



**Appendix A**

# Annual Governance Statement 2017/18

## **DRAFT**

**Internal Audit (Draft) (9<sup>th</sup> May 2018)**

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## 1. Executive Summary

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

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

Bromley is a Member led, commissioning authority, delivering services through whoever is best placed to provide quality and value for money to its residents, who are supported to manage their lives with the minimum of intervention from the Council. 'Building a Better Bromley' has contained the guiding principles for Bromley Council since 2004/05 and was amended in 2013 to reflect the Public Health and Wellbeing agenda as well as the priority to continue to invest in the economic wellbeing of the borough. Following public consultation, in 2016 Bromley Council updated and relaunched the priorities contained in the vision and strengthened links with key partner organisations to help deliver important outcomes for residents, businesses and visitors to Bromley.

### [Building a Better Bromley \(2016-2018\)](#)

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

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

The governance framework has been in place at Bromley for the year ended 31 March 2018 and up to the date of approval of the Leader's Foreword and Statement of Accounts.

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

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

## 2. Significant Governance Issues

Overall, we can confirm that the Council has appropriate systems and processes in place to ensure that good governance is maintained in line with the 'Delivering Good Governance in Local Government Framework, 2016 Edition'. Whilst we are satisfied that these generally work and can be regarded as fit for purpose, we have identified a number of areas for improvement.

Progress made in dealing with the governance issues identified in the 2016/17 Annual Governance Statement is detailed on page 16.

The five areas detailed overleaf have been identified as requiring further work during 2018/19:

Governance Issue	Action	Lead Officer
<p><b>Finance</b> Capacity to make further budget savings and maintain frontline services. The Council has set a balanced budget for 2018/19 without a detrimental impact on key services. There are savings/income generating options required for 2019/20. However, there are significant challenges for 2020/21 and beyond</p>	<p>Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.</p> <p>Draft 2018/19 budget and update on Council's financial strategy 2019/20 to 2021/22 report to Executive on 10<sup>th</sup> January 2018 identified the 'One Council' approach.</p> <p><a href="#">Draft 2018/19 Budget and update on Council's Financial Strategy 2019/20 to 2021/22</a></p>	<p><b>Director of Finance</b></p>
<p><b>Contract Management</b> Contract issues have been identified across the organisation in the last two years which have identified the need for strengthened control and management oversight</p>	<p><b>Contract Database</b> Authorisation system for tendering/change control</p> <p><b>Document Management System</b> Holds all contracts electronically and also Minutes of meetings, Change Control Notices (CCN), Waivers</p> <p><b>Training</b> Has been identified as a mandatory requirement for 'commissioners of services'. It consists of four modules (3 hours per module) with compulsory attendance on all four to complete the course.</p> <ul style="list-style-type: none"> <li>• Module 1 – Commissioning</li> <li>• Module 2 – Contracting process, engaging with the market (procurement)</li> <li>• Module 3 – Tender &amp; evaluation process</li> <li>• Module 4 – Award (Governance)</li> </ul> <p><b>Restructuring of the Commissioning Team</b> To improve Governance and Quality Assurance</p>	<p><b>Director of Commissioning</b></p>
<p><b>Performance Management</b> Further work is required to ensure a comprehensive understanding of the strengths and weaknesses of services provided; effective use of performance management information and robust quality assurance arrangements across the Council, building on the work undertaken in Children's Services</p>	<p>We will be launching an Adults Performance Framework during 2018/19 to compliment the new Children's Performance Management Framework launched in 2017/18. The Council will also be improving performance management arrangements more broadly across the Council including Environmental Services during 2018/19.</p> <p><a href="#">Performance Reporting - Children's Services - covering report</a></p> <p><a href="#">Performance Index</a></p>	<p><b>Assistant Director, Strategy, Performance and Business Support</b></p>

