

Decision Maker: **AUDIT SUB-COMMITTEE**

Date: **Thursday 17 October 2019**

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

Title: **INTERNAL AUDIT PROGRESS REPORT**

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Chief Officer: Director of Finance

Ward: (All Wards)

1. Reason for report

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

- 3.2 Audit Activity
 - 3.2.1 Priority 1 Recommendations
 - 3.2.2 Audit Report Summaries
 - 3.4 Publication of Internal Audit Reports
 - 3.5 Risk Management
 - 3.6 Waivers
 - 3.7 Audit of Accounts / update on previous years' objections
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2. **RECOMMENDATIONS**

- a) **Note the Progress Report and comment upon matters arising**
- b) **Note the list of Internal Audit reports published on the Council's web-site**
- c) **Note the latest position on the Council's Departmental and Corporate Risk Registers**
- d) **Note the list of waivers sought since April 2019**
- e) **Note the status on the Audit of Accounts for 2018/19 and the update on the objections to previous years' accounts.**

Impact on Vulnerable Adults and Children

1. Summary of Impact: Some of the audit findings could have an impact on Adults and Children's Services
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Corporate Policy

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

1. Cost of proposal: Not Applicable:
 2. Ongoing costs: Not Applicable:
 3. Budget head/performance centre: Internal Audit and Assurance
 4. Total current budget for this head: £535k including Internal and External Audit, Fraud Partnership, Insurance Management and Claims handling
 5. Source of funding: General Fund, Admin Penalties, Legal cost recoveries, insurance recharged to Insurance Fund
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Personnel

1. Number of staff (current and additional): 7.5 including 1 FTE Insurance and Risk Manager
 2. If from existing staff resources, number of staff hours: 2019/20 – 902 audit days are proposed to be spent on the audit plan, fraud and investigations – excludes RB Greenwich time.
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Legal

1. Legal Requirement: Statutory Requirement:
 2. Call-in: Not Applicable:
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Procurement

1. Summary of Procurement Implications: Some planned audits will have procurement implications.
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Customer Impact

1. Estimated number of users/beneficiaries (current and projected): Approximately 100 including Chief Officers, Managers, Head Teachers and Governors
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Ward Councillor Views

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

3. COMMENTARY

3.1 This report advises Members of the Audit Sub-Committee on the work undertaken by the Internal Audit Team since the meeting held on 4th June 2019 and the level of assurance on that work. 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) and other guidance.

3.2 Audit Activity (Key Findings)

3.2.1 The latest list of outstanding Priority 1 recommendations is shown at Appendix A. There have been some additions since the last meeting of this Committee and these are detailed below. There has also been some movement in Priority 1 recommendations brought forward that are also detailed below.

3.2.2 A summary of key findings from Audits completed to date follows. Members are reminded that the full reports have been published with the agenda if they require further detail.

3.2.3 Adults Health and Social Care Integration

Audit opinion	Reasonable
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3.2.4 The objective of the audit was to review existing controls to secure joint working across the health and social care economy, looking at the use of Delayed Transfer of Care, Better Care Fund and Improved Better Care Fund. This was to ensure satisfactory progress towards statutory duties.

3.2.5 The audit review identified that controls were in place and working well in that the Bromley Health and Wellbeing Strategy was approved by the Health and Well Being Board in November 2018 and an Integrated Commissioning Board meets every two months with a formal Terms of Reference, a detailed work programme and receives regular progress reports. The Health and Well Being Board receives quarterly performance reports; Integrated Care Networks (ICN) have been in place since 2016; the One Bromley Partnership is delivering joined up services to individuals and an integrated commissioning unit will be in place by April 2020. Lastly, the Council and Bromley CCG are working on a digital roadmap to allow care records for individual service users to be viewed by health and social care professionals.

3.2.6 There were four priority 2 recommendations identified. Outstanding actions from the superseded 2020 Bromley Action Plan need to be transferred to the Integrated Commissioning Board Work Programme. The draft Joint Mental Health and Wellbeing Strategy was not approved by the Council's Adult Care and Health PDS as more work needed to be done in several areas (interface with CAHMS and for people with limited internet access to access services). Performance statistics for ICN's reported to the Health and Wellbeing Board for 2018/19 did not relate to agreed performance indicators and require further development. The latest version of the Section 75 Agreement between the Council and Bromley CCG has not yet been signed.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	4	4	0
Priority 3	0	0	0

3.2.7 Contract management of the Council's IT contractor

Audit opinion	Substantial
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3.2.8 The overall objective of the audit was to review governance and management of the Council's IT contract to ensure controls are satisfactory and mitigate risk

3.2.9 Controls noted to be in place and working well included the two Lots of the contract being approved by the Executive, signed by the Director of Corporate Services and sealed accordingly. Contract monitoring and performance board meetings take place regularly, with performance presentations provided by the contractor and with Key Performance Indicators reviewed and explanations sought where necessary.

3.2.10 Invoices received from the contractor are checked to the supporting information provided showing the volume data for each service and the appropriate fee.

3.2.11 We have made three Priority 3 recommendations to improve the framework of controls. These relate to the arrangements for performance monitoring on any occasion when a monthly meeting cannot be arranged and the recording and accuracy of meeting minutes.

3.2.12 The recommendations have all been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	0	0	0
Priority 3	3	3	0

3.2.13 Education, Care and Health Services Capital Schemes

Audit opinion	Reasonable
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3.2.14 The overall objective of the audit was to review the governance and management of the Schools' Capital Programme element of the Education, Care and Health Services Capital Scheme.

3.2.15 We have made four priority 2 recommendations to improve the framework of controls. These relate to implementing a robust file management system; documenting the end to end procedure for delivery of projects within the School Capital Programme; ensuring that post completion reports are undertaken in a timely manner and, that contract documentation is retained correctly to enable it to be located and retrieved without delay.

3.2.16 The recommendations have all been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	4	4	0
Priority 3	0	0	0

3.2.17 Fostering

Audit opinion	Substantial
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3.2.18 The overall objective of the audit was to review controls in place for the assessment, placement review and payment procedures for in house and independent fostering.

3.2.19 We have made three priority 2 recommendations relating to our testing and identified the following issues:-

3.2.20 Queries arose with one of the Independent Fostering Arrangement (IFA) placements relating to an incorrect date for the start date of the placement and the date of birth of the child was recorded incorrectly within the contract.

3.2.21 Service agreements were found to have not been closed down as a matter of process by Fostering or Commissioning. There is confusion as to which team should close the service agreements as and when relevant. Carefirst therefore does not show the current position and can be misleading.

3.2.22 Supporting documentation had not been uploaded onto Carestore for review in respect of an interim payment. This was subsequently uploaded.

