



# Agenda

## Audit & Scrutiny Committee

Monday, 13 March 2017 at 7.00 pm  
Council Chamber - Town Hall

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### Membership (Quorum – 3)

Cllrs Mrs Pound (Chair), Reed (Vice-Chair), Bridge, Chilvers, Mrs Fulcher, Hirst, Mrs Hones, Keeble and Mrs Murphy

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Agenda Item	Item	Wards(s) Affected	Page No
1.	Apologies for absence		
2.	Minutes from previous meeting		5 - 6
3.	Strategic Risk Review	All Wards	7 - 14
4.	Annual Certification Report	All Wards	15 - 28
5.	External Audit Plan	All Wards	29 - 46
6.	Internal Audit Progress Report	All Wards	47 - 60
7.	Internal Audit Plan and Operation Plan	All Wards	61 - 72
8.	Internal Audit Charter	All Wards	73 - 80

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|-----|--|-------------------|
| 9.  | <b>Corporate Complaints Monitoring and Freedom of Information Requests</b> | All Wards 81 - 86 |
| 10. | <b>Work Programme 2016/17</b>  | All Wards 87 - 92 |
| 11. | <b>Urgent business</b>   |                   |

A handwritten signature in black ink, appearing to read 'P. L. R. B.' with a large, sweeping underline.

Head of Paid Service

Town Hall  
Brentwood, Essex  
03.03.2017

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### Information for Members

#### Substitutes

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The names of substitutes shall be announced at the start of the meeting by the Chair and the substitution shall cease at the end of the meeting.

Where substitution is permitted, substitutes for quasi judicial/regulatory committees must be drawn from Members who have received training in quasi- judicial/regulatory decision making. If a casual vacancy occurs on a quasi judicial/regulatory committee it will not be filled until the nominated member has been trained.

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#### Rights to Attend and Speak

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Any Members may attend any Committee to which these procedure rules apply.

A Member who is not a member of the Committee may speak at the meeting. The Member may speak at the Chair's discretion, it being the expectation that a Member will be allowed to speak on a ward matter.

Members requiring further information, or with specific questions, are asked to raise these with the appropriate officer at least two working days before the meeting.

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#### Point of Order/ Personal explanation/ Point of Information

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##### Point of Order

A member may raise a point of order at any time. The Mayor will hear them immediately. A point of order may only relate to an alleged breach of these Procedure Rules or the law. The Member must indicate the rule or law and the way in which they consider it has been broken. The ruling of the Mayor on the point of order will be final.

##### Personal Explanation

A member may make a personal explanation at any time. A personal explanation must relate to some material part of an earlier speech by the member which may appear to have been misunderstood in the present debate, or outside of the meeting. The ruling of the Mayor on the admissibility of a personal explanation will be final.

##### Point of Information or clarification

A point of information or clarification must relate to the matter being debated. If a Member wishes to raise a point of information, he/she must first seek the permission of the Mayor. The Member must specify the nature of the information he/she wishes to provide and its importance to the current debate, If the Mayor gives his/her permission, the Member will give the additional information succinctly. Points of Information or clarification should be used in exceptional circumstances and should not be used to interrupt other speakers or to make a further speech when he/she has already spoken during the debate. The ruling of the Mayor on the admissibility of a point of information or clarification will be final.

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If you wish to record the proceedings of a meeting and have any special requirements or are intending to bring in large equipment then please contact the Communications Team before the meeting.

The use of flash photography or additional lighting may be allowed provided it has been discussed prior to the meeting and agreement reached to ensure that it will not disrupt proceedings.

The Chair of the meeting may terminate or suspend filming, photography, recording and use of social media if any of these activities, in their opinion, are disrupting proceedings at the meeting.

### **Private Session**

Occasionally meetings will need to discuss some of its business in private. This can only happen on a limited range of issues, which are set by law. When a Committee does so, you will be asked to leave the meeting.

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### **Access**

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### **Evacuation Procedures**

Evacuate the building using the nearest available exit and congregate at the assembly point in the North Front Car Park.