Governance Issue	Action	Lead Officer
<b>Code of Corporate Governance</b> The Council's Code of Corporate Governance has not been updated to reflect the 2016 CIPFA /Solace guidance	A review of the Code will be undertaken to ensure that it reflects recommended practice	<b>Director of Corporate Services and Monitoring Officer</b>
<b>General Data Protection Regulations (GDPR)</b> Significant changes are required to ensure that the Council is compliant with the General Data Protection Regulations 2016 (GDPR) when introduced from 25 <sup>th</sup> May 2018.	Following an independent review which provided a data protection compliance review and initial gap analysis, a project plan was created with actionable tasks for working towards GDPR compliance. Additional staff support and investment have been secured. The 25 <sup>th</sup> May 2018 is not a finish line and work is continuing on the project plan  <a href="#">GDPR Regulations Executive Report 6<sup>th</sup> December 2017</a>	<b>Director of Corporate Services</b>

### 3. What is Corporate Governance?

#### 3.1 Definition

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

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

It also states that:-

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

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

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

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

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

### **Bromley Council recognises that:**

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

## **3.2 The Principles**

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

#### **How we do this**

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

### **Principle B – Ensuring openness and comprehensive stakeholder engagement**

#### **How we do this**

- Ensuring transparency of decisions supported by an effective scrutiny and challenge process
- Consulting with residents during the budget setting process for 2018/19 and beyond
- Demonstrating engagement with all groups of stakeholders to determine the most appropriate course of action/effective intervention
- Ensuring a clear, evidence based, decision making path

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

### How we do this

- Having a clear vision and strategy, with key partner organisations through ‘Building a Better Bromley’
- Delivering defined, sustainable outcomes within the limits of resources and authority
- Balancing competing demands with finite resources when determining priorities; managing service users’ expectations effectively with regard to determining priorities and making the best use of the available resources
- Taking a longer term view with regard to decision making, taking account of potential conflicts between the organisation’s vision and short term factors such as financial constraints

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

### How we do this

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

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

### How we do this

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

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

### How we do this

- Regular review of Corporate and Departmental Risks and Risk Registers
- Integration of effective risk management arrangements into the decision making process
- Ensuring an effective scrutiny function which provides a constructive challenge and allows for debate at all stages of the decision making process
- Ensuring effective counter fraud and anti-corruption policies are in place and there is good staff awareness
- Having an effective Audit Sub-Committee whose remit incorporates financial delegation, fraud prevention, internal and external audit