3.2.23 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	3	3	0
Priority 3	0	0	0

3.2.24 Licensing

Audit opinion	Reasonable
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- 3.2.25 The overall objective of the audit was to assess the controls around compliance with legal/regulatory requirements.
- 3.2.26 We have made five priority 2 recommendations relating to our testing and identified the following issues:-
- 3.2.27 Procedures provided at the start of the audit, of which there were many, had various dates although we were advised that this was not correct. The Team Leader advised that the procedures were in the process of being updated in respect of the changes in legislation in regard to the animal licenses. The updated procedures could not be tested as they were not provided to us at the time of the review.
- 3.2.28 It was confirmed that the House in Multiple Occupation (HMO) team do not notify council tax of HMO properties within the borough. With the change in legislation regarding the mandatory Licensing classification of premises that came into force on 1st October 2018, it is likely that the number of HMO properties will increase.
- 3.2.29 At the time of the audit it was noted that the Public Protection, Trading Standards & Community Safety Fees and Charges document does not currently include the fees and charges in relation to HMO's.
- 3.2.30 Supporting documentation could not be found on Uniform in respect of some of the samples selected for review; applications, licences and details of payment method.
- 3.2.31 The Licensing team officers explained to us that problems were experienced by them in trying to determine whether individual licence fees had been received. Enquiries have been made to ensure that a report is made available to the team as well as access to the Discoverer reporting tool to enable the team to check on income received.
- 3.2.32 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	5	5	0
Priority 3	0	0	0

3.2.33 No Recourse to Public Funds (NRPF) – New Priority 1

Audit opinion	Limited
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- 3.2.34 The overall objective of the audit was to review the controls for the assessment and monitoring of NRPF cases, to include payment procedures and to consider the effectiveness of counter fraud initiatives and data sharing with other Boroughs. This audit review was limited to the NRPF service within the Children’s Social Care Division. Adult Social Care were supporting 4 NRPF cases but these were not reviewed this time.
- 3.2.35 The No Recourse to Public Funds (NRPF) function for families with children is part of the Referral and Assessment Team. Eligibility to access support from the Authority as NRPF clients is based on an initial assessment, collection of key documents, verification of a connection to Bromley, Home Office application status and evidence of destitution.
- 3.2.36 Controls were in place and working well in the areas of utilisation of the Connect system to record cases, track progress and support counter fraud initiatives. There was one priority 1 recommendation relating to the procurement, contractual arrangements and cost of accommodation. The procurement of accommodation did not comply with Financial Regulations or Contract Procedure Rules. One contractor has been used as the main source of accommodation but no consideration given to cumulative spends with this one provider. Accommodation was procured via a telephone call; there was no contractual agreement with the providers or formal order. With no contract or purchase order there are no agreed terms and conditions that may impact on liability around health and safety, compliance to Housing Regulations and payments. The nightly rate paid for the sample of NRPF cases selected for audit testing identified that the accommodation charge paid by NRPF to the provider was higher than the Pan London rates in 8 out of 10 cases. The difference in cost for the period of placement during 2018/19 totalled £24,617.
- 3.2.37 If this value is indicative and applied to previous years, savings would have been significant. The actual cost of accommodation for NRPF 2018/19 is £166,373; the potential saving represents 15% of this value.
- 3.2.38 During the course of the audit it was noted that accommodation had been procured from the provider on behalf of other CSC teams. The findings identified for NRPF will therefore be replicated for the accommodation procured for the families in these other teams.
- 3.2.39 As part of the Transformation agenda the Authority will be reviewing Housing services. There will be scope to refer the accommodation element of the NRPF to Housing if sufficient resources are available but a robust referral process would need to be developed.
- 3.2.40 Five priority 2 recommendations were raised relating to the need for locally agreed procedures and working practices to allow business continuity, cover the absence of the one

designated NRPf officer and allow management to exercise challenge and scrutiny of working practices. This would include formalising the financial assessments, standardising the scanned document process and agreeing the location to store information. The regulation of subsistence allowances in line with Home Office guidelines and improving the information uploaded to the Connect system, allowing access to colleagues in Adult Social Care and Housing as necessary also need to be improved.

3.2.41 One priority 3 recommendation was raised relating to the classification of NRPf cases on CareFirst.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	5	5	0
Priority 3	1	1	0

3.2.42 Review of Creditors’ systems and processes – Priority 1 Recommendation

Audit opinion	Limited
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- 3.2.43 The overall objective of the audit was to review key controls over the creditors’ system.
- 3.2.44 Controls noted to be in place and working effectively included having a Service Level Agreement with the Council’s exchequer contractor for the service provided and with monthly performance reports provided by the contractor.
- 3.2.45 Procedural guidance and checklists are in place for the respective teams involved in the creditors’ process, with regular reconciliations of the creditors’ control account being undertaken.
- 3.2.46 Appropriate controls, including a supervisory check, are in place for the processing of invoices. Other checks to help prevent and detect any duplicate payments are carried out and payments over £500 are published on the Council’s website as required.
- 3.2.47 There are however several areas where management attention is required. Appropriate bank mandate checks to prevent fraud were not in place and this represented a significant risk to the Council which needed to be addressed urgently. There is also no privacy statement included on supplier set up forms.
- 3.2.48 We found evidence of users being set up on the financial system without reference to financial authority limits and with the required forms not being completed properly. Furthermore, staff no longer engaged by the Council had not always been removed from the authorised signatory list.
- 3.2.49 Some purchase orders had been raised after the invoices had been received for payment. Reports to identify retrospective orders are not being run regularly.

- 3.2.50 We have also made recommendations to strengthen controls around the availability of iProc training to staff, assigning financial approval responsibilities to colleagues when staff are out of the office for a period of time and the information shown on remittance advices for payments made via the CareFirst system. The use of AP1 payment forms to process transactions that do not meet the criteria set out in Financial Regulations needs to be reviewed.
- 3.2.51 Management have accepted all the recommendations made with instructions to implement the priority 1 recommendation on bank mandate checks immediately the issue was flagged with management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	5	5	0
Priority 3	2	2	0

3.2.52 Highways Maintenance Contract – 3 New Priority 1 Recommendations

Audit opinion	Limited
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- 3.2.53 The overall objective of the review was to ensure that a risk based approach was in place for the maintenance of the LBB's highways infrastructure including setting levels of service, inspections and their outcome, resilience, priorities and programmes.
- 3.2.54 The contract arrangements and contract payments were also reviewed to ensure compliance with the Contract Procedure Rules and Financial Regulations.
- 3.2.55 There are several areas where management attention is required. These include the selection process of highways schemes for the major works programme, management of delivery of agreed highways schemes and controls on reconstruction and widening of vehicle crossovers as part of footway schemes. (It should be noted that controls on vehicle crossovers which are not part of footway schemes have been separately reviewed by Internal Audit in 2018-19).
- 3.2.56 Management advised that in respect of the selection of schemes for the Highway Investment Project, a series of assessments were undertaken before recommendations were made to the Environment and Community Services PDS. The network survey was completed by external consultants to identify the maintenance need of all sections of carriageway, each of which is up to 500m long. Reports from Highway Inspectors, Councillors or members of the public are considered to establish requirement for maintenance. Once the full list for maintenance has been compiled from the above information, further surveys are undertaken by Council officers to identify the need for maintenance in the short-term, the extent of the works and likely cost. This data is used to prepare each phase of the investment project which is circulated to all Ward Councillors for comment before being submitted to the ES PDS committee for scrutiny, and finally the Portfolio Holder for approval. Management stated that officers are not the decision makers for these projects.