## Minutes

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### **Audit & Scrutiny Committee Monday, 23rd January, 2017**

#### **Attendance**

Cllr Mrs Pound (Chair)	Cllr Hirst
Cllr Reed (Vice-Chair)	Cllr Mrs Hones
Cllr Bridge	Cllr Keeble
Cllr Mrs Fulcher	Cllr Mrs Murphy

#### **Apologies**

Cllr Chilvers

#### **Also Present**

Cllr Wiles

#### **Officers Present**

John Chance	-	Finance Director (Section 151 Officer)
Steve Summers	-	Group Manager In House Services
Ramesh Prashar	-	Financial Services Manager

#### **241. Apologies for absence**

Apologies were received from Cllr Chilvers.

#### **242. Minutes from previous meeting**

The minutes of the previous meeting held on 12 December 2016 were approved.

#### **243. Budget Scrutiny Panel Feedback**

Effective scrutiny can add considerable value to how the Council makes decisions on the allocation of resources. This had become increasingly important as the Council continued to set budgets against a background of tough economic conditions and severe funding cuts from Central Government. The medium term financial planning process would help to address the continued financial challenges and develop a strategic approach to address funding gaps.

The Committee were advised that the Policy, Finance and Resources Committee held on the 29<sup>th</sup> November 2016 had agreed the Budget Monitoring Mid Year Review and Medium Term Financial Plan.

Following this, the Budget Scrutiny Panel had met on the 17<sup>th</sup> January 2017 and Cllr Reed provided the following feedback.

Training had taken place before in December to enable all Members of the Budget Scrutiny Group to learn about managing the authority's budgets. The meeting held on the 17<sup>th</sup> January consisted of Cllrs Bridge, Fulcher, Keeble and Reed spending a period of time challenging Officers over many aspects of the reported figures relating to the current 2016-2017 budget.

The Budget Scrutiny Group reviewed the following:

- Outturn for 2016/17
- The Medium Term Financial Strategy

The Group were pleased to learn of the growing culture of local responsibility where service heads and senior managers were encouraged to own and monitor their budgets. In addition the Group examined line by line the General Fund Variations table and was satisfied with all responses.

The projected outcome was forecast to be in accordance with the approved budget which demonstrated excellent financial management. It was recognised that whilst a positive figure would be sought that was increasingly difficult in the current environment.

The Group discussed how vacancies were handled, the different rules around the Housing Revenue Account and Capital Spends. On behalf of the Group, Cllr Reed thanked Mr Prashar for the professional way he assisted the working group through the scrutiny process.

A motion was **MOVED** by Cllr Mrs Pound and **SECONDED** by Cllr Reed.

A vote was taken by a show of hands and it was **RESOLVED UNANIMOUSLY:**

**That the Policy, Finance and Resources Committee were requested to consider the feedback on the Medium Term Financial Plans.**

**Reason for recommendation**

Effective financial management underpins all of the priorities for the Council.

**244. Urgent business**

There were no items of urgent business to discuss.

The meeting concluded at 19:07.

**13 March 2017**

## **Audit & Scrutiny Committee**

### **Strategic Risk Review**

*Report of:* John Chance, Finance Director

*Wards Affected:* None

*This report is:* Public

#### **1. Executive Summary**

- 1.1 The report updates members of the Audit & Scrutiny Committee on new, closed or changes to strategic risks.

#### **2. Recommendation(s)**

- 2.1 To agree amendments to the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**

#### **3. Introduction and Background**

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit & Scrutiny Committee to review the strategic risks every quarter.
- 3.2 The strategic risk registers are monitored quarterly by the Corporate Leadership Board (CLB) who consider the risks, the mitigations and agrees the content. It is the responsibility of the Audit & Scrutiny Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.

#### **4. Issue, Options and Analysis of Options**

##### **Strategic Risks**

- 4.1 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. These were discussed and agreed by CLB on 27 February 2017.
- 4.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with

previous monitoring periods, together with explanatory commentary on the key issues for each risk.

- 4.3 As a result of the current risk review all risk scores have remained unchanged.
- 4.4 There has been one new risk added to the Strategic Risk Register:
- Green risk RSK14 – That outsourcing/shared service arrangements result in the Council’s democratic duties not being fulfilled or ignored, leading to a failure in the Council’s obligations. (row 13)  
This has been given a risk score of 2; 1 = likelihood, 2 = Impact

### **Risk Matrix**

- 4.5 The thirteen risks are plotted on the risk matrix in Table 1. The current assessment identifies that two risks will remain in the red area of the risk matrix.



