

PRIORITY ONE SCHEDULE - MARCH 2010 to MARCH 2011

Report Number/Date	Title	Opinion	No. of Priority One's	Details of Recommendation	Implemented	Responsible Officer	Comments
RD/12/01/2008	Review of Capital Schemes	Limited Assurance	6	Part 2 item	Yes	Head of Property Division and Asst Director Exchequer	<b>Of the 6 agreed Priority 1s, 5 have been implemented in respect of issues relating to an overpayment to a contractor, improving the payment process, updating the contract register and compliance with capital procedures. 1 cannot now be actioned due to the company going into liquidation.</b>
RD/062/01/2008	Review of Mobile phone for 2008-09		1	A Mobile Telecommunications policy should be agreed and implemented which clearly outlines the responsibilities of Officers and mobile phone users. The policy should include: <ul style="list-style-type: none"> <li>• Criteria which should be met before a mobile phone is provided and documentary evidence that a business need for provision of mobile phone has been established.</li> <li>• Guidance on acceptable use of business mobile phone</li> <li>• Procedure for Lost or stolen phones</li> <li>• Procedure for retrieval &amp; reallocation of mobile phones for leavers</li> <li>• Procedure to ensure security of the phone</li> <li>• Procedure in relation to repayment of private calls</li> <li>• Procedure in relation to use and reimbursement of pay as you go mobile phones</li> <li>• Monitoring of Fraud and Abuse</li> <li>• Health &amp; Safety</li> </ul> Once approved the policy should be communicated to all mobile phone users via departmental management structure. Acceptance of the terms and conditions with in the Mobile telecommunication policy should be sought from all mobile phone users.	Closed	Procurement Manager	There has been discussion with ICT Division on how mobile phone contracting arrangements support and relate to the Flexible Working Project. The FWP has been establishing the organisation's requirements for mobile working technology and the proposed policy for issuing mobile phones will be drawn up in accordance with this. There have been discussions held with a number mobile phone fleet and call cost management companies, to research the different options available to analyse usage and reclaim personal calls in order to drive down call costs. Options have also been investigated to maximise network coverage to tackle the areas of the borough with poor reception and to source smart phone hardware from other providers so we are not solely dependent upon T-mobile. This committee recommended that the CEX report on the feasibility of paying staff a mobile phone allowance in return for them using their own phones. A mobile phone policy has been drafted, reviewed by the Head of HR and discussed at a department representative meeting. The proposed date for roll out of this policy is September 2010 to coincide with the new contract.  <b>23 March 2010 - Members agreed that this should be reported to Executive and Resources and General Purposes and Licensing Committee</b>
CYP/P15/01/2008	Review of Primary School A	Not applicable (FMSIS not met)	2	The school will need to provide evidence that the budget situation has been resolved satisfactorily with assistance from SFT. The Scheme of Financial Delegation should be prepared and approved by the Governing Body.	Yes	Head Teacher	The school has agreed to all the recommendations and to a reassessment of compliance with the finance management standard in quarter 4 of this financial year. Internal Audit reassessment of the school due week commencing 8th March 2010. We have been informed that a provisional deficit recovery plan has been produced awaiting approval by the the Director of CYP.  <b>The school has been reassessed and has now met the standard.</b>
RD/005/01/2008	Debtors 2008-09	Substantial assurance	1	Examination of the aged debt analysis report identified that the outstanding debt owed to the Council totalled £7,083,882 as at 31 January 2009, of which £1,210,973 was over a year old, some dating back to 2005.  Examination of a sample of 20 disputed cases identified three instances where the dispute had not been resolved in a timely manner.  A recommendation was agreed on the following: Management should ensure that existing procedures are reviewed to ensure that recovery procedures are undertaken in a timely manner.  Irrecoverable debts or debts uneconomical to pursue should be written off.	Closed	Revenues Manager (Operations) and Income Manager - LBB	Agreed, collection procedures will be produced and adhered to. Oracle Advanced Collections will assist with workflow (due to be in place by 30/9/09). Audit of debtors for 2009/10 has recently been completed.  <b>See RD/005/01/2009 Review of Debtors.</b>