- 3.2.57 A sample of 8 schemes from the Highways Investment Project was randomly selected by Internal Audit (4 footways and 4 carriageways) to review the process followed by management before recommending the schemes to ES PDS committee for decision making. The following were noted:
- 3.2.58 4 of 4 carriageways were found to be in 'as new' condition or 'not requiring preventative maintenance for 5 years' by the external consultants (survey undertaken October 2015 to February 2016). On enquiry management advised that while the overall condition of carriageway may have been recorded as 'up to standard' or 'as new', reports from Highway Inspectors, Councillors or members of the public have identified areas of carriageway that require maintenance. Management were asked to provide reports from Highway Inspectors, Councillors or members of the public as evidence and no documentary evidence was available to confirm the reasons for recommendation of 1 of 4 carriageways. The actual spent on resurfacing this carriageway was £160,079. An email from a former Highways Inspector stating that he had used the data from the survey undertaken by the contractor and Inspectors data and Members comments to select the carriageways was provided as evidence for 3 of 4 carriageways. The information that the former Highways Inspector referred to in his email (survey data from contractor, inspector data and Members comments) and relied on to compile the list of schemes was not available. The actual spent on resurfacing these carriageways was £145,843. Therefore, the rationale for recommendation of the 4/4 sampled carriageways for the Highways Investment Project which costed £305,921 in total could not be satisfactorily evidenced.
- 3.2.59 In respect of management of delivery of agreed Highways investment schemes these are raised as jobs on the Confirm system by the Highways Contract Manager following the site visit by the Highways Inspector. It was noted that there are no written procedure notes for agreeing work to be undertaken, raising and varying orders, inspections and rectification of defects. It was found that in respect of these schemes
- No formal process is in place to establish the work to be undertaken as part of agreed schemes. The order is not supported by a formal record of the site visit to establish measurement of site and description of work.
 - Where the order amount differed from the invoiced amount, no records of agreed variation were found.
 - Insufficient evidence is retained for the monitoring undertaken by the Highways Inspectors.
 - Re-measurement sheets for carriageway inspections which support payment of works were not dated.
 - The inspections are not diarised and are not supported by photographs.
 - The Highways Inspectors do not maintain a written record of defects and their rectification.

Reconstruction of vehicle crossovers

- 3.2.60 Before commencement of a major footways scheme, residents are notified of the timetable of the proposed footways work and are offered the opportunity to have their vehicle crossing reconstructed and/or widened at a reduced rate. It was noted that there is no documented procedure to manage requests for reconstruction/ widening of crossovers. Internal Audit was informed that these requests are dealt with at short notice and in some instances the work is agreed verbally by the resident with the Highways Inspector.

For one of the footways scheme in the sample:

- Five requests for the vehicle crossings to be reconstructed and/or widened were received as per the ad hoc records kept by the Highways Inspector.

- From the information obtained from the cashier, payments for only 3 crossover requests could be evidenced.
- No documents were available to establish if the prices charged were correct.
- No reconciliation is undertaken to ascertain the number of crossovers actually reconstructed or widened by the contractor and the income received.

3.2.61 We have also made recommendations to strengthen controls around the segregation of duties of Highways officers and contract management training. Management have accepted all the recommendations made.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	3	3	0
Priority 2	2	2	0
Priority 3	0	0	0

3.2.62 Domiciliary Care Contract Management – New Priority 1

Audit opinion	Limited
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3.2.63 The overall objective of the audit was to review governance and management of the contracts to ensure controls are satisfactory and mitigate risk.

3.2.64 There are two types of domiciliary care service provider contracts in place; spot contracts and framework contracts. Providers on spot contracts are expected to be used on an ad-hoc basis when no framework providers are available. However, in practice, this is not the case and providers on spot contracts are used as much as framework providers to meet demand. There are currently 39 care providers in use by the Council, 22 on spot contracts and 17 on framework contracts. The majority of the initial contracts in place expired in August 2017, with extensions subsequently being agreed.

3.2.65 Controls were in place and working well in the areas of Quality Assurance Framework (QAF) reports which are produced annually for each provider, links to the CQC monitoring spreadsheet, monthly updates to the Portfolio Holder, the annual quality monitoring report presented to Adult Care and Health PDS and budget monitoring for domiciliary care expenditure.

3.2.66 There was one priority 1 recommendation relating to three current provider contracts. For one framework provider, the signed contract in place had expired in August 2017 but there were 19 active care plans with a total weekly cost of £4,298. For one spot contract provider the contract had expired in March 2015 but there were 15 active care plans with a total weekly cost of £3,148. For one provider the contract was due to expire in August 2019 and there was no provision of an extension.

3.2.67 Two priority 2 recommendations were raised relating to the need for agreed procedures and working practices to allow the hospital team to approve care packages above £200 outside of the Practice Review Group and for the QAF documents to record successful verification as

opposed to exception only. It was also suggested that the QAF report shows the reconciliation between Council hours and provider hours.

3.2.68 Two priority 3 recommendations were raised relating to the development of a procedure document to support contract monitoring and management and secondly consideration of additional management information to be available to monitor variances identified by Accounts Payable.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	2	2	0
Priority 3	2	2	0

3.2.69 Direct Payments (Children)

Audit opinion	Reasonable
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3.2.70 The overall objective of the audit was to review the controls in place for the assessment, service agreement and review of direct payments for children. The audit was to consider any split costs between Education and Health services.

3.2.71 We have made five priority 2 recommendations relating to our testing and identified the following issues:-

DP1 & 7 Forms (Referral or change of Service Form)

3.2.72 It was found that there were delays in completing the DP1 form for 2 out of 20 cases.

3.2.73 In one case, the service agreement commenced on 24/9/18 and the DP1 was dated 25/10/18. Management confirmed that the payment was backdated hence the delay in dates.