Table 1 – Risk Matrix

Likelihood/Probability	5	10	15	20	25 RSK1
	4	8	12	16 RSK11	20 RSK12
	3	6	9 RSK5	12	15 RSK2
	2	4	6	8 RSK3 RSK4 RSK7 RSK8	10 RSK13
	1	2 RSK14	3	4 RSK9	5 RSK10
	Negligible	Minor	Moderate	Significant	Major
Negative Impact/Severity					

No.	Risk	No.	Risk
1	Finance Pressures	9	Lack of Strategic Direction
2	Local Development Plan	10	Failure to Spend Capital Receipts
3	Disaster Recover/Continuity Planning	11	Roll out of Universal Credit
4	Organisational Capacity	12	Extension of Right to Buy to registered provider tenants
5	Information Management and Security	13	Failure to deliver key Corporate Projects
7	Commercial Activities	14	Outsourcing/shared services of democratic services
8	Contract/Partnership Failure		

## 5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.

5.2 In addition the Risk & Insurance Officer will continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

## **6. Consultation**

6.1 None.

## **7. References to Corporate Plan**

7.1 Effective risk management arrangements will enable the Council to achieve its corporate priorities. The process will allow identification of risks and issues enabling informed decision making to remove or reduce them in order for the priorities to be achieved.

## **8. Implications**

### **Financial Implications**

**Name & Title: Ramesh Prashar, Financial Services Manager**

**Tel & Email: 01277 312513 / ramesh.prashar@brentwood.gov.uk**

8.1 None arising specifically from this report, but control measures identified in risk registers could have financial or resource implications.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

8.2 Effective risk management provides a means of identifying, managing and reducing the likelihood of legal claims or regulatory challenges against the Council.

## **9. Appendices to this report**

Appendix A – Strategic Risk Register Summary Report

### **Report Author Contact Details:**

**Name:** Sue White, Risk & Insurance Officer

**Telephone:** 01277 312821

**E-mail:** sue.white@brentwood.gov.uk

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16			Nov-16			Jan-17					
			*L	*I		*L	*I		*L	*I		*L	*I		*L	*I				
1	RSK1	<u>Finance Pressures</u> As central government grant support to the council falls away dramatically in the next 2 years, the budget gap is a major management issue.	5	5	25	5	5	25	5	5	25	5	5	25	5	5	25	↔	COMMENT MAY 2016: The significantly challenging financial climate continues to place pressures on the Council. COMMENT AUG 2016: The impact of Brexit places further uncertainty on Local Government funding. COMMENT NOV 2016: Awaiting the announcement of the Local Government Finance Settlement. <b>COMMENT JAN 2017: Further bad news from the Local Government Finance Settlement, a £500k cut to the new homes bonus grant for 2017/18 with impact expected on subsequent years, gives the council even greater financial pressures.</b>	John Chance
2	RSK12	<u>Extension of Right To Buy to registered provider tenants</u> Funding to be provided by the LA from the sale of high value Council houses resulting in a reduction in housing stock.	4	5	20	4	5	20	4	5	20	4	5	20	4	5	20	↔	2016. COMMENT MAY 2016: HG attended DCLG briefing. There was no update on how the Government intends to implement. HG will continue to monitor. COMMENT AUG 2016: We have received no further information from DCLG. Will continue to monitor. COMMENT NOV 2016: We have received no further information from DCLG, we will continue to monitor. <b>COMMENT JAN 2017: We have received no further information from DCLG, we will continue to monitor.</b>	Angela Williams
3	RSK11	<u>Rollout of Universal Credit</u> The direct payment of universal credit to claimants (previously Housing Benefit payments) may result in a reduction on the rent roll received, increasing the level of rent arrears.	5	5	25	4	5	20	4	4	16	4	4	16	4	4	16	↔	COMMENT AUG 2016: The roll out of Universal Credit is currently moving extremely slowly and we are still awaiting a date for the second stage roll out in Brentwood. We are preparing residents for a 'payment up front culture' with the introduction of 1st week rent up front on the 18th July 2016 which is currently working effectively to reduce the number of tenants going into immediate arrears when they take on a tenancy. We continue to develop the pre-tenancy service to better prepare residents to manage their own money in line with the impending roll out of Universal Credit. COMMENT NOV 2016: There are 56 residents in the Borough, with 12 being Council tenants that are likely to be affected by the benefit cap which will be a phased roll out, potentially from the end of November – mid December 2016. An open day was held on the 12th October 2016 inviting all potentially affected tenants to attend a drop-in service. The Department for Works & Pensions (DWP) and Citizens Advice Bureau (CAB) were also at the session. However only 1 tenant attended the event. Revenues & Benefits will continue to work closely with the Housing Options Team together with DWP, CAB and Family Mosaic to agree a joint way of working to assist all tenants that may potentially be impacted by the planned benefit caps. It has been highlighted that this will place a considerable strain on the Discretionary Housing Payments (DHP) fund so further consideration is required to how the housing prevention fund can aid the DHP application process. <b>COMMENT JAN 2017: We have seen a further impact on households that are in TA, although low numbers, who are subject to the benefit cap causing tenants to fall into unintentionally fall into arrears. Further referrals are being made to HB for DHP, however not sustainable long term, further joint working with HB to help partially fund DHP from the homeless prevention fund. At present direct payments to tenants is planned for 2019.</b>	Angela Williams