APPENDIX 1  
PRIORITY ONES

Report Number/Date	Title	Opinion	No. of Priority Ones	Details of Recommendation	Implemented	Responsible Officer	Comments
F&R/006/01/2008	<b>Town Centre Management Audit for 2008-09</b>	Limited Assurance	2	Requirement to tender has been implemented. It was confirmed that there was no comprehensive procedure manual in place that existed as a guide to the day to day operation of the town centres. There is currently no guidance available to the team in relation to events management, specific financial training and there is a lack of financial awareness within the team and their responsibilities. A manual would assist in promoting consistency across the service and would develop the service.	Closed	Assistant Director L&C	This recommendation will be addressed with the appointment of a senior TCM that was approved as part review of the TCM function. This will be followed up as part of the 2010/11 audit planned work.  <b>23 March 2010 - Members satisfied with action on Christmas lights tendering and restructuring arrangement.</b>
ACS/026/01/2009	<b>Direct Payments Audit for 2009-10</b>	Limited Assurance	1	Financial monitoring information in respect of clients receiving direct payments was not found to have been always submitted by clients. Monitoring information was not requested at regular intervals. Contents of the letters requesting information was found to be in need of review as well as the direct payments agreement.	In progress	Head of Exchequer & Revenues (assumed responsibility from Oct 2009)	The finance team have increased the resources allocated to direct payments to improve monitoring. Clients are requested to submit supporting documentation quarterly for monitoring and issues and returns are now logged on a control spreadsheet. Monitoring officers have set deadlines to follow up returns and after a reminder letter cases are referred to the appropriate Group Manager. This is currently being tested.  <b>To be followed up in 2010/11 quarter 3 as part of the planned audit.</b>
ENV/000/01/2009	<b>Review of Transportation Strategy</b>	Limited Assurance	1	Part 2 item	Yes	Director of Env. Services	Management have accepted the Priority 1 recommendation and this is to be implemented immediately.  <b>23 March 2010 - Members agreed that this matter should be closed.</b>
CYP/005/03/2008	<b>Review of fostering</b>	Limited Assurance	1	Supervising social workers are required to maintain contact with carers. Unannounced annual supervisory visits are required to be undertaken annually with announced supervisory meetings every six weeks. Whilst the 19 carer files showed that this occurred there was no evidence that this was on the required six week basis. 17 files showed no evidence of visits over a six month period. Visits were also being undertaken during school hours when children were not present. There were 4 instances where unannounced visits had not been undertaken over the the previous year.	Yes	Head of Social Care	Accepted by Management for immediate implementation.  <b>Management have taken action to ensure visits to see foster children and contact with carers are occurring and are recorded. To be followed up as part of 2010/11 planned audit.</b>
ACS/035/01/2009	<b>Transition Team</b>	Limited Assurance	1	Three Adult Learning Disabilities Core Assessments were not located, a further three were not signed off, four referrals had not been transferred from the Children with Disability Team to the Transition Team and a further case where a referral from the Leaving Care Team had yet to be transferred over to the Transition Team	Yes	Joint Team Manager/Interim Team Manager	Accepted by Management for immediate implementation.  <b>System tightened up to account for all cases. Liaison meetings to account for caes transferred between CYP and ACS.</b>
CYP/S06/01/2009	<b>FMSIS review of Secondary School 2009-10</b>	N/A to FMSIS	2	Cash flow forecasts are currently not being undertaken on a monthly basis by the School and Financial Regulations in relation to tenders and quotations are not consistently adhered to.	Yes	Head Teacher and Chair od Governors	Accepted that the school needs to implement these priority 1 recommendations in order to meet the required Standard of the FMSIS. Re-assessment due at the school within 6 months.  <b>Two priority ones on budgeting errors and classification of lease resolved. College has now achieved the standard.</b>

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CYP/P50/02/2009	Review of Primary School	Limited Assurance	1	A payment to an IT company was reviewed. The maintenance agreement which commenced in April 2006 was reviewed and found to be for £180 per quarter (£720 per annum). The invoice sampled was for additional site visits totalling £2,760, plus some hardware totalling £452. The total spent with the IT company in the last 12 months was £16,162. Further analysis showed that a total of £7,800 was paid for additional on site visits over the period May 2008 to March 2009. The school have recently compiled a list of all contracts which includes two contracts with the IT company. One says 'out to tender' the other gives an annual value of £379. The maintenance agreement at the school is dated April 2006 and details a maintenance charge of £180 per quarter, equating to an annual charge of £720. This suggests there may be errors in the list and it should be checked.	Closed	Head Teacher, Governors and Finance Officer	The School have already market tested this service and IT company concerned is no longer used by tem. The contracts list is being updated.
ENV/004/01/2009	Parking Income 2009-10	Limited Assurance	1	Prior to the commencement of audit testing, amounts collected for parking income recorded on the daily collection spreadsheet from LBB Cashiers had not been reconciled to cash collection reports from the Parkeon system and the amounts input onto Oracle since October 2009. This process has now been undertaken up to the current date, but any shortfalls identified from this period are still to be investigated. From a random sample of 25 cash collections examined, it was identified that one collection was not stated on the cash collection report from the Parkeon System due to a communication error between a machine and the Parkeon software. Reconciliations of parking income have not been extended to ensure that parking income banked on the Central Cashiers Collection Deposit Sheets tally to actual receipts of parking income received from the bank. Reconciliations of parking income received via credit card into LBB's account, have not been undertaken since credit card payments for parking fees have been received (from September 2009).	In progress	CCTV Enforcement & Contract Manager	An audit of parking income is currently in progress and management have confirmed that the reconciliation is completed for income collection for this period. Cash collections have highlighted a total of £19,161.76 additional income Apr 09 to May 10 which is unable to be reconciled which equates to 0.002% of income collected. The majority of additional income aligns itself to machines that have been unable to provide accurate income receipts. After consultation with Audit the reconciliation of every amount received against every amount posted (over 50,000 transactions) should be concentrated to a consistent random reconciliation of total amounts received, rather than every item received, which will be instigated from Jan 2011 with changes to the procedure manual. Cashiers will now provide from the AIMS system the total Parking income received for the week as stated in the cash collection sheets, which will be matched weekly A report by the contractors is supplied detailing any machine not communicating, which is now an additional document requiring review on reconciliation.  A draft audit report has made a further reduced priority recommendation due to partial implementation of agreed recommendation.  Ensure the Car Park Kiosk income is reconciled promptly. Ensure all reconciliations are signed and dated on a regular basis and office procedures detail the exact process that take place for the reconciliation of parking income received via credit card, mobile phones, season tickets and kiosks, including timings.
RD/005/01/2009	Review of debtors	Limited Assurance	1	The aged debt analysis report, non domiciliary care as at 31 January 2010 identified that the outstanding debt owed to the authority over a year old amounts to £1,275,337, the previous audit reported this to be £1,210,973 as at 31 January 2009. In addition, the domiciliary care breakdown report shows a balance of £1,231,971 owed at 8 February 2009, with £4,019,790 of charges made up to 31 January 2010. £3,642,283 payments received and balance of £1,609,477.94 remaining. Furthermore, appropriate debt recovery actions had not been evidenced in all instances sampled and procedures need to be updated.	In progress	Head of Exchequer Services assumed responsibility in October 2009 & Interim Head Of Revenues & Bens.	Management accepted the recommendation and responded with 'The OAC system is scheduled to be installed by 30 Sept 2010 and then procedures will be reviewed and up-dated.' There is currently an audit of this area when this recommendation will be followed up. The largest debtor is William Verry Ltd for £108,890 that will be written off as the company are now in liquidation. There are 4 debts totalling £182,555 that relate to residential care where a charge has been placed on the property. Update as part of 10/11 debtors review - figures as at 31/10/10 for outstanding debts over a year old are as follows: Domiciliary Care £1,369,070 and Non Domiciliary Care £1,687,568.30. Non Domiciliary Care debts over a year old have increased by £412,231.30 since the previous internal audit review whereby an outstanding debt of £1,275,337 was reported as at 31/01/10. Debt recovery procedures have not yet been updated, awaiting go-live date of Oracle Advanced Collections, currently scheduled for early 2011. Bromley Exchequer Services Team has undertaken some work to analyse the top ten debts outstanding within each department.