3.2.74 For the second case, the service agreement commenced on 27/3/17 to 16/9/18 and the DP1 was dated 21/9/18. An email from the contractor confirms the delay was down to the contractor.

Reviews

3.2.75 From sample testing of 20 cases it was found that issues arose in three cases at the time of testing. In some cases the reviews could not be located or they had been delayed. It should be noted that management are setting up a new online review assessment, but this is still in progress at the time of the audit.

Service Agreements

3.2.76 All service agreements sampled for review on Carefirst had been authorised. However, sample testing showed that there had been delays in authorising service agreements in a timely manner in 16 cases. The delays ranged from a matter of weeks to four months in one case.

DP Calculation

3.2.77 Through sample testing, it was found that for one case, the calculation detailed within the DP1 dated 24/4/19 was not clear. The calculation is based on 50 weeks which has been queried as well as the payment should be made monthly.

Direct Payment Rate for Children

3.2.78 It was confirmed by management that the direct payment rate of £10.73 for children had not been reviewed in line with the adult rate.

3.2.79 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	5	5	0
Priority 3	0	0	0

3.2.80 Extra Care Housing

Audit opinion	Reasonable
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3.2.81 The overall objective of the audit was to review governance and management of contracts to ensure controls are satisfactory and mitigate risk for all schemes.

3.2.82 Controls were in place and working well in the areas of the Quality Assurance Framework (QAF) reports produced annually for each Extra Care Housing (ECH) scheme, links to the CQC monitoring spreadsheet, agreed improvement plan for two care providers evidenced progress against specified objectives, care plans had been authorised, KPI's discussed at monthly monitoring meetings with the care providers and monthly budget reports are produced to identify any costs associated with voids.

3.2.83 There was one priority 2 recommendation relating to the formal contract for one landlord not being uploaded to the contract database and the signed contract had not been uploaded for one care provider.

3.2.84 One priority 3 recommendation was raised relating to the development of a procedure document to support contract monitoring and management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	1	1	0
Priority 3	1	1	0

3.2.85 Riverside School

Audit opinion	Reasonable
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3.2.86 The overall objective of the audit was to review the adequacy and effectiveness of the system of controls surrounding the financial administration of the school, as required by the 1998 School Standards and Framework Act Section 48, paragraph 2(d) and the Authority's Scheme for Financing Schools.

3.2.87 The school was visited to review financial management, governance arrangements, safeguarding assets and probity testing for the primary accounting procedures.

3.2.88 Controls were in place and working well for financial management and governance. However there were five priority 2 recommendations raised relating to the expenditure process, HMRC online questionnaires, petty cash, lettings and the asset register. One priority 3 recommendation was raised with regard to the contract register.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	5	5	0
Priority 3	1	1	0

3.2.89 Post implementation review of Libraries Contract

Audit opinion	Substantial
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3.2.90 The overall objective of the audit was to review governance and management of contract to ensure controls are satisfactory and mitigate risk.

3.2.91 We have made three priority 3 recommendations to improve the control environment. These relate to enhancing the monthly contract monitoring meeting recording process to ensure clarity of timescales for actions; ensuring that an official order has been raised prior to receipt of the invoice and managing the process for receipt of the monthly invoices to ensure that they are paid within contractual timescales.

3.2.92 The recommendations have been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	0	0	0
Priority 3	3	3	0

3.2.93 Review of Starters and Leavers – New Priority 1

Audit opinion	Limited
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3.2.94 The overall objective of the audit was to review systems and procedures for controlling new starters and leavers to provide assurance that the controls around new starters and leavers are sound and secure.

3.2.95 Controls noted to be in place and working effectively included completion of the starters' checklist, references obtained and on-line health questionnaire. The Council's intranet has a page dedicated to standards and values for new staff to view.

3.2.96 There are several areas where management attention is required. These include the notification process by managers for informing IT and other relevant departments, such as those who issue building security passes and procurement cards, of staff who are leaving. An IT solution which will notify all relevant parties is being proposed and will be introduced in 2020 when the new version of Sharepoint is rolled out. Until that time HR will take the lead on informing relevant departments. The identification of staff who have not accessed their IT user account for a considerable period of time and therefore may have left the Council, needs to be carried out more promptly.

3.2.97 We have also made recommendations to strengthen controls around the confirmation by managers of induction checks for new staff and the leavers' checklist. The introduction of an electronic document management system is being worked on and is expected to reduce the risk of errors and inconsistencies. Management have accepted all the recommendations made.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	1	1	0
Priority 2	4	4	0
Priority 3	1	1	0

3.2.98 Workforce Planning

Audit opinion	Limited
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3.2.99 The overall objective of the audit was to review the extent to which the Council has assessed its current and future skills gap and addressed risks caused by the demographic make-up of its workforce

3.2.100 Controls noted to be in place and working well included the link of HR initiatives and strategies to 'Building a Better Bromley' and the Council's REAL leadership values. A dedicated Recruitment and Retention Board has been put in place for Adult Social Care and Children Social Care staff, together with a plethora of training courses and initiatives for staff in those areas. The Bromley Learning Hub has a range of learning and development activities for all staff.

3.2.101 There are several areas which management attention is required. These include to the lack of controls over succession planning, except for hard to fill posts mainly in Adult Social Care and Children Social Care. A 'Critical Post Identification Tool for Succession Planning' has been created and is in draft form. A culture of talent management has not been established, although an Organisational Development Pathway diagram has been created.

3.2.102 Whilst a Recruitment and Retention Board has been set up to identify and implement initiatives to recruit to 'hard to fill' positions in Adult Social Care and Children Social Care, there is, however, nothing similar in place for other areas of the Council where 'hard to fill' vacancies in key positions exist. The Council's HR strategy needs to be amended to include how success in workforce planning will be measured.

3.2.103 A position statement had been written by the Head of Learning and Development in 2018, reviewing current and past talent management and succession planning programmes in the Council and including an action plan with nine recommendations to address various elements of workforce planning. An update on each of the recommendations was provided to us during the audit and has been included as an appendix to our report.

3.2.104 We have made three Priority 2 recommendations to improve controls in this area. The recommendations have all been accepted by management.

	Number of recommendations made	Number of recommendations accepted	Risk accepted but no action proposed
Priority 1	0	0	0
Priority 2	3	3	0
Priority 3	0	0	0

3.2.105 Integration and Better Care Fund: The Disabled Facilities Capital Grant (DFG) Determination (2018/19): No 31/3337

3.2.106 On 16th May 2018, the Housing Support Division, Ministry for Housing, Communities and Local Government confirmed, by letter, that a 2018/19 Disabled Facilities Grant Allocation of £1,994,974 had been awarded to the London Borough of Bromley.