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

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			*L	*I		*L	*I		*L	*I		*L	*I		*L	*I				
4	RSK2	<u>Local Development Plan</u> Failure of the Council to adopt a Plan in line with National Planning Policy Framework resulting in planning applications judged against NPPF 'in favour of sustainable development'	3	5	15	3	5	15	3	5	15	3	5	15	3	5	15	↔	COMMENT JAN 2016: Draft Local Plan approved for consultation at Ordinary Council on 27 January 2016. Consultation runs from 10 Feb for a statutory six week period. COMMENT MAY 2016: Draft Local Plan consultation completed. Processing and assessment of comments and issues now being undertaken for next version of Plan. COMMENT AUG 2016: Processing of comments completed, assessment of issues raised is ongoing; to be published in a Consultation Statement document once complete and to go to committee in autumn 2016. This will inform revisions to the next stage of LDP preparation. COMMENT NOV 2016: Work is ongoing to ensure representations and evidence inform the next version of the Local Development Plan. Work now underway to consider the most appropriate next steps in light of emerging evidence and target to submit the LDP by spring 2017. <b>COMMENT JAN 2017: Report taken to Policy, Finance &amp; Resources Committee regarding implications to the LDP timetable from a number of external factors. Recommendation approved to have the LDP Member Working Group propose a revised timetable to account for these issues and present to future committee. Risk is being monitored but remains the same.</b>	Phil Drane
5	RSK13	<u>Failure to deliver key Corporate Projects</u> There are a number of projects that are vital to supporting and delivering the vision for Brentwood. Failure to implement/deliver these projects will either mean a loss to the community or a loss of income.	2	5	10	2	5	10	2	5	10	2	5	10	2	5	10	↔	COMMENT JAN 2016: Tight project controls have been introduced to assist in the control of this. Regular reporting and links to the Transformation agenda will aid clarity and transparency. COMMENT MAY 2016: New project and programme reporting now in place. COMMENT AUG 2016: A new project dashboard and reporting structure has been introduced to closely monitor the progress and dependencies of corporate projects. COMMENT NOV 2016: No change. <b>COMMENT JAN 2017: Progress is being made on a number of areas to confirm the no change status. To substantiate this a number of presentations have been made to the PFR committee and Full Council.</b>	Phil Ruck
6	RSK5	<u>Information Management and Security</u> If a data breach occurs (e.g. Unauthorised release of personal information) the Council may be fined by the ICO and be subject to damages and loss of reputation.	3	5	15	3	4	12	3	4	12	3	3	9	3	3	9	↔	COMMENT MAY 2016: Lee Henley has provided an options paper regarding Information Governance issues. COMMENT AUG 2016: Review of Data Protection Policy to occur in Sept-Dec 2016. Training for Officers and Members is to be delivered by Lee Henley in October - November 2016. COMMENT NOV 2016: The Information Manager at Thurrock Council has been commissioned in October to review existing Data Protection Policy and write a more encompassing 'Data Handling Policy'. This will form the basis of mandatory online training for all staff. <b>COMMENT JAN 2017: The Council has engaged extra resources to roll out new information governance policies and procedures to be fully in place by April 2017.</b>	Daniel Toohey

