procedural notes should be reviewed and updated where necessary, with only the revised version accessible to staff.</p> <p>Consideration should be given to automating the Gifts and Hospitality declaration process through development of an E form on the HR Self Service system (MyView). This would enable an instant review of the declaration by line management ensuring that any issues with suitability of the gift/hospitality offered or risk areas identified could be dealt with swiftly.</p>		<p>Officers' Gifts and Hospitality declaration process through development of an E form on the HR Self Service system (MyView).</p> <p>[Priority 2]</p>
3	<p>Officers</p> <p>Of the eight Gifts and Hospitality Registers located, three had been reviewed at Director level within the past year and a fourth at Officer Level. Four showed no evidence of review.</p> <p>One of the registers reviewed at Director level contained nine declarations during the sample period, all of which were made on behalf of the Director reviewing the Register.</p>	<p>Risk areas or (potential for) abuse of the process by donors or recipients may remain undetected.</p>	<p>An independent review, at Director level, should be undertaken of the Registers to ensure accuracy and completeness of the</p>

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	A second register contained 20 declarations during the sample period of which one was made on behalf of the Director reviewing the register.		<p>entries, and identify risk areas or potential for abuse by donors or recipients.</p> <p>[Priority 3]</p>
4	<p>Officers During the course of the audit, 13 items were identified as gifts received and donated to charity. A record is not kept of the items received by the Mayor’s Charity from Officers through the Gifts and Hospitality procedure (although the incumbent Mayor may choose to acknowledge receipt of gifts) therefore it could not be confirmed that all 13 items had been received by the Mayor’s Charity.</p>	<p>Items recorded as ‘donated’ through the Gifts and Hospitality procedure may not have been received by the Mayor’s Office.</p>	<p>A record should be kept by the Mayor’s Office of all items donated to the Mayor’s Charity by Officers through the Gifts and Hospitality procedure.</p> <p>[Priority 3]</p>
5	<p>Officers From a sample of Officers involved in the procurement and contracting process, Declarations of Interest could not be located for:- 12/20 I Proc Requisitioners 3/20 I Proc Approvers 2/20 Contract Owners 2/20 Contract Approvers</p>	<p>A Declaration of Interest form for key staff involved in the procurement or contracting process may not be held.</p>	<p>HR should request Directors to ensure that all Officers involved in the procurement and contracting process, including those employed via the Local Authority’s Agency Staff provider,</p>

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No.	Findings	Risk	Recommendation
	<p>Consideration should be given to expanding the current criteria for completing a Declaration of Interest form to include all Officers involved in the procurement process to ensure that there is no conflict of interest when placing orders for goods and services.</p> <p>Both of the Contract Owners for whom a Declaration of Interest form could not be located were employed via the Local Authority's Agency staff provider at Director level. This is also being addressed in the Agency Staff Audit which is currently in course.</p>		<p>complete a Declaration of Interest form, to ensure there is no conflict of interest in either process.</p> <p>[Priority 2]</p>

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APPENDIX B

MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
1	An annual review should be undertaken of Members' declarations to ensure accuracy and completeness, and identify risk areas or potential for abuse by donors or recipients.	3	When the Register was in paper form only this was reviewed annually by the Standards Committee. Although the Register is now publically available on the web-site this practice will be reinstated next Municipal year.	Director of Corporate Services (Monitoring Officer)	2018/19 Municipal Year
2	The procedural notes and guidance for declaring Officers' Gifts and Hospitality should be reviewed and, where necessary, updated and disseminated to all staff. Consideration should be given to automating the Officers' Gifts and Hospitality declaration process through development of an E form on the HR Self Service system (MyView).	2	Review of practice notes/procedures by the Director of Corporate Services/Director of Human Resources.	Director of Corporate Services/ Director of Human Resources	2018/19 Municipal Year

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
3	An independent review, at Director level, should be undertaken of the Registers to ensure accuracy and completeness of the entries, and identify risk areas or potential for abuse by donors or recipients.	3	Each Directorate Register should be reviewed by the Chief Executive. The Monitoring Officer should review entries by the Chief Executive.	Chief Executive/ Director of Corporate Services (Monitoring Officer)	Immediate effect
4	A record should be kept by the Mayor's Office of all items donated to the Mayor's Charity by Officers through the Gifts and Hospitality procedure.	3	Agreed.	Chief Executive	From start of 2018/19 Municipal Year

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MANAGEMENT ACTION PLAN

Finding No.	Recommendation	Priority *Raised in Previous Audit	Management Comment	Responsibility	Agreed Timescale
5	HR should request Directors to ensure that all Officers involved in the procurement and contracting process, including those employed via the Local Authority's Agency Staff provider, complete a Declaration of Interest form, to ensure there is no conflict of interest in either process.	2	Agreed.	Director of Human Resources	From start of 2018/19 Municipal Year

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As a result of their audit work auditors should form an overall opinion on the extent that actual controls in existence provide assurance that significant risks are being managed. They grade the control system accordingly. Absolute assurance cannot be given as internal control systems, no matter how sophisticated, cannot prevent or detect all errors or irregularities.

Assurance Level	Definition
Full Assurance	There is a sound system of control designed to achieve all the objectives tested.
Substantial Assurance	While there is a basically sound systems and procedures in place, there are weaknesses, which put some of these objectives at risk. It is possible to give substantial assurance even in circumstances where there may be a priority one recommendation that is not considered to be a fundamental control system weakness. Fundamental control systems are considered to be crucial to the overall integrity of the system under review. Examples would include no regular bank reconciliation, non-compliance with legislation, substantial lack of documentation to support expenditure, inaccurate and untimely reporting to management, material income losses and material inaccurate data collection or recording.
Limited Assurance	Weaknesses in the system of controls and procedures are such as to put the objectives at risk. This opinion is given in circumstances where there are priority one recommendations considered to be fundamental control system weaknesses and/or several priority two recommendations relating to control and procedural weaknesses.
No Assurance	Control is generally weak leaving the systems and procedures open to significant error or abuse. There will be a number of fundamental control weaknesses highlighted.