3.2.107 The Chief Executive or Chief Internal Auditor of each of the recipient payment authorities is required to sign and return to the Housing Support Division of the Ministry for Housing, Communities and Local Government a declaration, to be received no later than 31st October 2019, in the following terms: “To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Disabled Facilities Capital Grant Determination (2018-19) No [31/3337] have been complied with”.

3.2.108 Based on discussions with officers and a review of the records held, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met however, within the 2018/19 Financial Year, a spend of £1.247m against the budget was achieved. The remainder has been carried forward and mandatory DFG work continues in 2019/20 with a further £417k spent during the first quarter.

3.2.109 Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant Determination (2018/19): No 31/3224

3.2.110 On 13th November 2018, the Department for Transport confirmed, by letter, that an additional Highway Maintenance funding allocation of £1,117,000 had been awarded to the London Borough of Bromley’.

3.2.111 The Chief Executive and Chief Internal Auditor of each of the recipient authorities were required to sign and return to the team leader of the Local Infrastructure team in the Department for Transport a declaration, to be received no later than 30th September 2019, in the following terms: “To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Local Transport Capital Block Funding (Integrated Transport and Highway Maintenance) Specific Grant determination (2018/19) No.31/3224 have been complied with”.

3.2.112 Based on discussions with officers and a review of the records held, Internal Audit has gained appropriate assurance that the conditions of the grant determination have been met, with the signed declaration submitted on 15th August 2019.

3.2.113 Troubled families claim for September 2019

3.2.114 The Troubled Families Programme is a programme of targeted intervention for families with multiple problems, including crime, anti-social behaviour, truancy, unemployment, mental health problems and domestic abuse.

3.2.115 It is led by the Ministry of Housing, Communities and Local Government, in partnership with the Departments for Education, Health, Work and Pensions and Ministry of Justice. A local authority can claim a results payment if it can demonstrate that an eligible family has achieved significant and sustained progress against all problems identified at the point of engagement and during the intervention or if an adult in the family has moved into continuous employment.

3.2.116 We analysed a random sample of individual claims for the claim period between 1 April 2019 and 30 September 2019. From our testing we found that there was documentary evidence to support that the individual claims sampled met the employment or significant and sustained criteria, enabling a claim to be made.

3.2.117 We also confirmed that the total amount claimed for payment by results for the 403 individual claims submitted between the period 1 March 2019 and 30 September 2019 was £322,400.

3.2.118 At the end of July the MHCLG carried out a spot check of a sample of claims made by the Council and examined the Council's arrangements for achieving outcomes for families. One of our auditors attended for part of this visit and explained the role which we undertake. The feedback at the end of the visit was very positive with no learning points raised. Formal confirmation of this from the MHCLG is awaited.

3.3 Priority 1 Follow Up

3.3.1 Arboricultural Management – Priority 1 update

3.3.2 At the previous meeting Members were informed that four priority 1 recommendations had been raised for the Arboricultural Service. The findings related to the payment process, open orders on Confirm, contract monitoring and defaults. Progress has been made to implement the recommendations but this has been limited by the commencement of the new contract, continued resource issues within the Arboricultural Team and the outstanding invoice to be submitted by the previous contractor.

3.3.3 At the time of this update two of the four arboricultural posts are still vacant. However a more positive response to recent adverts may fill these posts. The Department have also secured approval to procure an external consultant to complete the tree surveys for 2019/20, alleviating pressure for the in-house team up to March 2020.

Payment Process

3.3.4 The most significant progress has been made to move the payment process to the Performance and Business Support Team in line with other Environment contracts and to produce comprehensive procedure notes to support the payment process. The transfer of roles and the process set out in the guidelines should address the system weaknesses identified in the original audit. Given the contract has only been live since April there has been insufficient time and data to allow the new procedures to become embedded and tested. However given the work done to date it is accepted that the recommendation is partially implemented.

Open Orders and Confirm

3.3.5 The recommendation relating to open orders was considered in two parts; the cleansing of data on Confirm for the previous contract and the number and value of open orders since April 2019.

3.3.6 For the old contract, which expired in March 2019, the IT system administrator confirmed that as at 27th September there were 598 open orders (status being "job printed") held on Confirm for the previous provider. The same report detailed 228 jobs (status being "contractor completed on site") that had not been transferred to the payment certificate and subsequent inclusion on an invoice. When the contract expired the outgoing provider was given 3 months access to Confirm to process allocated jobs and submit the final payment certificate. The previous contractor failed to achieve this and have therefore requested access to Confirm to complete all tasks to allow the final invoice for March 2019 to be submitted. Open orders should be duly processed once access has been approved and actioned. The Service Manager confirmed that he has received a schedule from the previous contractor setting out the status of outstanding jobs. This schedule is currently being reviewed by Arboricultural Services to confirm this information in preparation for agreeing the final invoice.

3.3.7 As part of budget monitoring the Service Manager will review the open orders and financial commitment. A report ran by the Confirm system administrator on the 4th September for Internal audit showed that for the period April to July 2019 (the new contract), 332 jobs with a value of £40,460 were open.

- 3.3.8 The system administrator confirmed that a management report is currently being developed that will be added to the Dashboard to show the status of each job to allow the contractor and client to monitor and control progress on all tasks.
- 3.3.9 The recommendation relating to open orders and Confirm will remain outstanding.

Monitoring the contract

- 3.3.10 The contract states that there will be joint visits (LBB Service Manager and Contractor) to performance monitor 10% of the jobs submitted on the draft payment certificate; however this is an error and should be the top 10 highest value jobs each month. The Service Manager is submitting a CCN to correct the contract.
- 3.3.11 The Service Manager has written Quality Monitoring Procedures, dated and owned, that outline the process to be followed by LBB officers including sample selection, timing and recording. The Service Manager will allocate 10% of the jobs claimed on the monthly payment certificate to the Arboricultural Officers. Monitoring visits must be completed before the Service Operations Board (SOB) to allow discussion and agreement.
- 3.3.12 The SOB minutes for Arboricultural Services were evidenced for the five months May to September. These are a comprehensive record of discussions and agreed actions with senior representation from LBB and the contractor. The minutes indicate that there have been problems at the start of the contract with regard to access to Confirm and uploading information to Bromley. The minutes evidence consideration of the contract KPI's. The August meeting minutes that the Service Manager has satisfactorily completed quality checks for April to June work and the September minutes detail completion of the jobs completed in July. The monitoring spreadsheets completed by the arboricultural officers had been uplifted to the team site, evidencing that for the sample jobs the work had been satisfactorily completed. For the April to June monitoring, 19% of the total jobs submitted for payment were quality checked by arboricultural officers however as this report does not specify the costs it was not possible to confirm that the top 10 value jobs were in the sample inspected. For July, the top 13 jobs in terms of value, were inspected by the Service Manager but the 10% of other jobs are not showing as allocated or checked.
- 3.3.13 The payment procedure states that the draft payment certificate should be received by Bromley within 5 working days from the end of the month, this would allow 2 weeks for performance monitoring of selected jobs before the SOB. The payment certificates for July and August were both submitted late, which resulted in an additional SOB to be scheduled to agree performance monitoring and final payment certificate.
- 3.3.14 The recommendation relating to monitoring of the contract is now considered partially implemented as the Department have addressed key issues such as the procedure notes and completion of quality monitoring, although there are still issues to resolve with the completion of the monitoring spreadsheet. Internal Audit will complete testing on ordering, monitoring and payment for the next meeting of this Committee to give assurance that the agreed procedures are being followed for quarter three of this new contract.