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

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			*L	*I		*L	*I		*L	*I		*L	*I		*L	*I				
7	RSK4	<u>Organisational Capacity</u> Lack of capacity to effectively govern the organisation will result in delay in delivery of business objectives	3	4	12	3	4	12	3	4	12	2	4	8	2	4	8	↔	COMMENT MAY 2016: This continues to be reviewed. COMMENT AUG 2016: A new corporate structure is being proposed, that brings service delivery, corporate goals and budgetary constraints into greater alignment. COMMENT NOV 2016: This is now in process and awaiting final HR advice. <b>COMMENT JAN 2017: We are continuing with the process in line with Corporate Procedures and policies.</b>	Phil Ruck
8	RSK3	<u>Disaster Recovery/Business Continuity</u> Failure to respond effectively to an incident/event due to lack of robust Emergency Planning & Business Continuity Plans results in service disruption and inability to deliver key services.	2	4	8	2	4	8	2	4	8	2	4	8	2	4	8	↔	COMMENT MAY 2016: The BC function was audited in January 2016. The Over-arching plan is currently being reviewed and will be reissued in 2016. Staff details in the plans are to be improved on all BC Plans which are also being revised in 2016. Once complete, the plan will be tested by Zurich Municipal. ICT will provide an updated BC plan to reflect current arrangements. COMMENT AUG 2016: All matters reported on in May remain the same and are in progress and on target. COMMENT NOV 2016: The Over-arching Plan is to be reissued in November 2016, to be followed by the Departmental Plans. Zurich Engineering conducted a desk top exercise of the Council's business continuity plan with the Gold Command team and other key parties on 2 November 2016. Further testing of Business Continuity Plans will be undertaken in February 2017. <b>COMMENT JAN 2017: The overarching plan has been completed for 2017/18 but is being re-amedended to reflect current understood delegations/titles. Departmental Plans format is being revisited to reflect changes in the way data is stored/retrieved thus making information more secure. The future organisation of some services is unclear which will impact upon the timely completion of Departmental Plans.</b>	Mark Stanbury
9	RSK7	<u>Commercial Activities</u>	2	4	8	2	4	8	2	4	8	2	4	8	2	4	8	↔	COMMENT MAY 2016: Business cases and income generation under constant review to support commercial activities. COMMENT AUG 2016: We are identifying the business cases that will take priority and are reviewing governance and structures with external advisors who specialise in this area. COMMENT NOV 2016: New Section 151 Officer appointed and actions now being taken. <b>COMMENT JAN 2017: We are currently developing the business case for this, which will involve both new service arrangements and the review of assets of the organisation.</b>	John Chance
10	RSK8	<u>Contract/Partnership Failure</u> Key to delivering efficiency benefits and outcomes relating to contracts is the way in which they are delivered. Management of contract/partnership arrangements is vital to ensure that we reach and deliver the outcomes we need.	2	4	8	2	4	8	2	4	8	2	4	8	2	4	8	↔	COMMENT MAY 2016: No change. COMMENT AUG 2016: There is no change to this. However greater emphasis is being placed upon contract management and we have engaged with procurement specialists with EELGA to ensure this work does not lose momentum. COMMENT NOV 2016: Work with East of England Local Government Association (EELGA) ongoing. <b>COMMENT JAN 2017: We have held a number of training exercises re the whole area of contract management and improvements put in place.</b>	Phil Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