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	ACS -Care Management	N/A	1	Immediate clarification of procedure following investigation findings. Part 2 matter.	Closed	Asst Dir Care Services	All managers have informed staff that they must not manage SU finances and if they have any historical work they are to discuss it with the Manager to ensure procedures are followed. Controls to be discussed at the CSGM on 01.06.10, with all Heads to agree a way forward.  <b>Procedures clarified in respect of handling client monies.</b>
RD/002/01/2009	Cash and Banking Audit	Limited Assurance	1	Lack of procedures following the loss of cash at the Bromley Cash Office. Part 2 matter.	Closed	Interim Head of Benefits and Revenues	New procedures have been drawn up by management.  <b>50% cash lost refunded by Liberata.</b>
CYP/S/12/01/2009	FMSIS assessment of Secondary School 2009-10	N/A to FMSIS	2	The school has a lease where the payments have been made from Capital. At the time of the audit, we were given informed that this lease might be different to that encountered in other schools, in that the ownership of the assets transfers to the school thereby indicating that it may not be an operating lease but a finance lease. Subsequent to the audit we understand that the lease has been renegotiated to be classified as operational. The staffing budget has been increased by £187,799 from £5,396,789 to £5,584,588 on HCSS planner and approved by the finance governors in October. At the time of the audit (05/01/10) this had not been changed on the schools financial system. In addition the figure used in the school's original budget for 6th form funding is £2,374,885, which does not reconcile to £2,335,760, the amount in the Authority's records. The budget is being overstated by £39,125. In December 2009 system reports detailed an overall surplus of £197,158 therefore the overall consequence would be to put the budget into deficit of £29,766 from the December 2009 surplus forecasted of £197,158.	Yes	Schools Business Manager	Completed. Payments from 2009/10 onwards have been made from the revenue budget. External auditors and governors are content that the lease meets the terms of an operating lease. This was approved by the Finance Committee on 26 <sup>th</sup> May 2010. Audit comment: 'The school is responsible for having compliant leases if funded from revenue and should seek clarification on this in any future arrangements'.  <b>The budget has been amended and approved by the Finance Committee on 26th January 2010.</b>
ACS/068/01/2009	Emergency Accommodation & Rent Accounts	Nil Assurance	4	Part 2	In progress	Interim Head of Revenues & Benefits/ Exchequer Manager	Management have accepted the findings of this report and recommendations will be implemented. There is currently a management investigation into issues raised in the report. The recommendations of the report will be followed up in Qtr 4.  <b>The follow up audit has been completed and identified that three of the four priority 1 recommendations have been partially implemented; completion of the ANITE project, improved arrears monitoring and recovery and application of the correct rent debit are still in progress. The recommendation relating to regular reconciliation between the Housing Rents system and ORACLE had been fully implemented.</b>

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CYP/P42/01/2010	<b>FMSIS assessment of Primary School C 2010-11</b>	N/A to FMSIS	1	After the external assessment visit internal audit were made aware that Strictly Educational, the schools payroll provider up until 31st May 2010, had paid staff for the June pay run. The new contractor had correctly paid staff for the month of June too. Salary costs totalling £84,983.68 for June 2010 had been charged in error to the school's accounts from the previous payroll provider. The school are taking steps to recover the overpayment to staff (Strictly Educational had collected £8,152.70) and they are also seeking to recover pension, tax and NI contributions from Strictly Educational. Report recommendation was The school should continue to recover monies from staff and Strictly Educational for payments related to the June 2010 pay run.	In progress	Head Teacher and Office/Finance Manager	Management Action Plan Comments - Bromley Legal Team supported our school with instructing Strictly to return the monies paid by staff straight to us. All staff have either paid the full amount back to our school account or have made arrangements with us to repay the money within 6 months. All monies to be repaid by February 2011. Internal Audit will obtain an update in February 2011. Update as of 4/11/10, the school have confirmed that £18,399 remains unpaid however there are arrangements in place to collect this by 31/02/11.  <b>Update 3/02/11, £10,701.70 still outstanding.</b>
RD/096/01/2010	<b>IT Disaster Recovery</b>	Limited Assurance	1	It was identified that a specific ICT Disaster Recovery Plan has not been created, though some DR provisions are included within the Business Continuity Plan. A draft DR plan was created, though never adopted due to costing issues and problems securing a DR contractor.  Recommendations from Operation Coldplay were that Service area's BCPs should accommodate Disaster Recovery (DR) arrangements for IT and that there is a need to progress corporate DR decisions.  Additionally it was found that although Officers responsible for escalating problems up to disaster recovery are listed, the procedures for this to happen are not.	In progress	Contracts and Consultancy Manager & IT Technology Manager	A documented Disaster recovery plan should be created which will include specific actions to be taken, staff responsibilities and contact details, hardware/software requirements and budget provisions. Additionally it should include details of how work is ordered/approved/monitored in a DR scenario. Initial document has been drafted for review.  Further review will be undertaken when new ICT Contractor is appointed and taken over the service.  <b>A revised implementation date for this Recommendation is 01/06/2011, the review cannot take place until then.</b>
CYP/Inv/2010	<b>Primary School A</b>	N/A	1	Part 2	Closed	Governing Body/HT	<b>Recommendations accepted. Change in governing body has resolved matters raised by previous governors.</b>
CYP/Inv/2010	<b>Primary School B</b>	N/A	1	Part 2	In Progress	Head Teacher	Part 2
CYP/Inv/2010	<b>Childrens Centres</b>	N/A	2	Part 2	In Progress	Asst Dir (Access & Inc.)	Part 2
R&R/014/01/2010	<b>Building Maintenance</b>	Limited Assurance	1	Following correspondence between Internal Audit and the Senior Lawyer, it was confirmed that both the Performance Bond for £2.767m and Parent Company Guarantee to be provided by the contractor in respect of the Langley Park School for Boys - Building Schools for the Future contract (£27.7m), continue to remain outstanding even though the contractors are now on-site and payments made against the contract. The announcement of the withdrawal in government funding for the 'Building Schools for the Future' initiative, clearly impacted in the need for expediency in completing the contract to secure the previously agreed funding of £35m.	Closed	Head of Construction / Senior Solicitor	Management have accepted the recommendation and have confirmed that the Contractor has accepted that it should provide both a Bond and PCG but has been arguing about the wording thereof. The Council's Senior solicitor has addressed their points and is awaiting the executed document back from the holding company and surety.  <b>Parent company guarantee and performance bond have been obtained from main contractor for new school build.</b>