Defaults

- 3.3.15 The final invoice from the previous contractor is still outstanding although it had been agreed that all jobs and payments would be completed within three months of the contract expiry date. The service manager has estimated the value of the outstanding payments. The audit identified 61 default penalties with a value of £3,050; the value of these jobs totalled £6,357.86. Both amounts should be deducted when the final invoice is received. The Service Manager confirmed that at the exit meeting, the previous contractor was informed that Bromley would be seeking to recover defaults identified during the course of the contract. Subsequent discussions with the previous contractor have referred to the outstanding

defaults but the number and value have not been detailed or communicated in writing.

- 3.3.16 The default process was changed for the new contract. There is no fixed penalty for work not done, the job is reissued and the job value deducted from the payment certificate. All Performance Adjusted Values (PAV) are discussed as a standing item on the SOB.
- 3.3.17 The recommendation relating to defaults remains outstanding as the defaults for the previous contract have not been collected.
- 3.3.18 In summary, the four priority 1 recommendations will remain as outstanding although the recommendations relating to the payment process and monitoring are now partially implemented. The recommendations relating to open orders and defaults should be progressed once the final invoice has been received from the previous contractor.

3.3.19 Contract Management – Adult Mental Health – Priority 1 update

- 3.3.20 At the previous meeting in June 2019 Members were informed that Oxleas had returned the deed of variation for the Bromley Legal Team to review and verify. As this deed of variation would formally adopt the monitoring framework and schedule of quarterly and annual management reports, three priority one recommendations were reported as outstanding.
- 3.3.21 The week before the meeting in June, management had provided a verbal update to Internal Audit to reflect recent changes with the Oxleas Agreement and outstanding Priority 1 recommendations. The deed of variation was agreed by both parties and was ready to be signed by both parties. The agreed performance monitoring indicators had been included in the revised specification and schedule. The full data set was received for April 2019. The original agreement specified quarterly monitoring information and this had been enhanced in the revised agreement to report monthly. The management reports specified in the original agreement have been reviewed and updated; shown in schedule 14 of the revised agreement. There are two new reports (Short and Long Term Returns and Safeguarding Adults Collection), three of the original list had been moved to the monthly performance reports and two reports relating to improvement plans will only be generated as and when required. Given the evidence available to Internal Audit on the 29/5/19 the two recommendations relating to performance monitoring and management reports were considered implemented. The final sign off of the deed of variation was imminent, the Programme Division satisfied that all changes were agreed but the recommendation would remain open until Internal Audit evidenced the signed document.
- 3.3.22 The Authority received the sealed agreement from Oxleas on the 24th September; however our Legal Team then confirmed that this was an earlier version and not the document issued to Oxleas by them. Bromley Legal Team is now working with Oxleas to rectify this error as a priority.

3.3.23 Creditors – Priority 1 update

- 3.3.24 This has been superseded by the Priority 1 recommendation in the Review of Creditors Systems and Processes referred to in paragraph 3.2.42

3.3.25 Health and Safety – Priority 1 update

- 3.3.26 The Health and Safety audit report contained one Priority 1 recommendation which related to a full suite of comprehensive, fully documented Health and Safety Risk Assessments not being held and the Authority not being able to demonstrate that it has assessed its Health and Safety Risks and has action plans in place to implement controls.

- 3.3.27 The Director of Human Resources and Customer Services has advised that as part of a planned risk assessment programme across the Council, the Corporate Health and Safety Advisor will consult and canvass the views of the departmental health and safety committee and the approval of each Director on a list of 4 priority risk areas for assessment. This approach will ensure discipline and commitment to risk assessment as well as ensure that corporate and departmental resources are targeted at high risk areas.
- 3.3.28 The recommendation is therefore in progress.
- 3.3.29 Home Tuition – Priority 1 update**
- 3.3.30 The Internal Audit report finalised in October 2018 identified five priority 1 recommendations. At the meeting in June 2019 Members were informed that four recommendations had been implemented but the finding relating to the procurement of agency tutors and the use of one supplier was still outstanding. However given the progress to address several of the issues arising, the recommendation was considered partially implemented.
- 3.3.31 The update for this Committee considered the business plan to reduce reliance on agency tutors sourced through the proprietary procurement system, the financial reports generated from the system and to evidence compliance to agreed procedures for any new requirements uploaded to the system.
- 3.3.32 The Head of Access and Inclusion is currently undertaking a review of Alternative Provision to be completed by November 2019, this includes the Home Tuition service. The Lead Teacher confirmed that the aim would be to create established posts on the payroll and reduce the reliance on agency tutors. The service have now transferred the two full time tutors at the Link to Bromley contracts, reducing costs; the outgoings to the agency had been £154K per annum and will now be £124K including on costs for the 38 week per year contracts.
- 3.3.33 The Home Tuition Team has not needed to use the proprietary procurement system this term as the current agency tutors and Bromley tutors are meeting demand. The Home Tuition Team benefited from the training delivered by the provider and will be arranging a follow up session later this term. The Team are now able to access financial reports from the system that allows an adequate control over agreed rates and rates claimed.
- 3.3.34 The recommendation relating to the proprietary procurement system and the use of one supplier is now considered closed.
- 3.3.35 Leaving Care – Priority 1 update**
- 3.3.36 The Leaving Care Audit, issued on 15th October 2018, contained six Priority One findings, four of which were reported as implemented at the last Audit Sub Committee meeting of 4th June 2019.
- 3.3.37 The two recommendations outstanding at that time related to the grant sheets (central log) not reconciling to the finance records held and Individual Service User Finance Records. A comprehensive record should be readily available to detail all payments made to support each individual leaving care service user.
- 3.3.38 Internal Audit were advised that in July 2019, a BOXI report had been developed in order to assist the service. We are aware that that the report has been issued and some queries were referred back to Finance as it is still progress and as yet we are to be advised that it is ready for testing.