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			Jan-16			May-16			Aug-16			Nov-16			Jan-17					
			*L	*I		*L	*I		*L	*I		*L	*I		*L	*I				
11	RSK10	<u>Failure to spend Capital Receipts</u> Faiure to spend capital receipts within the deadline will result in delays in delivering Affordable Housing programme	3	5	15	3	5	15	3	5	15	1	5	5	1	5	5	↔	COMMENT JAN 2016: 4 property purchases completed, 3 x 3 bed houses, 1 x 2 bed bungalow , 1 further property purchase progressing with completion due before March deadline, 1 x 3 bed house. This will ensure the 31 March 2016 deadline is achieved. Going forward we are planning to align expenditure with our affordable housing development programme. COMMENT MAY 2016: The 31 March 2016 deadline was achieved through the purchase of 5 properties on the open market. The next deadline of 30 December 2016, will also be achieved with the Council's new housing development programme of garage sites. COMMENT AUG 2016: We have achieved the May 2016 deadline though the purchase of an additional property and pre construction costs of new development sites at Fawters Close and Magdalen Gardens. COMMENT NOV 2016: Risk Rating reduced as we have achieved the 31/12/2016 deadline. Contract for the new build development has been awarded to Borrás Construction Ltd. <b>COMMENT JAN 2017: Risk rating reduced as we have one live site and 5 x garage sites for Whittington Rd at pre-app stage. 5 further sites agreed to pursue in addition to Maple Close site. Further 2 properties are being purchased alongside development programme ahead of June 17 deadline</b>	Angela Williams
12	RSK9	<u>Lack of Strategic Direction</u> Without a clearly defined vision, the organisation is in danger of managing services only and losing the impact of much needed change supported by clear targets. If we do not follow a clear strategic path we will find ourselves falling behind and potentially failing residents	1	4	4	1	4	4	1	4	4	1	4	4	1	4	4	↔	COMMENT JAN 2016: We are now implementing the "Brentwood a better place to be ..." programme as a way of implementing the approved Vision. COMMENT MAY 2016: No change. COMMENT AUG 2016: The vision is being rolled out by a variety of key projects that are supported by strong project governance and controls. COMMENT NOV 2016: On-going. Work is reviewed on a regular basis. <b>COMMENT JAN 2017: The Vision for Brentwood is being rolled out with adherence to the budget and key strategies are being developed supporting this.</b>	Phil Ruck
13	RSK14	That outsourcing/shared service arrangements result in the Council's democratic duties not being fulfilled or ignored leading to a failure in the Council's obligations.													1	2	2		<b>NEW</b> <b>COMMENT JAN 2017: This risk is being managed on an ongoing basis by contract management and the involvement of the Monitoring Officer.</b>	Phil Ruck

\* L = Likelihood Rating (1 = Low, 5 = High)  
 \* I = Impact Rating (1 = Low, 5 = High)  
 Maximum Score 5 x 5 = 25

**13 March 2017**

**Audit and Scrutiny Committee**

**Certification of Claims and Returns Annual Report 2015/16**

**Report of:** *Ernst & Young*

**Wards Affected:** *None*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 To present the External Auditor's annual report in respect of the Certification of Claims and Returns; specifically the Housing Benefit Subsidy Claim for the financial year 2015/16.

## **2. Recommendation(s)**

- 2.1 That Members note the contents of the Certification of Claims and Returns Annual Report 2015/16 at Appendix A.**

## **3. Introduction and Background**

- 3.1 Local Authorities claim large sums of public money in grants and subsidies from Central Government and other grant-paying bodies and are required to complete returns providing financial information to government departments. The Council's External Auditors, Ernst & Young are required to undertake certification work to provide assurances to grant-paying bodies that claims for grants and subsidies are made properly or that information in financial returns is reliable.

## **4. Issue, Options and Analysis of Options**

- 4.1 Attached as Appendix A is the Certification of Claims and Returns Annual Report 2015/16.

## **5. Reasons for Recommendation**

- 5.1 For Members to review the findings of the external audit's certification work.

## **6. References to Corporate Plan**

- 6.1 The vision for improvements to services includes an action to strengthen the Council's governance arrangements, leading to faster, more effective decision-making. An effective scrutiny function is an essential element of that priority.

## **7. Implications**

### **Financial Implications**

**Name & Title: John Chance, Finance Director**

**Tel & Email: 01277 312542 / john.chance@brentwood.gov.uk**

- 7.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer and Head of Legal Services**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

- 7.2 There are no legal implications arising directly from this report.