## APPENDIX 2 SUMMARY OF AUDITS 2010-11

	Year	Overall Opinion	P1	P2	P3
Youth Service Audit	2009/10	substantial assurance		5	
SEN Transport Audit	2009/10	substantial assurance		3	1
Waste management Audit	2009/10	substantial assurance		1	
Major Footway & Carriageway Works and Minor Repairs & Improvements Audit	2009/10	substantial assurance		3	1
Planning Services Audit	2009/10	substantial assurance		1	
Budgetary Control including Capital Schemes Audit	2009/10	substantial assurance		1	3
Domiciliary Care Service Audit	2010/11	substantial assurance		2	2
Home Care Audit	2010/11	substantial assurance		3	
Extra Care Housing - Audit	2010/11	substantial assurance		2	
Housing Grants Audit	2010/11	substantial assurance		1	
Adult Placements Audit	2010/11	substantial assurance		1	
Learning and Development Audit	2010/11	substantial assurance			1
Training (Expenditure) Audit	2010/11	substantial assurance		2	
Local Area Agreements Audit	2010/11	substantial assurance		1	
Blue Badges Audit	2010/11	substantial assurance		4	
Standards and Achievement Audit	2010/11	substantial assurance		4	2
Youth Offending Team Audit	2010/11	substantial assurance		2	
Childrens Centres Audit	2010/11	substantial assurance		1	
Commissioning and Partnerships Audit	2010/11	substantial assurance		2	1
SEN Out-Borough Placements Audit	2010/11	substantial assurance			1
14-19 Provision Audit	2010/11	substantial assurance			
Transportation Planning Audit	2010/11	substantial assurance		1	3
Emergency Planning and Business Continuity Audit	2010/11	substantial assurance		6	1
Licensing Audit	2010/11	substantial assurance		3	
PCN Debt Recovery Audit	2010/11	substantial assurance			2
Adult Education College Audit	2010/11	substantial assurance		2	
Planning & Building Control Audit	2010/11	substantial assurance		4	2
Town Centre Development Audit	2010/11	substantial assurance		3	
Property Management Audit	2010/11	substantial assurance		4	
Planning Audit	2010/11	substantial assurance			1
Cash & Banking-Cashiers Audit	2010/11	substantial assurance		2	
NNDR Audit	2010/11	substantial assurance		4	
Pensions Audit	2010/11	substantial assurance		2	
Treasury Management Audit	2010/11	substantial assurance		1	
Contract Management Audit	2010/11	substantial assurance		3	1
Data Quality Review	2010/11	substantial assurance		3	1
Stroke Grants Audit	2010/11	Satisfactory			
Local Area Agreements pt 2 Audit	2010/11	Satisfactory		3	

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Learning Disabilities Petty Cash investigation	2010/11	not applicable		4	
Investigation of Misuse of Work Time	2010/11	not applicable			1
Childrens Centres Investigation	2010/11	not applicable	2	4	
Libraries & Museums Audit	2010/11	not applicable		3	
Policy & Partnerships Audit	2009/10	limited assurance		6	
Parking Income Audit	2009/10	limited assurance	1	3	1
Cash & Banking-Cashiers Audit	2009/10	limited assurance	1	4	1
Carers Grant Audit	2010/11	limited assurance		5	1
Register of Staff Interests Audit	2010/11	limited assurance		3	1
Single Status Audit	2010/11	limited assurance		5	
Children in Care Audit	2010/11	limited assurance		7	1
Staff On-Street Parking Audit	2010/11	limited assurance		2	1
Out of Hours Security Audit	2010/11	limited assurance	1	4	2
Customer Contact Centre Audit	2010/11	limited assurance		6	2
Building Maintenance Audit	2010/11	limited assurance	1	2	
Council Tax Audit	2010/11	limited assurance		5	
HBens-CTBens-Fraud Audit	2010/11	limited assurance		9	3
Debtors-Income Audit	2010/11	limited assurance		4	
Disaster Recovery Audit	2010/11	limited assurance	1	7	
Health and Safety Audit	2010/11	full assurance			
Grant Aid Audit	2010/11	full assurance			
Corporate Governance Audit	2010/11	full assurance			
Emergency Duty Team Follow-up Audit	2009/10	follow up			
Fostering Follow-up Audit	2009/10	follow up			
Learning Disabilities Follow-Up Audit	2009/10	follow up			
Mayor's Charity Audit	2010/11	Follow Up			
Appointeeship & Deputyship follow-up Audit	2010/11	follow up			
Supporting People Follow-up Audit	2010/11	follow up			
Transition Team Follow-up Audit	2010/11	follow up			
Choice Based Lettings follow-up	2010/11	follow up			
Town Centre Markets Follow-up Audit	2010/11	follow up			
Grounds Maintenance Follow-up Audit	2010/11	follow up			
Commensura follow-up Audit	2010/11	follow up			
Telephony follow-up	2010/11	follow up			
Respite Care Audit	2010/11	follow up			
Field Studies Centre	2010/11	follow up			
Land Charges Audit for 2010-11	2010/11	follow up	7	163	37