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

### How we do this

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

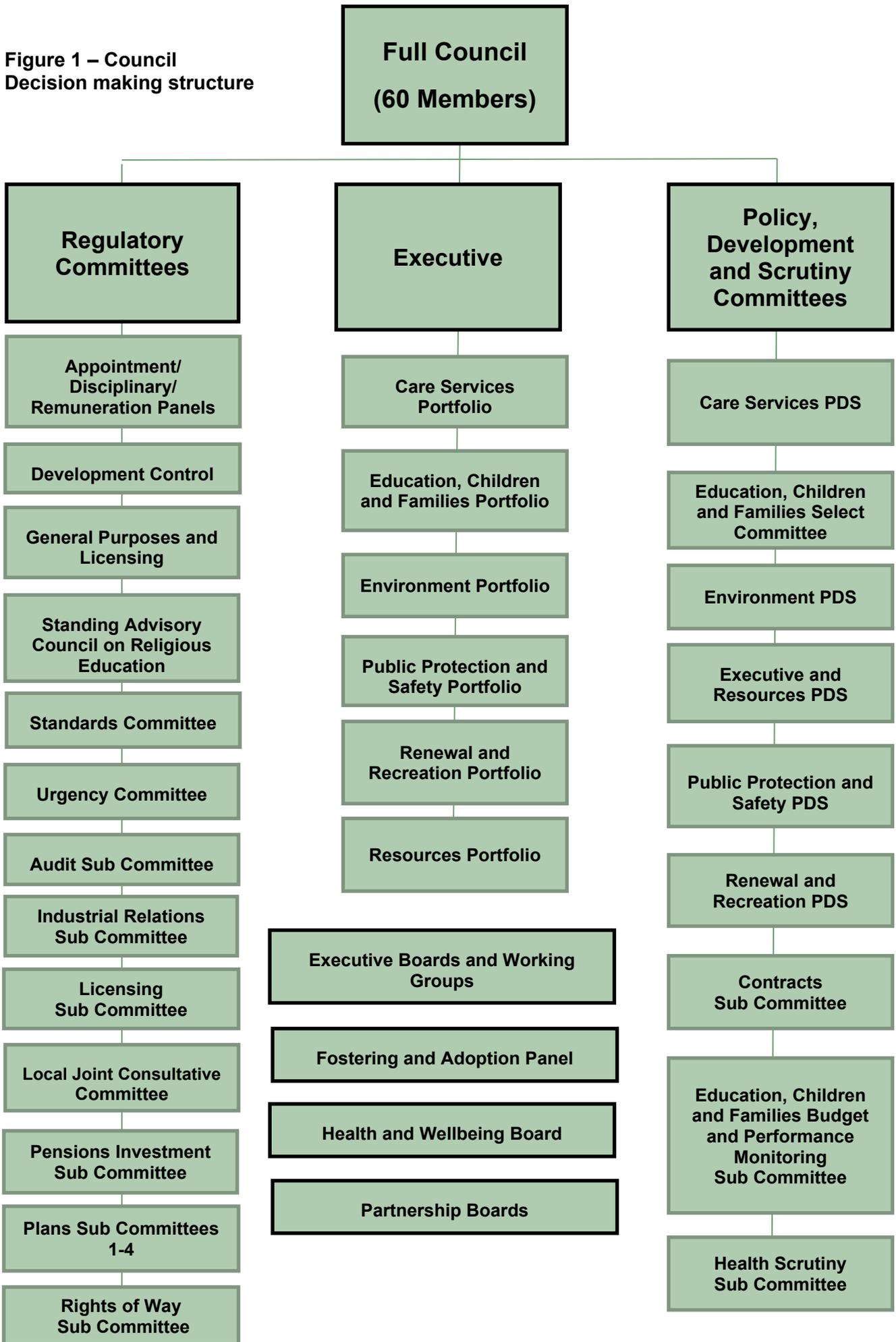
## 4. The Council - How it Works

This Annual Governance Statement covers the period 1<sup>st</sup> April 2017 to 31<sup>st</sup> March 2018.

The Council is made up of 60 Councillors with the decision making structure divided between Executive and non-Executive matters. Executive duties are carried out by an Executive body of Councillors, which includes six Councillors with specific Portfolio responsibilities. Non-Executive duties are performed by the Development Control Committee and the General Purposes and Licensing Committee.

The decision making structure is depicted overleaf:

Figure 1 – Council Decision making structure



## 5. Outcomes and Value for Money

### 5.1 Building a Better Bromley 2016-2018

Bromley Council will continue to reduce bureaucratic burdens whilst meeting its role in providing key services. An environment will be created where individuals and communities can thrive and where people can lead healthier, more independent and self-reliant lifestyles. This means that the authority can focus on supporting the Borough's most vulnerable residents with services underpinned by the principles of early intervention and prevention.

Bromley aims to create an environment where children and young people can be successful: supporting people into work; offering advice and signposting to self-help solutions, and working with partners to minimise crime and antisocial behaviour.

Bromley recognises that this activity cannot be done in isolation, so will continue strong support for the voluntary sector as well as working closely with outside bodies in the private and public sector.

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

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

### 5.2 Portfolio Plans

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

[Care Services Portfolio Plan 2017/18](#)

[Education, Children and Families Portfolio Plan 2017/18](#)

[Environment Portfolio Plan 2017/18](#)

[Public Protection Portfolio Plan 2017/18](#)

[Renewal and Recreation Portfolio Plan 2017/18](#)

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

[Environment Portfolio Plan - half year update covering report \(January 2018\)](#)

[Environment Portfolio Plan - half year update on progress \(January 2018\)](#)

### 5.3 Managing our Resources (Value for Money)

The Council's external auditors issued a qualified 'except for' conclusion on the authority's arrangements to secure value for money for 2016/17 on 27 September 2017. The 'except for' was in relation to Children's Services following the Ofsted rating of inadequate in 2015/16 as improvements had not been in place for the entirety of 2016/17. They issued an unqualified opinion on the authority's

financial statements on 27<sup>th</sup> September 2017. This means that they believe the financial statements give a true and fair view of the financial position of the Authority and of its expenditure and income for the year. The financial statements also include those of the pension fund.