3.3.39 All service user finance records should be fully reviewed to ensure that all payments and allowances are up to date accurate and complete. We have been advised that the Leaving Care Finance Officers update all Grant sheets to reflect current payments made. The outgoing Head of Service stated that they had dip sampled a selection of the grant sheets and they had been up to date. Testing will need to evidence this and confirm the practice is embedded. However, the officer has left the service and the new Head of Service has only been in post for 4 weeks. Management have stated that sometimes people will require additional payments which will exceed their allowances. The allowances are a guide amounts set by the LA and it cannot withhold services or purchasing essential items if a young person needs this. There is still a requirement for the records to be accurate and up to date. Both recommendations are in progress and will be tested shortly when it is practical to do so.

3.3.40 Strategic Property – Priority 1 update

3.3.41 At the previous meeting Members were informed that progress has been made in implementing the four Priority 1 recommendations from the review of the management of Strategic Property. The Priority 1 recommendations related to Verification of Contract Performance to support payments, issues with work commissioned from the Strategic Property sub-contractor which is outside the scope of the contract, key performance indicators and the £1m income generation plan.

3.3.42 Management advised that progress has been made and provided following comments and some supporting information.

Verification of Contract Performance to support payments

3.3.43 Since the audit took place a series of meetings have been held with the Contractor and rather than sampling work from the tracker it was agreed that all casework undertaken by the Contractor in terms of Disposals/Rent Reviews/Lease Renewals/New Leases would be checked by the Head of Asset and Investment Management (HAIM). This ensures that the work behind each transaction has been carried out in a diligent and accurate manner. The Contractor meets with the client on a regular basis where the Contractor presents works undertaken so that the HAIM can query, review and then approve. A hard copy record of each transaction is kept by the TFM Client Team.

Issues with work commissioned from the Strategic Property sub-contractor which is outside the scope of the contract

3.3.44 Prior to the Audit taking place Management recognised that the Contractor was not adhering to the Schedule of Rates and therefore decided not to issue any new instructions on this basis. Consequently other pieces of major work have been issued to other Contractors with individual Executive approvals. Where the contractor has continued to be instructed these are for specific works which are not provided via the Schedule of Rates and are usually provided by Third Parties – where the Contractor has obtained either a number of quotes or has undertaken costed works via agreement with the TFM Team approved by the HAIM. These tend to be, for example, either bespoke dilapidation reports, measurement surveys and Arbitration Fees determined by the RICS.

Key performance Indicators (KPIs)

3.3.45 Since the audit took place a series of meetings have been held with the Contractor and the Strategic Property KPIs will be removed from the BBS and be presented in their own format with a separate penalty methodology to reflect multiple failure and linkage to non-delivery of service. As all casework undertaken by the Contractor in terms of Disposals/Rent Reviews/Lease Renewals/New Leases is now being checked by the Head of Asset and Investment Management (HAIM) this further provides Management assurance that satisfactory service is being applied. The revised KPI's with written guidance are due to be finalised by 7 June and then taken via CCN to the Strategic Partnership Board on 26 June

2019. As at 19/09/2019, these KPIs have not been formally signed due to changes in Directors.

£1m income generation plan

3.3.46 Since the audit took place a series of meetings have been held with the Contractor together with Finance whereby the identified savings have been analysed and in respect of Q1 and Q2 reviewed. Q3 and Q4 are currently being reviewed with anticipated completion by 7 June 2019. A process has been implemented by the HAIM whereby each Savings/Income Generation line provided by the Contractor is reviewed and approved by the HAIM, following query, review and if appropriate challenge. This provides Management assurance that the identified benefit is genuine and is in addition to what would have been expected if the Contractor was not delivering its enhanced service to produce the extra £1M.

3.3.47 Internal Audit have reviewed the information provided by management this time however there was insufficient to evidence implementation of the 4 outstanding recommendations. Further information has been requested from management and once received Internal Audit will undertake further verification checks. The results of these checks will be reported to the next meeting of this Committee.

3.3.48 Street Cleansing Contract Management – Priority 1 update

3.3.49 At the previous meeting Members were informed that one Priority 1 recommendation was raised from the review of the Street Cleansing Contract Management. The Priority 1 recommendation related to invoices being processed for payment without supporting documentation. The prices charged for some elements of the agreed programme of additional work could not be substantiated. (NB these had been in place over the length of the contract but no breakdown could be provided).

3.3.50 Internal Audit is currently reviewing the draft payment processing procedure for the new Street Cleaning Contract with Head of Performance Management & Business Support.

3.3.51 There is also a planned audit to start in quarter 3 that will review the contract implementation process for the new Environmental Services Contracts (LOT1, LOT2, LOT3, LOT4, LOT5). This will include the payment process and will be timely to test and verify the agreed payment procedures in Street Cleansing to update at the next meeting of this Committee.

3.4 Publication of Internal Audit Reports

3.4.1 Since the last cycle of this Committee, we have published 16 redacted final reports, listed in the table below. At the request of Members of this Committee, we have included the audit opinion given to each audit. Follow up audits for implementation of previous recommendations are not given an opinion.

AUDIT	OPINION
Adult Health and Social Care Integration	Reasonable
Contract management of the Council’s IT contractor	Substantial
Education, Care and Health Services Capital Schemes	Reasonable
Fostering	Substantial

Licensing	Reasonable
No Recourse to Public Funds	Limited
Creditors 2018/19	Limited
Highways Maintenance Major Works Contract	Limited
Domiciliary Care	Limited
Direct Payments for Children	Reasonable
Extra Care Housing	Reasonable
Riverside School	Reasonable
Post Implementation of Libraries Contract	Substantial
New Starters and Leavers	Limited
Workforce Planning	Limited
Disabled Facilities Grant 2018/19	N/A
Local Transport Capital Block Funding 2018/19	N/A
Troubled Families Grant	N/A

3.4.2 For current definitions of audit opinions, see below:-

Assurance Level	Definition
Substantial Assurance	There is a sound system of control in place to achieve the service or system objectives. Risks are being managed effectively and any issues identified are minor in nature.
Reasonable Assurance	There is generally a sound system of control in place but there are weaknesses which put some of the service or system objectives at risk. Management attention is required.
Limited Assurance	There are significant control weaknesses which put the service or system objectives at risk. If unresolved these may result in error, abuse, loss or reputational damage and therefore require urgent management attention.
No Assurance	There are major weaknesses in the control environment. The service or system is exposed to the risk of significant error, abuse, loss or reputational damage. Immediate action must be taken by management to resolve the issues identified.