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Rent Accounts follow-up	2010/11	follow up			
Fostering and Adoption Audit	2010/11	limited assurance	3		
Payroll-Expenses Audit	2010/11	substantial assurance	5	2	
Capital Budget Control Audit	2010/11	substantial assurance	3		
Creditors Audit	2010/11	substantial assurance	7	1	
Parking Audit	2010/11	substantial assurance	4	1	
Procurement Audit	2010/11	limited assurance	3	1	
Data Security Audit	2010/11	limited assurance	11		
Childrens Centres Investigation	2010/11	not applicable	9	1	
			<b>9</b>	<b>37</b>	<b>5</b>



**Scope of Responsibility**

Bromley Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Bromley also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, Bromley is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

Bromley has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*. A copy of the code is on our website at [www.bromley.gov.uk](http://www.bromley.gov.uk) or can be obtained from Resources, Bromley Civic Centre, Stockwell Close, Bromley BR1 3UH. This statement explains how Bromley has complied with the code and also meets the requirements of regulation 4 of the Accounts and Audit (England) Regulations 2011 in relation to the publication of an annual governance statement.

**The Purpose of the Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the 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, cost-effective services.

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 of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Bromley for the year ended 31 March 2011 and up to the date of approval of the annual report and statement of accounts.

**The Governance Framework**

The key elements of the systems and processes that comprise Bromley's governance arrangements are set out in the following sections:

**1) Identifying and communicating Bromley's vision of its purpose and intended outcomes for citizens and service users:**

Our purpose is to enhance quality of life in the Borough. Our vision for Bromley is that it remains the place where people choose to live and do business. We want to be seen as excellent in the eyes of local people.

'Building a Better Bromley - 2020 Vision' is our shared 'sustainable community strategy' for improving quality of life in the Borough. This is a comprehensive 10-year strategy to improve the economic, social and environmental well-being and health of people who live and work in Bromley. The plan sets the direction and policies which other plans should help to deliver and has been agreed by the Council and our partners in consultation with other stakeholders having an interest in effective public services in the Borough.

The strategy is used as a basis for corporate and service planning. Short term priorities are detailed in 'Building a Better Bromley 2010-12' which highlights the key actions that form a focus for the Council's Executive.

The strategy and individual portfolio plans are published on the Council's website.

## **2) Reviewing Bromley's vision and its implications for the authority's governance arrangements:**

In July 2004 the London Borough of Bromley announced its priorities for the future:

- A safer Bromley
- A quality environment
- Vibrant, thriving town centres
- Supporting independence
- Children and young people
- An excellent council

This statement reflects the messages obtained from public feedback, and has been refined through annual consultation events. At the same time, the outcomes within Bromley's long-term strategy have also been revised to ensure a greater alignment with each of the partners' and the public's priorities.

Following unprecedented cuts to public spending and increased demand for some of our services the priority this year has been on managing our existing resources well and focusing on where they are needed most.

This is supported by strategies that are already in place to provide a 'Fit for Purpose' organisation. Our 'Corporate Operating Principles' which act as an operational model for our organisation are being reviewed to test their relevance in the new financial and political environment. The Organisational Improvement Programme Board, chaired by the Chief Executive, is responsible for the successful delivery of a portfolio of projects to drive through improvements and efficiencies right across the council.

We review our governance arrangements in response to changes in legislation and to reflect good practice.

## **3) Measuring the quality of service for users, for ensuring they are delivered in accordance with Bromley's objectives and for ensuring that they represent the best use of reserves:**

We measure our success through:

- Resident perceptions - 'excellent in the eyes of local people'
- Measurable improvements in efficiency and value for money
- Local Building a Better Bromley indicators and national indicators
- Benchmarks with other comparable councils and in independent assessments
- Extent of delivery of key programmes on time and to budget
- Successful identification and management of key risks to achieving our Building a Better Bromley priorities

The 'Are we on track?' report highlights specific areas of good performance and identifies areas of concern. The focus is on the Building a Better Bromley priorities and Member objectives.

## **4) Defining and documenting the roles and responsibilities of executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication:**

Member/Officer roles are defined in the Constitution which sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that decision making is efficient, transparent and accountable to local people. Some of these processes are required by law, while others are a matter for the Council to choose.

The Council's decision making structure is divided between executive and non-executive matters. Executive duties are carried out by an Executive body of six Councillors with specific Portfolio responsibilities, chaired by the Leader of the Council. Non-executive duties are performed by the Development Control Committee and the General Purposes and Licensing Committee.

Six Policy Development and Scrutiny (PDS) Committees discharge the overview and scrutiny functions of the Local Government Act 2000.

The Council elects a leader for a four year term from amongst the sixty elected councillors, although there is a provision for the full Council to remove the leader during that time. The leader appoints the Executive, and decides Portfolio Holder arrangements and responsibilities and agrees any formal delegation of various powers to the Council's Chief Officers and their staff.

Bromley Council is bound by the government's 'Code of Recommended Practice on Local Authority Publicity' which provides guidance on the content, style, distribution and cost of local authority publicity.

The recommendation from the Communications Working Group's report 'Receiving you loud and clear' that the Council's current media protocols should be reviewed is still being progressed to encompass new media streams.