The Council's external auditors 'External Audit Plan' for 2017/18 (published February 2018) states that:

'Our risk assessment regarding your arrangements to secure value for money has identified the following VFM significant risks to date:

- ▶ **Delivery of budgets:** As a result of reductions in central government funding and overspends in children's services, the Authority is having to identify savings beyond those from prior years. We will consider how the Authority identifies, approves, and monitors savings plans and how budgets are monitored throughout the year.
- ▶ **Findings from regulatory bodies:** As a result of the Ofsted inspection in June 2016 children's services were rated as 'inadequate'. We will review the Council's continuing response to this review and the progress that has been made. We will consider the results of any recent reports from Ofsted'.

The external auditors have therefore stated that the 2017/18 review will incorporate:

- ▶ 'The Controls the Authority has in place to ensure financial resilience, specifically that the Medium Term Financial Plan has duly taken into consideration factors such as funding reductions, salary and general inflation, demand pressures, restructuring costs and sensitivity analysis given the degree of variability in the above factors'.
- ▶ 'The Council's continuing response to the Ofsted report including how the Council is working with the Commissioner to improve services. We will consider how the approach to improving services is being managed across the Authority, for example, whether there is an appropriate amount of Senior Manager and Councillor oversight of issues. We will also consider the results of any recent relevant reports from Ofsted or similar bodies'.

The Budget Strategy for 2018/19 has been set within the context of a reducing resource base, with Government funding reductions likely to continue beyond 2020 – the on-going need to reduce the size and shape of the organisation to secure priority outcomes within the resources available. There is also a need to build in flexibility in identifying options to bridge the budget gap, as the gap could increase further. The overall strategy has to be set in the context of the national state of public finances, with austerity continuing given the level of public sector debt, and the high expectation from Government that services should be reformed and redesigned with devolution contributing to the transformation of local government.

The Council has had to take significant action to reduce the cost base while protecting priority front line services and providing sustainable longer term solutions.

Council Tax has been kept low compared with other Councils. A combination of front loading of savings in previous years, pro-actively generating investment income and prudent financial management have provided an opportunity to provide a balanced budget for next year with potential opportunity to balance the budget in 2019/20, assuming any further cost pressures are contained and relentless cost control is undertaken.

There will be significant challenges as the Council is a low cost authority and the position will need to be regularly reviewed, particularly as there are risks relating to recent increases in inflation compared with the previous year's forecast, and further cost pressures/new burdens. Apart from early identification of options to address the future years' budget gap (2020/21 and beyond), including any significant transformation and income generating opportunities, it remains essential that Chief Officers identify mitigating action to address any in year cost pressures/new burdens to remain within their 'cash envelope'.

Stewardship and delivering sustainable finances are increasingly important whilst the Government's austerity measures continue. It is important to consider actions now that address the "budget gap" in the medium term.

The Council's prudent approach to identify and deliver front loading efficiency savings, together with being debt free and having healthy reserves, places the Council in a stronger position to respond to the challenges that will undoubtedly arise. The strategy needs to remain flexible and the Council's reserves resilient to respond to the impact of volatile external events and the structural budget deficit during this austerity period.

## 6. How do we know our arrangements are working?

### 6.1 The Role of Management

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

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

This year, Internal Audit commissioned Zurich, in their capacity as the Authority's insurers, to carry out a 'check and challenge' exercise on the departmental Risk Registers. The aim of this was to provide the Departmental Management Teams (DMT) and the Corporate Leadership Team (CLT) with an independent discussion on risk and one which challenged, refreshed and validated the current risk register content.

Zurich attended the October 2017 Corporate Risk Management Group (CRMG) meeting to discuss their findings and recommendations prior to the Corporate Leadership Team's approval of each refreshed Risk Register and presentation of the same to Audit Sub Committee on 8<sup>th</sup> November 2017. Each Risk Register was then submitted to the most appropriate Policy Development and Scrutiny Committee/Sub Committee for scrutiny.

This year, a review of our governance arrangements was undertaken by Internal Audit, overseen by the Corporate Risk Management Group. The outcome of this is that we have adequate governance arrangements in place and relevant to the environment we work in. The review suggested a number of improvements in the areas of performance management and the Council's Code of Corporate Governance (having not been updated to reflect the 2016 CIPFA/Solace guidance). However, in practice, the code consists of a number of codes and documents which can be regarded as fit for purpose in accordance with the governance framework.