3.4.3 We have also carried out the following

- Fraud and investigations – the results of which are reported in Part 2 of this agenda. On 3 July 2019 serious allegations were made at Plans Sub-Committee No 2 by an objector to the Council and the Chairman advised Members that these were under thorough investigation but that the application should be considered on its merits as set out in the Chief Planner’s report. The matter is considered in more detail in the Part 2 report. However the conclusion was that the proper processes appeared to have been adhered to and the Planning Committee considered the case on its individual merits. There was a lack of any further specific information and therefore insufficient evidence to support the allegations made.
- Advice and support – Internal Auditors are available to offer advice and consultation to all officers. The input required from Internal Audit varies; ad hoc enquires will be received by e-mail, phone or in person. Requests are not always settled by one response and have generated audit review work. Internal Audit also attend working groups to advise on system controls and good practice.
- Monitoring/authorisation role for the Greenwich Fraud partnership.
- Committee work.
- Internal Liaison with the Corporate Leadership Team/Directors’ Group; Directorate Management Teams and Corporate Risk Management Group.
- External liaison with the London Audit Group, the Kent Audit Group and our External Auditors

3.5 Risk Management

- 3.5.1 It was agreed by the Committee that risk registers would be reviewed at least six monthly, updated and reported first to Audit Sub Committee and then to the respective PDS Committees. Following the realignment of the Corporate Leadership structure, work has commenced on mapping the risk registers accordingly. The latest iterations of the departmental and corporate risk registers, attached as Appendices B1 – B8 are reported in line with the departmental structure as at the time of approval. These formed part of the Corporate Risk Management Group meeting agenda on 11th September 2019.
- 3.5.2 Since the last meeting of the Audit Sub Committee on 4th June 2019, one key amendment has been made to the Corporate Risk Register, by way of the addition of a risk reflecting the ‘Failure to deliver the Transforming Bromley Programme’ and the corresponding removal of the ‘Failure to deliver the Council’s Target Operating Model as a ‘Commissioning Organisation’ although this risk has been retained at departmental level on the Corporate Services Risk Register.
- 3.5.3 Risks marked as ‘Red’ (High) are presented to every other meeting of the relevant PDS Committee for noting.

3.6 Waivers

- 3.6.1 Members of this Committee took the decision to only report on waivers sought under the Contract Procedure Rules 3 and 13.1 and to therefore exclude specific exemptions provided to officers under the Council’s Scheme of Delegation which relate to social care placements. As required by the Contract Procedure Rules (CPR) this Committee has to be updated on waivers sought across the Authority at six monthly intervals.

- 3.6.2 The Assistant Director Governance and Contracts (AD G&C) has written and issued a series of practice notes related to the information and actions stipulated by the Contract Procedure Rules. Practice note 1 issued to all contract owners included a section on waivers:-
- 3.6.3 Waivers (extensions, variations, exemptions) – Contract Owners need to report these to Audit Sub bi-annually where they are over £50k. Make sure you are recording these so you can pass the information to Internal Audit upon request, who then make the report to Audit Sub on your behalf.
- 3.6.4 The waivers reported should include all exemptions, extensions and variations as defined in 13.1 of Contract Procedure Rules with reference to 3.1, 3.5.5 and 23.7.
- 3.6.5 For this committee cycle the Assistant Director Governance and Contracts generated a report from the Contracts Database and reports submitted to the Procurement Board for the sample period, April 2019 to September 2019. The information shown at Appendix C is the collation of information uploaded to the Contracts Database; gateway report, authorisation sign off or waiver document.
- 3.6.6 Members are asked to review this list and comment as necessary, preferably prior to the meeting so that officers can extract the details on queried waivers.

3.7 Audit of Accounts / update on Objections to previous years

- 3.7.1 At the previous meeting a Member expressed concern at the length of time it was taking to close the accounts for the 2 previous years. It was agreed that the Head of Audit & Assurance would seek an update from KPMG.
- 3.7.2 The objections that have been raised are in respect of the waste collection contract and the decision making around the procurement and extensions made to it (both in terms of the scope of services included and also the length); and arrangements for the on-going management of the waste management and street cleansing contracts. KPMG accepted an objection relating to 2016/17. They have stated that there had been something of a hiatus following changes in key staff at the Council. They stated that recently they have received information that they had requested from the Council. This should enable them to progress their consideration of the objection, although given the complexities and breadth of the subject matter, this is likely to lead to further queries from them. In addition to the objection, the objector asked a large number of questions. The objector also wrote to KPMG raising similar matters in 2017/18. Once they have concluded the 2016/17 questions referred to above (but not the objection) they will progress 2017/18. There are almost 200 questions in total which have been raised. They will be asking for the Council's answers to the questions that they accept.

New objection to 2018/19 Accounts

- 3.7.3 Our new external Auditor Ernst & Young has also received an objection to the 2018/19 accounts from the same local elector who has objected to both the 2016/17 and 2017/18 accounts. It is once again a lengthy and detailed document (some 47 pages) setting out a large number of concerns and questions. The context of the objection is similar to previous years in that it relates to the waste management/collection and street cleansing contracts. The scope has been widened this year to include the recent tendering and letting of the environmental services contracts. At the time of writing we are awaiting information from our external auditor as to how they intend to take this forward.

2018/19 Audit of Accounts

- 3.7.4 Members will be aware of the delayed audit of the 2018/19 accounts. With regard to the C & W valuation issues work is progressing steadily but unfortunately, until this is complete, officers will not know to what extent further testing is required or the scale of work to correct

the accounts. While the property valuation work is ongoing there are some other areas where testing is still to be finalised. This includes the adjustments relating to the McCloud judgement (the late court ruling relating to pensions). Finalisation of the audit will be dependent on the valuation issues being completed. A special meeting of the General Purposes and Licensing Committee has been provisionally arranged for 28th November 2019.

4. IMPACT ON VULNERABLE ADULTS AND CHILDREN

4.1 The content of this report will have implications for both adults and children in respect of audits that will be undertaken in both Children’s and Adults Social Care.

5. POLICY IMPLICATIONS

None

6. FINANCIAL IMPLICATIONS

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

7. PERSONNEL IMPLICATIONS

7.1 Where appropriate and following a reasonable management investigation, a disciplinary process may be initiated in response to poor practices or/and misconduct.

8. LEGAL IMPLICATIONS

8.1 Under Section 1 of the Local Government Act 1972, the authority is required to make proper arrangements in respect of the administration of its financial affairs.

8.2 The provisions of the Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective Internal Audit Function.

9. PROCUREMENT IMPLICATIONS

9.1 The contents of this report includes planned audits that will have implication for procurement relating to contract procedure rules, financial regulations and Value for Money issues.

Non-Applicable Sections:	Policy
Background Documents: (Access via Contact Officer)	None