**5) Developing, communicating and embedding codes of conduct, defining the standards of behaviour for Members and staff:**

Bromley has adopted a number of codes and protocols that govern both Member and officer activities which are communicated as part of the induction process and made available via the intranet. These include codes of conduct covering conflicts of interest and gifts and hospitality.

The Standards Committee has continued to have discussions with leading councillors and officers on ethical governance issues both at Committee meetings and in small groups or one to ones outside the meetings.

Following the May 2010 elections the Standards Committee played an active role in new councillor induction to ensure they were aware of the role the Committee plays in working with them to reinforce positive behaviour at all levels across the Council.

In their annual report the Standards Committee commented that "Over the past 12 months we have monitored the operation of the Council as a whole against a variety of ethical governance indicators, including Audit Commission public interest reports, objections to the Council's accounts on ethical grounds, whistle-blowing issues, employment issues and complaints. We were pleased to note that these showed a relatively small number of issues raised, and no major ethical issues arising from them that required further investigation by the Committee."

**6) Reviewing and updating standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes/manuals, which clearly define how decisions are taken and the processes and controls required to manage risks:**

The Director of Resources (and Monitoring Officer) reviews and updates the constitutional framework including standing orders and the scheme of delegation on a regular basis.

The Scheme of Delegation to Officers sets out formal delegation of various powers to the Council's Chief Officers and their staff. Changes to executive arrangements required under the Local Government and Public Involvement in Health Act 2007 mean that any executive powers delegated to officers have to be delegated not by the Council, but by the Leader of the Council. The Scheme was updated and presented to the Council's annual meeting in May 2010.

The Finance Director (and Section 151 Officer) likewise reviews and updates financial regulations, contract procedure rules and the scheme of delegation (so far as it relates to financial matters), which are incorporated into the Constitution.

Financial Regulations are one of a set of management documents which collectively control and co-ordinate the financial affairs of the Council. These are reviewed on a regular basis.

The Council's Risk Management Strategy is kept under review to reflect current procedures, guidance issued by CIPFA and best practice. This is overseen by the Risk Management Group, chaired by the Chief Internal Auditor, with representation at a senior level from each department, reporting to Audit Sub-Committee. Each departmental representative acts as risk champion for their area to disseminate risk management information and facilitate the identification and assessment of risks.

**7) Ensuring the authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010).**

The Statement sets out five principles that define the core activities and behaviours that belong to the role of the Chief Financial Officer (CFO) in public service organisations and the governance requirements needed to support them.

We confirm that Bromley's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The Finance Director has the role of Chief Financial Officer.

During the year Bromley's Code of Corporate Governance was updated to incorporate the additional governance requirements resulting from the Statement.

**8) Undertaking the core functions of an audit committee, as identified in CIPFA's *Audit Committees - Practical Guidance for Local Authorities*:**

The Audit Sub-Committee is responsible for developing and reviewing all aspects of the Council's arrangements for audit and probity specifically including; financial regulations, fraud prevention, internal and external audit reports (in particular audit plans and monitoring audit delivery) and risk management (including the Annual Governance Statement).

It is a sub-committee of the General Purposes and Licensing Committee.

**9) Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful:**

The Director of Resources (and Monitoring Officer) is responsible for ensuring the lawfulness and fairness of Council decision making, compliance with codes and protocols, and promoting good governance and high ethical standards.

The Finance Director (and Section 151 Officer) is responsible for the proper administration of the Council's financial affairs, preparing the Council's statement of accounts in accordance with proper practices, keeping proper accounting records and taking reasonable steps to prevent and detect fraud.

Corporate leadership is provided by Chief Officers' Executive, led by the Chief Executive (and Head of Paid Service) who is responsible and accountable to the Council for all aspects of corporate and operational management.

Internal Audit is responsible for conducting audits, using a risk based approach, to highlight any weaknesses throughout the Council.

**10) Whistle-blowing and for receiving and investigating complaints from the public:**

Bromley is committed to the highest possible standards of openness, probity and accountability. The Council's confidential reporting code 'Raising Concerns' sets out how employees and contractors working for the Council on council premises can report their major concerns about any aspect of the Council's work including concerns about Members of the Council. This is designed to enable people to raise concerns without fear of victimisation, subsequent discrimination or disadvantage. The code is widely publicised via posters, internal newsletters, the intranet and on the Council's website. The

Director of Resources has overall responsibility for maintenance and operation of the code and provides an annual report to the Standards Committee.

In the last year three issues have been reported under the scheme, all of which related to schools employment matters, and whilst not matters that fell for action under this scheme they were considered and dealt with speedily and appropriately.

Arrangements are in place for receiving and investigating complaints from the public under the Council's 'Getting it Right' procedures - how to complain, make a suggestion or pay a compliment about a council service. There are separate procedures in place for complaints about social care and housing (including a guide for people with learning difficulties) and complaints about schools. Leaflets and forms are available from enquiry points and libraries. Information is also available on the Council's website. The Chief Executive and Director of Resources monitor how complaints are handled within departments. Bromley produces an annual report on 'Getting it Right' together with details of complaints referred to the Local Government Ombudsman.

All complaints about Bromley councillors are considered by the Standards Committee in the first instance rather than at national level. The Committee has established structures and procedures for local filtering and hearing of complaints. They monitor the conduct of councillors against their compliance with the Code of Conduct, and any complaints received against them. Over the year, six formal complaints were received, involving nine councillors. These were filtered by Initial Assessment Sub-Committees of the Standards Committee. In all cases the Initial Assessment Sub-Committee decided to take no further action and all these were held within the 20 day national target timescale.

The one case from last year which was passed on to the First-Tier Tribunal (Local Government Standards, England) for determination, resulted in the councillor being disqualified for a period of 12 months.

#### **11) Identifying the development needs of Members and senior officers in relation to their strategic roles, supported by appropriate training:**

There is a corporate induction process for Members and officers joining the Council.