### 6.2 The Role of the Audit Committee

The Council has appointed an Audit Sub-Committee which considers financial delegations, fraud prevention, internal and external audit. It is a sub-committee of the General Purposes and Licensing Committee and meets three times a year.

#### [Audit Sub Committee Meetings \(Agendas, Papers, Minutes\)](#)

The Audit Sub-Committee plays an important role in ensuring that the Council learns from Internal Audit findings and rectifies identified weaknesses in control. All Priority One recommendations from Internal Audit are tracked by the Committee until implemented.

## 6.3 Our Governance Framework

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

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

## 6.4 Annual Governance Assurance Statement

Each member of the Corporate Leadership Team is required to confirm that:

**‘In meeting my responsibilities above, I have:**

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

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

- ▶ The service is planned and managed in accordance with the Council’s Corporate Operating Principles
- ▶ Business risks are identified, assessed and reported on a regular basis
- ▶ Key controls over systems and processes are in place to ensure the Council’s assets are safeguarded
- ▶ Business Continuity Plans are maintained and reviewed as circumstances change
- ▶ The monthly Cumulative Spend Report has been reviewed and agreed as part of the Full Budget Monitoring System
- ▶ Key contract information is kept up to date in the Contracts Database to allow Contract Registers and other management information to be reported

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

## 6.5 External Inspections/Peer Reviews

During the last year the Council has received the following assessments from other Inspectorates, agencies or Peer Reviews:

- The London Association of Directors of Social Services (ADASS) Peer Review of Bromley – Use of Resources (22<sup>nd</sup> – 24<sup>th</sup> November 2017).  
[ADASS Peer Review - Use of Resources](#)
- Ofsted – sixth monitoring visit (13<sup>th</sup> and 14<sup>th</sup> March 2018).  
[Press release 20th April 2018](#)  
[Ofsted sixth monitoring visit](#)
- CQC review of Health Services for Children Looked After and Safeguarding in Bromley (16<sup>th</sup> – 20<sup>th</sup> October 2017, published 29<sup>th</sup> January 2018).  
[Health Services for Children Looked After and Safeguarding](#)

- Food Standard Agency audit of the food hygiene service (24<sup>th</sup> April 2017).  
[Food Standards Agency - audit of food hygiene service delivery Committee Report](#)  
[FSA report](#)  
[Action Plan](#)  
[Executive Report - additional resources](#)  
[Executive Report - additional resources - minutes](#)

## 6.6 The Role of Internal Audit

Internal Audit provides independent and objective assurance to the Council through its Audit Sub-Committee, to support them in discharging their responsibilities under S151 of the Local Government Act 1972, relating to the proper administration of the Council's financial affairs, and is a key component of Corporate Governance within the Council.

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

Internal Audit's objectives include supporting a positive culture of internal control improvement, effective risk management and good governance. The purpose, authority and responsibility of the internal audit activity are formally defined in the Internal Audit Charter, which will be periodically reviewed and presented to senior management and the Audit Sub-Committee for approval.

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

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

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

From the work undertaken during 2017/18, reasonable assurance can be provided that there is generally a sound system of internal control, designed to meet the Council's objectives and that controls are applied consistently. Where weaknesses are identified, i.e. Limited Assurance reports and Priority One recommendations are made; these are tracked by the Corporate Leadership Team and the Audit Sub Committee until implemented or discharged.

