

Appendix A – Audit Summaries

Environmental Services Contract Monitoring

Audit opinion	Substantial
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The overall objective of the audit was to assess (at a high level) the adequacy and effectiveness of contract monitoring arrangements for a sample of contracts in Environmental Services. We reviewed the following contracts:

- CCTV Monitoring
- Bromley Market Assembly
- Supply of Leased Cars
- Central Depot Security
- Parks Management and Grounds Maintenance.

We found that appropriate monitoring arrangements were in place for the contracts in our sample, proportionate to the nature, size and value of the contract. We also found that payments had been made accurately, with robust checking systems in place prior to authorisation. Value for money had been considered where relevant.

We raised one Priority 3 recommendation to formalise monitoring arrangements for the Market Assembly contract. This recommendation has been accepted by management and has now been implemented.

Recommendation	Priority	Recommendation accepted?
Bromley Market Assembly – Formal arrangements	3	Yes

Payroll (Tax)

Audit opinion	Reasonable
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The overall objective of the audit was to review the adequacy and effectiveness of controls surrounding the recording and processing of tax (PAYE, NI, P11D only) through payroll.

The Council is party to a service level agreement with the Council's payroll contractor where they process payments and changes to payroll on behalf of the Authority.

Our audit highlighted areas of good practice and sound controls including that tax code changes had been applied correctly and PAYE and NI had been calculated accurately. New starters had also been set up accurately and leavers' documentation had been produced promptly. Necessary submissions and payments to HMRC were made in a timely manner.

However, we identified three salary sacrifice deductions that had not been set up in time. Whilst this was due to human error, there were insufficient processes in place to identify such errors. We also found that the Council did not receive information from an independent source to verify amounts before authorising payments.

The National Insurance uplift for the financial year 2022/23 was not tested in a dummy environment before implementing on the live payroll system, and the Council's payroll contractor share the login provided to one team member to access the HMRC gateway.

We made four priority 2 and one priority 3 recommendations to improve the framework of controls as set out in the table below. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Salary sacrifice scheme set up	2	Yes
Payment due to HMRC & Payroll authorisation	2	Yes
NI uplift testing	2	Yes
Login to HMRC gateway	2	Yes
Exception reports for benefits in kind	3	Yes

Building Control

Audit opinion	Reasonable
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The overall objective of the audit was to review the controls within the application, inspection and approval process, including performance information.

Our fieldwork highlighted a number of key strengths, with wide ranging information published on www.bromley.gov.uk and some examples of comprehensive case work seen.

However, we identified that the Building Control function is currently operating without a Quality Assurance Framework underpinned by:-

- a definitive process map/procedure document
- management random quality assurance sampling of cases
- a process to ensure that staff remain up to date with legislation and retain the professional standards required of the function.

The online Building Control offer does not include the facility for applications to be submitted via a portal. The current forms are cumbersome for the applicant, do not address accessibility issues and the information will require re-keying into the Building Control Case Management Software System, creating additional resource requirements.

There is no interface between the financial and case management systems and therefore no automatic reconciliation of the income recorded. We first recommended in the 2016/17 audit that a periodic reconciliation be undertaken, with any discrepancies investigated. At the time of the audit, this remained outstanding however, as part of the overall action plan, management will introduce a quarterly manual sample-based reconciliation until an IT based solution is available

For one case, it was noted that payment card details, including the full 16 digit number, three digit security code and name and address of the card holder were held as a scanned document in the case management system. The expiry date recorded confirmed that this card was still valid, increasing the risk of card misuse and associated reputational damage.

All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Quality Framework	2	Yes
Online Information	2	Yes
Reconciliation of Income on the Case Management system to the Financial system	2	Yes
Payment card details retained on file	2	Yes

Review of Special Educational Needs (SEN) placements and the transition process

Audit opinion	Limited
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The overall objective of the audit was to review the quality of decision making and review around Special Educational Needs (SEN) placements and also the cessation of Education, Health & Care (EHC) plans. We also examined the efficiency and effectiveness of the transition process for those moving to adult provision.