Following the May 2010 elections a full programme of induction events was organised for new councillors. In addition specific training for Members targets areas where local authorities are subject to most challenge. This is supported by a dedicated Member Development site on the intranet.

Officer training needs are identified as part of the annual Performance and Appraisal Development Scheme and there is a comprehensive training programme for all staff. In parallel a 'Managers' Toolkit' site has been developed on the intranet to provide a depository of policies, procedures, guidance and tools to enable all managers across the Council to work more effectively and efficiently.

A new managerial and leadership development programme has been agreed to incorporate our existing talent management initiatives. The 'Management Essentials Programme' will provide training for newly appointed, potential and existing managers who wish to improve or further develop their leadership and/or specific skills.

The Council has formed a partnership with Bromley Adult Education College for delivery of IT training.

#### **12) Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation:**

We continue to review how we can improve our channels of communication. Recently we have piloted the use of social media and other on-line communications to support the Communications Strategy. Besides the Council's website we now have pages on Twitter and Facebook with an automatic feed from the website.

A series of Council public meetings was held during November and December 2010 as part of the budget consultation. Residents and businesses were invited to attend so that senior Councillors could talk and listen to the people of Bromley about their priorities for Building a Better Bromley to help inform the

Council as it set the budget for 2011/12. Consultation papers were also sent to local business representatives for their views and comments including the 20 largest business ratepayers in the borough. In addition, prior to finalising the schools budget the Children and Young People Portfolio Holder consulted Head Teachers, Governors and the Schools Forum.

Under the Local Democracy, Economic Development and Construction Act 2009 Bromley was required to put in place a Petition Scheme by June 2010. Residents can now submit an e-petition online through the website in addition to the normal paper submissions. Once a petition has been validated a response will normally be sent back within 10 working days. All petition responses are published on the Council's website.

**13) Incorporating good governance arrangements in respect of partnerships and other group working as identified by the Audit Commission's report on the governance of partnerships, and reflecting these in Bromley's overall governance arrangements:**

While the coalition government places less emphasis than the previous government on formalised local partnership arrangements, collaboration and joint working remains a key part of our agenda.

The Local Strategic Partnership (LSP) is a broad-based partnership of local organisations representing the views of residents, and the public, private and voluntary sectors of Bromley. The LSP Executive is the body with the ultimate responsibility for monitoring and holding the thematic partnerships to account for delivering against the borough's priorities. Both the LSP and the main thematic partnerships operate under the 'LSP Terms of Reference and Code of Conduct' setting out the ground rules for the operation of the LSP Family. They are designed to support LSP Family members in understanding their roles and responsibilities and in ensuring the business of the LSP is carried out in an effective, professional and transparent way.

**Review of Effectiveness**

Bromley has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Chief Officer Executive, which is the officer managerial board within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, the Policy Development and Scrutiny annual report, the Standards Committee annual report and also by comments made by the external auditors and other review agencies and inspectorates.

As part of this review the Assistant Directors have completed and signed an Assurance Statement in relation to their own service areas. In turn each Chief Officer has reviewed the effectiveness of key controls, using a detailed checklist, to provide an overall Assurance Statement for their own directorates.

The governance framework and internal control environment encompasses all the organisation's policies, procedures and operations in place. At Bromley this is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The process of maintaining and reviewing the effectiveness the governance framework including the system of internal control includes the following elements:

Corporate Framework

Bromley's plans outline how we will deliver our priorities and include specific actions and targets that allow us to measure our level of success. Some plans are produced in partnership with other agencies, which help us to focus our resources. The planning framework is arranged under portfolio headings. We currently operate with a Leader and an Executive. The Leader personally controls all decisions about the Council's executive functions. He can then choose whether to make all decisions personally, or to make arrangements for others to do so (for example, the Executive, an individual member of the Executive, or certain senior officers). The Executive contains the Leader and six members each responsible for a portfolio. Each portfolio holder annually outlines, in a 'portfolio plan', their aims over the coming three years, and what they will be doing towards achieving their goals and their performance targets.

### Formulation of policies and decision making

Policy and decision-making are managed and controlled within a strong well-established framework. The Council's written constitution sets out in detail how the council operates, how decisions are made and the procedures to be followed to ensure efficiency, transparency and accountability. The Council maintains the policy and budgetary framework. Political and management control is exercised through the Executive who work to defined and established processes.

### Compliance with policies, laws and regulations

Compliance with policies, laws and regulations is dealt with through a range of written rules and procedures which are regularly reviewed and updated. These include the Constitution, Financial Regulations, Codes of Conduct, and the Anti-Fraud and Corruption Strategy.

### Performance management

Performance management in Bromley is considered through a range of review arrangements including external inspections, external/internal audit reviews and the monitoring and reporting of departmental key performance indicators.

The Improvement, Efficiency and Effectiveness programme provides a planning/budget framework to support divisional, departmental and cross-cutting efficiencies and provides specific reviews to Members and Chief Officers. The work is governed by the Improvement and Efficiency Sub-Committee who are responsible for developing and implementing a Council strategy to achieve greater improvement and efficiency.

### Financial management

The financial management of the authority is organised through a wide range of well-established processes and procedures which delivers strong financial control arrangements. Bromley has in place a strategic budget planning process which includes detailed written procedures and which is supported by comprehensive financial regulations and procedures. Members and Chief Officers receive and consider detailed financial information on a regular basis and this facilitates the political decision-making process.

### Policy Development and Scrutiny Committees

There are six Policy Development and Scrutiny (PDS) Committees who have a major role in policy development and pre-scrutinising the decisions of the Executive. They have no decision making powers but make reports and recommendations which advise the Executive and the Council as a whole on its policies, budget and service delivery. PDS Committees also monitor the decisions of the Executive. Any five Members can challenge or 'call-in' a decision that has been made by the Executive. This enables them to consider whether the decision of the Executive was appropriate. They may recommend that the Executive reconsider the decision. They may also be consulted by the Executive or the Council on forthcoming decisions and the development of policy.