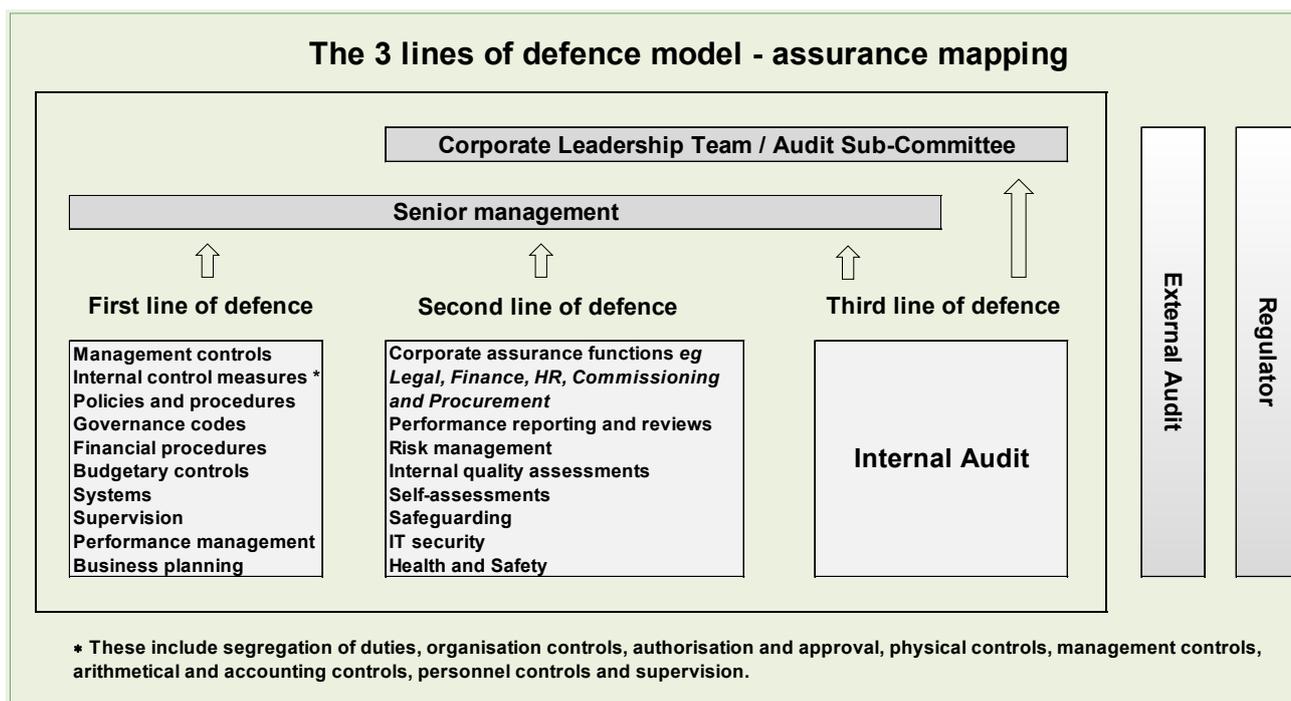
## 7. Our Strategic Risks

The Accounts and Audit Regulations require the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the Public Sector Internal Auditing Standards (PSIAS) or guidance. Internal audit is a key component of corporate governance within the Council. The three lines of defence model, as detailed below, provides a simple framework for understanding the role of internal audit in the overall risk management and internal control processes of an organisation.

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

The Council's third line of defence includes Internal Audit, who should provide independent assurance to senior management and the Audit Sub-Committee on how effectively the first and second lines of defence have been operating.

**Figure 2 – 3 Lines of Defence Model**



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

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

The current Corporate Risk Register can be viewed by following the link

[Corporate Risk Register](#)

## 8. Looking Back on 2016/17

Governance Issue	Actions	Progress
Capacity to make further budget savings and maintain frontline services: The Council will need to make significant savings of around £24m per annum by 2020/21.	The Executive is working to balance the budget for 2017/18. Where possible identified savings will be taken as early as possible. We continue to retain four year forward planning.	The Executive have achieved a balanced budget for 2018/19 and there are options to balance the budget for 2019/20 without a detrimental impact on key services. Work is ongoing to explore options to address the future years' budget gap through the four year forward planning arrangements.
Commissioning and transformation agenda	The Commissioning Team will continue to identify services that are either standalone or can be bundled together and then seek approval to market test or other options.	Officers have, and will continue, to review all services to identify more efficient ways of commissioning and to contribute to the Council's budget gap.

To the best of our knowledge, the governance arrangements as defined above, have been operating effectively during the year.

We propose to take steps over the coming year to address the Significant Governance Issues defined on Page 3 and 4 to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed.....

Signed.....

Chief Executive

Leader of the Council

Date.....

Date.....