## **8. Background Papers**

- 8.1 None

## **9. Appendices to this report**

Appendix A – Certification of Claims and Returns Annual Report 2015/16

### **Report Author Contact Details:**

**Name:** John Chance, Finance Director  
**Telephone:** 01277 312542  
**E-mail:** john.chance@brentwood.gov.uk



# Certification of claims and returns annual report 2015-16

Brentwood Borough Council

28 February 2017

Ernst & Young LLP



Building a better  
working world

The Members of the Audit & Scrutiny Committee  
Brentwood Borough Council  
Town Hall  
Ingrave road  
Brentwood  
Essex  
CM15 8AY

28 February 2017  
Ref: BBC/Grant report 2016/17

Direct line: 07974 006715  
Email: Dhanson@uk.ey.com

Dear Members

## **Certification of claims and returns annual report 2015-16 Brentwood Borough Council**

We are pleased to report on our certification work. This report summarises the results of our work on Brentwood Borough Council's 2015-16 claims and returns.

### **Scope of work**

Local authorities claim large sums of public money in grants and subsidies from central government and other grant-paying bodies and must complete returns providing financial information to government departments. In some cases these grant-paying bodies and government departments require appropriately qualified auditors to certify the claims and returns submitted to them.

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government.

For 2015-16, these arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

### **Summary**

Section 1 of this report outlines the results of our 2015-16 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £15,647, 095. The Authority implemented a new housing benefit system in February 2016. This resulted in a number of issues in relation to both the production and audit of the claim. As a result of these issues, the submission deadline of the end of November 2016 was not met; with the claim being certified and the qualification letter issued on 1 February 2017. Details of the qualification matters and other issues encountered in the audit of the claim are included in Section 1 of this report.

Our certification work found errors which the Council corrected. The amendments from the amended claim submitted by the Authority, reduced subsidy due to the Council by £43,429.

Fees for certification and other returns work are summarised in Section 2. The housing benefits subsidy claim fees for 2015-16 were published by PSAA on its website ([www.psaa.co.uk](http://www.psaa.co.uk)). As a result of the



additional audit work required to complete the audit of the housing benefits subsidy claim in 2015/16 we are proposing an additional fee, as set out in Section 2.

We welcome the opportunity to discuss the contents of this report with you at the Audit & Scrutiny Committee on 13 March 2017.

Yours faithfully

Debbie Hanson  
Executive Director  
Ernst & Young LLP  
Enc

## Contents

<b>1. Housing benefits subsidy claim .....</b>	<b>1</b>
<b>2. 2015-16 certification fees .....</b>	<b>4</b>
<b>3. Looking forward .....</b>	<b>5</b>
<b>4. Summary of recommendations .....</b>	<b>6</b>

## 1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£15,647,095
Amended/Not amended	Amended – subsidy reduced by £43,429
Qualification letter	Yes
Fee – 2015-16	To be agreed – see Section 2.
Fee – 2014-15	£38,087

Recommendations from 2014-15	Findings in 2015-16
<p>Two recommendations made focusing on:</p> <ul style="list-style-type: none"> <li>• training for housing benefit assessors; and</li> <li>• the provision of resources to support certification testing to assist in reducing certification fees.</li> </ul>	<p>As a result of our work in 2015-16, we have concluded that both recommendations made in 2014-15 remain valid and have therefore been retained in this report. We have also included one additional recommendation in relation to issues identified in 2015-16. Further details of these findings are included in section 3.</p>

Local Government administers the Government's housing benefits scheme for tenants and can claim subsidies from the Department for Work and Pensions (DWP) towards the cost of benefits paid.

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas. Our extended and other testing identified errors which the Council amended. The overall impact on the claim was to reduce subsidy claimed by £43,429

We have reported underpayments, uncertainties and the extrapolated value of other errors in a qualification letter. The DWP then decides whether to ask the Council to carry out further work to quantify the error or to claw back the benefit subsidy paid.

The main issues we reported are set out below:

### **New benefits system and data conversion issues**

During 2015/16, the Authority changed housing benefit systems from the Northgate system to the Civica system. In addition, the housing benefit service was transferred to Basildon Council as part of a new shared service arrangement.

The new Civica system went live on 1 February 2016 and data was transferred over from the Northgate system at this date. This change involved the transfer and conversion of data from the old system to the new. A number of issues arose related to this transfer. In particular there were differences between the closing subsidy figures in the Northgate system at week 44 and the equivalent opening figures in Civica at week 44. To address this issue and ensure subsidy was not over-claimed, the Authority compiled its final subsidy claim using a combination of data from both systems, with adjustments to specific cells. As part of our audit we had to undertake additional work to test the data conversion and method of claim compilation to confirm that the claim had been compiled on an appropriate basis.