The Executive and Resources PDS Committee has an over-arching, coordinating role on behalf of the other five PDS Committees and provides an Annual Report to full Council summarising the work that has been carried out during the year.

### The Audit Sub-Committee

The Audit Sub-Committee has the responsibility for developing and keeping under review all aspects of the Council's arrangements for audit and probity specifically including:

- Financial regulations
- Fraud prevention
- Internal and external audit (including approval of the Annual Audit Plan)
- Risk management (including approval of the Annual Governance Statement)

## The Standards Committee

The Standards Committee has responsibility for promoting and maintaining high standards of behaviour within the authority with respect to all aspects of ethical conduct including member conduct. The Committee now has a membership of 10 of whom 5, including the Chairman, are independent members. The Committee provides an Annual Report to full Council including details of its forward programme of work.

## Chief Financial Officer

The role of Chief Financial Officer is performed by the Finance Director (and Section 151 Officer). He is a member of the Chief Officers' Executive and is responsible for ensuring the proper management of all Bromley's financial affairs.

## Internal Audit

Internal audit is an independent appraisal function that measures, evaluates and reports upon the effectiveness of the system of internal control, financial and other, as a contribution to the efficient use of resources within the authority.

Internal Audit's service aims are to:

- independently review and appraise systems of control throughout the authority and its activities
- ascertain the extent of compliance with procedures, policies, regulations and legislation
- provide assurance to management and Members that their agreed policies are being carried out effectively
- facilitate good practice in managing risks
- recommend improvements in control, performance and productivity in achieving corporate objectives
- work in partnership with the external auditors
- identify fraud as a consequence of its reviews and to deter crime

An Annual Audit Plan is used to map out the cyclical coverage of fundamental financial systems and other audits. The plan is based on the identification of the Council's systems and activities to be audited, each assessed for risk. Work relating to prevention and detection of fraud and corruption is integrated into this audit planning process.

Internal Audit operates to defined standards as set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government. The effectiveness of the system of the system of Internal Audit is measured by compliance with this code and peer reviews. Internal Audit provides an independent opinion on the adequacy and effectiveness of the system of internal control. Each audit is reported to the appropriate level of management together with agreed action plans where appropriate. In addition all significant weaknesses are reported to Audit Sub-Committee and followed-up until recommendations are implemented. The supporting summaries of audit reports help inform the overall assessment of internal controls.

The Chief Internal Auditor is empowered to report any matter of concern directly and independently, to the Chief Executive, the Chairman of Audit Sub-Committee or the Leader of the Council, if necessary.

In 2010 CIPFA issued their Statement on the Role of the Head of Internal Audit in Public Service Organisations. Although CIPFA are planning to launch a local government version in May 2011 it applies the same principles and roles set out in that document. The Statement sets out five principles that define the core activities and behaviours that belong to the role of the Head of Internal Audit. We confirm that the Chief Internal Auditor meets these requirements and that we will be updating Bromley's Code of Corporate Governance once new guidance is issued.



## External Inspections

In their *2009/10 Report to those charged with governance* published in September 2010, the external auditors PricewaterhouseCoopers reported that:

- We are required to report to you any material weaknesses in the accounting and internal control systems identified during the audit. We are pleased to report that we have not identified any material weaknesses, however, we have identified a number of minor control points and recommendations which we have reported to management.
- In May this year, the government announced its intention to abolish the annual Comprehensive Area Assessment (CAA). Shortly afterwards, we were instructed by the Audit Commission to halt all work on the Use of Resources Assessment. As the work was not completed we cannot report Use of Resources scores. However, we are able to report that the Council showed continued strong performance in the areas where the Council was previously assessed as performing well. In addition improvements were noted in the area of performance management and data security, which were areas identified for development in 2008/09.

A number of areas of good practice were identified, including the impact that the Council's Standards Committee has on the wider governance arrangements and how the Council has implemented a new Employee Budget Management system to enable managers to monitor their staff costs on a real time basis, which has helped to strengthen budgetary control further within the Council.

- We reviewed the 2009/10 Annual Governance Statement (AGS) to consider whether it complied with the CIPFA/SOLACE *Delivering Good Governance in Local Government* framework and whether it is misleading or inconsistent with other information known to us from our audit work. We found no areas of concern to report in this context.

During the last year the Council has received the following assessments from other inspectorates:

### **Ofsted - Annual Children's Services Assessment**

Rated 3 - Performs Well

### **Care Quality Commission / Ofsted - Inspection of safeguarding and looked after children services**

Grade 3 - Adequate

Robust development and action plans to address any issues identified within these services are in place or under development.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Risk Management Group, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

### **Significant Governance Issues**

Given the scale of budget cuts and ongoing uncertainties as to future funding the following significant issues are subject to ongoing review:

- Capacity to achieve further budget savings
- Period of significant and continuing change across the Council, and our ability to continue to manage our resources well and minimise the impact on frontline service
- Uncertainty with the Council's major partnerships due to political changes and governance issues arising from shared services

In addition the Localism Bill which is currently going through Parliament contains a number of proposals which will have an impact on how the Council works.

Amongst other things, it promises to abolish the requirement for authorities to have Standards Committees and the national code of conduct. In place of the national Standards Board regime, authorities will have a duty to promote and maintain high standards of conduct by members, and be able to establish their own voluntary codes of conduct. The view in Bromley is that we should still retain some form of lead body on ethical governance issues.

The Bill also introduces:

- new freedoms and flexibilities for local government
- new rights and powers for communities and individuals
- reform to make the planning system more democratic and more effective
- reform to ensure that decisions about housing are taken locally

Any resulting governance issues will need to be addressed.

We propose over the coming year to take steps to address the above matters 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 .....