## 9. Appendix 1 – Links to Documents

<b>Page 2</b>	<b>Building a Better Bromley (2016-2018)</b>
<a href="http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley">http://www.bromley.gov.uk/downloads/file/2005/building_a_better_bromley</a>	
<b>Page 3</b>	<b>Draft 2018/19 Budget and update on Council's Financial Strategy 2019/20 to 2021/22</b>
<a href="http://cds.bromley.gov.uk/documents/s50056259/Executive%20100118%20Draft%20Budget%20Report.pdf">http://cds.bromley.gov.uk/documents/s50056259/Executive%20100118%20Draft%20Budget%20Report.pdf</a>	
<b>Page 3</b>	<b>Performance Reporting - Children's Services - covering report</b>
<a href="http://cds.bromley.gov.uk/documents/s50059461/Performance%20Reporting%20-%20Childrens%20Services.pdf">http://cds.bromley.gov.uk/documents/s50059461/Performance%20Reporting%20-%20Childrens%20Services.pdf</a>	
<b>Page 3</b>	<b>Performance Index</b>
<a href="http://cds.bromley.gov.uk/documents/s50059462/App.%20to%20Performance%20Reporting%20-%20Childrens%20Services.pdf">http://cds.bromley.gov.uk/documents/s50059462/App.%20to%20Performance%20Reporting%20-%20Childrens%20Services.pdf</a>	
<b>Page 4</b>	<b>GDPR Regulations Executive Report 6th December 2017</b>
<a href="http://cds.bromley.gov.uk/documents/b50011952/10.%20THE%20GENERAL%20DATA%20PROTECTION%20REGULATIONS%202016%20Wednesday%2006-Dec-2017%2019.00%20Executive.pdf?T=9">http://cds.bromley.gov.uk/documents/b50011952/10.%20THE%20GENERAL%20DATA%20PROTECTION%20REGULATIONS%202016%20Wednesday%2006-Dec-2017%2019.00%20Executive.pdf?T=9</a>	
<b>Page 9</b>	<b>Care Services Portfolio Plan 2017/18</b>
<a href="http://www.bromley.gov.uk/downloads/file/1741/care_services_portfolio_plan">http://www.bromley.gov.uk/downloads/file/1741/care_services_portfolio_plan</a>	
<b>Page 9</b>	<b>Education, Children and Families Portfolio Plan 2017/18</b>
<a href="http://www.bromley.gov.uk/downloads/file/1796/education_children_and_families_portfolio_plan">http://www.bromley.gov.uk/downloads/file/1796/education_children_and_families_portfolio_plan</a>	
<b>Page 9</b>	<b>Environment Portfolio Plan 2017/18</b>
<a href="http://cds.bromley.gov.uk/documents/s50051289/Appendix%201%20for%20Environment%20Portfolio%20Plan.pdf">http://cds.bromley.gov.uk/documents/s50051289/Appendix%201%20for%20Environment%20Portfolio%20Plan.pdf</a>	
<b>Page 9</b>	<b>Public Protection Portfolio Plan 2017/18</b>
<a href="http://cds.bromley.gov.uk/documents/s50051026/Enc.%201%20for%20Draft%20Portfolio%20Plan%20PPS.pdf">http://cds.bromley.gov.uk/documents/s50051026/Enc.%201%20for%20Draft%20Portfolio%20Plan%20PPS.pdf</a>	