There were instances where the costs of comparable placements had been analysed by the SEN team to identify where value for money could be obtained. We also found that, as part of the SEND Quality Assurance and Practice Improvement Framework, there are a number of review and training initiatives in place to drive continuous service improvement. When EHC plans are ceased, the necessary letters are sent to parents within the timescales set out and include information about the mediation process and right to appeal.

We identified however that there is no check carried out to ensure that funding is available when a placement is made or increase in resources is required as a result of a review of educational needs. The estimated full life costs of a placement are not calculated. The SEN budget monitoring in January 2022 forecast an overall overspend of £5,087,230 at the end of the 2021/22 financial year. The Department of Education have asked to meet with representatives of the Council to discuss financial management of the Council's current Dedicated Schools Grant (DSG) deficit. We made a Priority 1 recommendation to address this.

We made five other Priority 2 and Priority 3 recommendations to improve the framework of controls, as set out in the table below. These include clarifying what costs and elements of a placement should be met by Education and the other stakeholders involved, particularly in cases where there is a multi-agency responsibility for resources. This includes a signed agreement with a school or college where necessary.

The existing decision-making processes for placements require clarity, with transparency of information and evidence of authorisation of decisions. Key documentation relating to SEN placements, annual reviews and EHC plans which had ceased should be readily available when required. We found that not all the annual reviews of EHC plans in our sample had been completed within the past year and we identified instances where the consideration of the pathways for preparing for adulthood was not evident from the details recorded on the annual review documentation. Information about the Disabled Student Allowance should be provided to those whose EHC plan has ceased because they are due to attend a higher education setting.

All the recommendations made were accepted by management.

Recommendation	Priority	Recommendation accepted?
Availability of funding for SEN placements	1	Yes
Identification and confirmation of costs for placements	2	Yes
Decision making process for placements and ceasing EHC plans	2	Yes
Availability of documentation and information to support decisions made	2	Yes
Completion of annual reviews as part of the transition process	2	Yes
Options available to a young person when their EHC plan ceases	3	Yes

Appointeeship and Deputyship

Audit opinion	Reasonable
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The Court of Protection or the Department for Work and Pensions will appoint the Director of Adult Social Care to act as the Deputy or Appointee, for the administration of the financial affairs of Service Users. The Appointeeship and Deputyship (A&D) service is delivered as part of the Exchequer Contract and includes the financial management and safeguarding of client assets. The audit review focused on client financial transactions, calculation and application of fees, annual client reviews and the security of client assets. The audit review also considered the contract management and monitoring by Bromley Exchequer Services.

Good practice noted to be in place and sound controls included the comprehensive A&D specification clearly setting out Council and provider roles and responsibilities; monthly performance information; quality assurance checks completed by the A&D manager; utilisation of online banking, independent reconciliation of the holding account and utilisation of an A&D case management system and document storage system to process and store client data.

We found however that contract monitoring, including formal performance sign off, requires strengthening. We also found that the A&D procedures require update to reflect current working arrangements and that there is no retention/disposal policy for assets held for deceased clients. We also found some individual instances where inaccurate / incomplete information had been retained although these had not resulted in material error. All the recommendations made were accepted by management.

Recommendation	Priority	Recommendation accepted?
Contract monitoring	2	Yes
A&D procedures	2	Yes
Supporting documents and financial transactions	2	Yes
Safeguarding assets and retention/disposal policy	2	Yes
Bank statements and set up forms	3	Yes
Review and charging spreadsheets	3	Yes

Value Added Tax (VAT)

Audit opinion	Reasonable
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The overall objective of the audit was to assess the Council's arrangements for oversight and control of VAT arrangements, as well as the reliability of records, integrity of information and compliance with relevant regulations.

We found that that VAT returns are submitted within the timeframes and that proper checks are carried out on the information within the return prior to submission. We also found that the Council follows HMRC guidance, has implemented software to support Making Tax Digital and has made sufficient requirements related to VAT within the Financial Regulations.

The key issue highlighted by our audit was around single person dependency, which may mean that proper processes are not followed in the event of absence. There is also an increased risk of any error not being identified and resolved. There are no local procedures or guidance in place for submission of VAT returns, which other officers could follow and there is no independent review and sign off of the VAT reconciliation. Similarly, some relevant correspondence with HMRC was not stored centrally, meaning that it is not available to all officers who may need access.