<b>Page 9</b>	<b>Renewal and Recreation Portfolio Plan 2017/18</b>
<a href="http://cds.bromley.gov.uk/documents/s50051160/Appendix1%20RENEWAL%20AND%20RECREATION%20PORTFOLIO%20PLAN%20201718.pdf">http://cds.bromley.gov.uk/documents/s50051160/Appendix1%20RENEWAL%20AND%20RECREATION%20PORTFOLIO%20PLAN%20201718.pdf</a>	
<b>Page 9</b>	<b>Environment Portfolio Plan - half year update covering report (January 2018)</b>
<a href="http://cds.bromley.gov.uk/documents/s50056769/Environment%20Portfolio%20Plan%20201720%20Half-Year%20Progress%20Report.pdf">http://cds.bromley.gov.uk/documents/s50056769/Environment%20Portfolio%20Plan%20201720%20Half-Year%20Progress%20Report.pdf</a>	
<b>Page 9</b>	<b>Environment Portfolio Plan - half year update on progress (January 2018)</b>
<a href="http://cds.bromley.gov.uk/documents/s50056770/Appendix%20for%20Environment%20Portfolio%20Plan%20201720%20Half-Year%20Progress%20Report.pdf">http://cds.bromley.gov.uk/documents/s50056770/Appendix%20for%20Environment%20Portfolio%20Plan%20201720%20Half-Year%20Progress%20Report.pdf</a>	
<b>Page 11</b>	<b>Audit Sub Committee Meetings (Agendas, Papers, Minutes)</b>
<a href="http://cds.bromley.gov.uk/ielListMeetings.aspx?CId=135&amp;Year=0">http://cds.bromley.gov.uk/ielListMeetings.aspx?CId=135&amp;Year=0</a>	
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<a href="http://cds.bromley.gov.uk/documents/s50059178/ADASS%20Peer%20Review%20of%20Bromley%20-%20Use%20of%20Resources.pdf">http://cds.bromley.gov.uk/documents/s50059178/ADASS%20Peer%20Review%20of%20Bromley%20-%20Use%20of%20Resources.pdf</a>	
<b>Page 13</b>	<b>Press release 20<sup>th</sup> April 2018</b>
<a href="http://www.bromley.gov.uk/press/article/1373/bromley_early_intervention_service_is_jewel_in_the_crown">http://www.bromley.gov.uk/press/article/1373/bromley_early_intervention_service_is_jewel_in_the_crown</a>	
<b>Page 13</b>	<b>Ofsted sixth monitoring visit</b>
<a href="https://reports.ofsted.gov.uk/sites/default/files/documents/local_authority_reports/bromley/070_Bromley_Monitoring%20visit%20of%20LA%20childrens%20services.pdf">https://reports.ofsted.gov.uk/sites/default/files/documents/local_authority_reports/bromley/070_Bromley_Monitoring%20visit%20of%20LA%20childrens%20services.pdf</a>	
<b>Page 13</b>	<b>Health Services for Children Looked After and Safeguarding</b>
<a href="http://www.cqc.org.uk/sites/default/files/20180129_clas_bromley_final_report.pdf">http://www.cqc.org.uk/sites/default/files/20180129_clas_bromley_final_report.pdf</a>	
<b>Page 14</b>	<b>Food Standards Agency - audit of food hygiene service delivery Committee Report</b>
<a href="http://cds.bromley.gov.uk/documents/s50051118/Food%20Standards%20Agency%20Report.pdf">http://cds.bromley.gov.uk/documents/s50051118/Food%20Standards%20Agency%20Report.pdf</a>	

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<a href="http://cds.bromley.gov.uk/documents/s50051119/FSA-Enc%201.pdf">http://cds.bromley.gov.uk/documents/s50051119/FSA-Enc%201.pdf</a>	
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<a href="http://cds.bromley.gov.uk/documents/s50051120/Enc2.pdf">http://cds.bromley.gov.uk/documents/s50051120/Enc2.pdf</a>	
<b>Page 14</b>	<b>Executive Report - additional resources</b>
<a href="http://cds.bromley.gov.uk/documents/s50051984/Additional%20Resources%20for%20Environment%20Community%20Services.pdf">http://cds.bromley.gov.uk/documents/s50051984/Additional%20Resources%20for%20Environment%20Community%20Services.pdf</a>	
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<a href="http://cds.bromley.gov.uk/documents/g6245/Printed%20minutes%20Wednesday%2009-Aug-2017%2009.00%20Executive.pdf?T=1">http://cds.bromley.gov.uk/documents/g6245/Printed%20minutes%20Wednesday%2009-Aug-2017%2009.00%20Executive.pdf?T=1</a>	
<b>Page 15</b>	<b>Corporate Risk Register</b>
<a href="http://cds.bromley.gov.uk/documents/s50055065/Corporate%20Risk%20Register.pdf">http://cds.bromley.gov.uk/documents/s50055065/Corporate%20Risk%20Register.pdf</a>	