We made 3 recommendations to improve the framework of controls as set out in the table below. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Key person risk	2	Yes
VAT reconciliations	3	Yes
VAT refunds	3	Yes

Community Infrastructure Levy (CIL)

Audit opinion	Reasonable
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This audit reviewed the arrangements in place for oversight and control over CIL activity, as well as the reliability of records, integrity of information and compliance with relevant regulations. The audit objective was to provide an independent opinion that the Council has appropriate controls in place to ensure that CIL charges due, are appropriately identified and collected in full.

Whilst the London Borough of Bromley has been a collecting authority for the Mayor of London's CIL since 2012, on 19 April 2021, proposals were approved for adoption by the London Borough of Bromley of its own CIL to support local infrastructure needs, with the charge effective on all relevant planning permissions determined on and after 15 June 2021.

We found that there are mechanisms in place to identify planning applications where the CIL charge is applicable and to ensure that responsible developers complete the necessary form. Sample testing of Mayoral CIL liabilities evidenced that in all cases, the form was retained on file, the CIL charge calculation was accurate and that a CIL Decision Notice had been sent to applicants detailing the charge.

We also tested a sample of Mayoral CIL exemptions and found that these had been granted appropriately and that the relevant Decision Notice had been sent to the applicant.

Debt recovery is outsourced but there is regular communication between the Council and the provider. Required reports had been provided to Transport for London and the Infrastructure Funding Statement had been published on the Council's website.

We made 3 recommendations to improve the framework of controls as set out in the table below. Two of these related to guidance; the Operational Guidance for applicants had not been updated since the Council's own CIL came into effect in June 2021 and there are no internal procedure notes for staff. The final recommendation addresses a lack of reporting to senior management meetings. All recommendations have been accepted by management.

Recommendation	Priority	Recommendation accepted?
Operational Guidance	3	Yes
Procedural Guidance	2	Yes
Management Reporting	2	Yes

Supporting Families claim for March 2022

The Supporting 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.

It is led by the Department for Levelling Up, Housing and Communities, 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.

There were 154 individual claims submitted between 1 October 2021 and 31 March 2022. We carried out audit testing of a sample of 18 individual claims and can confirm that each of the claims in our sample met the significant and sustained progress criteria, enabling a claim to be made.

We also verified that the total amount claimed for payment by results for the 154 individual claims submitted during this period was £123,200 and that the recommendation made in a previous audit for adding an option to the closure form to make it clear where a case has been referred to specialist services, has been implemented.

As a result of our testing there are no recommendations arising from this review.

Independent Review of the Bromley Section 31 Health Act 1999 Partnership Agreement for the provision of Mental Health Services

As part of the approved 2021/22 Internal Audit Plan, we were due to undertake an audit of the agreement for the provision of Mental Health Services.

However, during the same period, the Council and the provider commissioned an independent review of the Partnership Agreement, which was completed in December 2021. We have therefore placed reliance on this independent review rather than completing our own additional work.

The independent review made several recommendations to strengthen the Partnership spanning cultural, strategic, operational and process aspects. In response, the Council has set up a Steering Group to oversee improvements and is currently holding a series of workshops to develop an action plan. The plan is due to be signed off in July 2022. We will review this Plan to ensure that it addresses all areas highlighted in the review.

Criminal Finances Act 2017 (CFA 2017)

This was a short piece of advisory work to assess the Council's existing arrangements for managing its obligations under the Criminal Finances Act 2017.

The CFA 2017 creates two corporate offences; failure to prevent the criminal facilitation of UK tax evasion and a second which creates the equivalent offence for foreign taxes. However, it is a defence for an organisation to demonstrate that it had reasonable prevention arrangements in place. Guidance suggests that these measures should include risk assessment, proportionality of risk-based prevention procedures, top level commitment, due diligence, communication, monitoring and review.

We sampled relevant areas such as Payroll, Procurement, VAT and Direct Payments. We found that whilst none of the policies and processes directly referred to the Criminal Finances Act, there were appropriate relevant controls in place.

Areas for further development include a more detailed risk assessment for each area, from which any gaps in control can be identified, and communications to staff to ensure awareness.