As a result of the data conversion issues, the Authority was also unable to produce a single audit trail for each cell on the subsidy claim. Instead, the entries on the claim supported by

separate audit trails from the Northgate system and Civica systems. Our audit testing therefore had to select samples from both Northgate and Civica and test the entries and calculations relating to each individual claim on both the Northgate and Civica systems.

### **Replacement claim and final amendments to the claim**

Following submission of its original subsidy claim to the DWP on 3 May 2016, the Authority was concerned that the expenditure which had been included in the main expenditure cells of the Subsidy Claim was significantly understated. As a result, the Authority engaged the software supplier, Civica, to look at the issue in more detail. As a result of the work undertaken by the Authority and Civica, an updated claim was produced. The revised claim resulted in an increase in the amount of subsidy due to the Council of £871,774.

As a result of the audit, further amendments were made to the claim which impacted on total subsidy claimed, reducing this by £43,429 to a final figure of £15,647,095. As part of the process of finalisation of the claim, a number of further amendments were made by the Authority in relation to relatively minor errors identified during the audit. As a result, a number of different versions of the claim were provided for final audit review. Additional audit work had to be undertaken to confirm the accuracy of these changes to the claim. Our checking of these changes identified a number of errors which management corrected. The number changes made to the claim and the resulting versions of the claim which were provided for final audit review resulted in additional audit work and cost.

### **40+ and extended testing**

Extended 40+ testing was undertaken in a number of areas, as set out below. The nature of errors is in line with those reported in previous year's qualification letters:

- **HRA rent rebates:** The testing of an initial random sample of 20 HRA rent rebate case identified one case where the Authority had overpaid benefit as a result of ineligible service charges being included in rent liability. The testing of an additional sample of 40 cases identified no further errors. The error identified was extrapolated across the population to give an extrapolated error of £2,290.
- **Rent rebate overpayments:** Our initial testing did not identify any errors. However, given the level of previously reported errors with overpayment classification, an additional random sample of 40 cases was selected for review of overpayment classification. The additional testing found three errors where the overpayment was classified as eligible error when in fact it was a local authority error. Local authority error overpayments attract subsidy at a lower level than eligible error overpayments. This classification error was therefore extrapolated across the population and resulted in an extrapolated error of £1,254.
- **Rent allowances:** The testing of an initial random sample of 20 cases identified one case where the Authority had underpaid benefit as a result of manual payment and manual adjustment being raised incorrectly. As there is no eligibility to subsidy for benefit which has not been paid, the underpayments identified did not affect subsidy and were not, therefore, classified as errors for subsidy purposes. However, because errors in manual payment and manual adjustment can also result in an overpayment, an additional random sample of 40 cases was tested. No further errors were identified from this testing.
- **Rent allowances income assessment:** Testing of the initial random sample of 20 cases did not identify any errors in relation to income. However, given the level of previously reported errors in this area an additional random sample of 40 cases were selected to check correct income figure had been applied. This additional testing identified four errors: one case where the Authority had underpaid benefit as a result of incorrect income amount in the system; and three cases where the Authority had overpaid benefit as a result of miscalculating the claimant's weekly income. As there is no eligibility to subsidy for benefit which has not been paid, the underpayment

identified does not affect subsidy and was not, therefore, classified as an error for subsidy purposes. The overpayment errors identified were extrapolated across the population to give an extrapolated error of £7,356.

- **Rent allowance overpayments:** Initial testing did not identify any errors. However, given the level of previously reported errors an additional random sample of 40 cases was selected for review to check overpayment classification. The additional testing found seven errors where the overpayment was classified as eligible error when in fact it was a local authority error. Local authority error overpayments attract subsidy at a lower level than eligible error overpayments. This classification error was therefore extrapolated across the population and resulted in an extrapolated error of £30,434.

## 2. 2015-16 certification fees

The PSAA determine a scale fee each year for the audit of claims and returns. For 2015-16, these scale fees were published by the Public Sector Audit Appointments Ltd (PSAA's) in March 2015 and are now available on the PSAA's website ([www.psaa.co.uk](http://www.psaa.co.uk)).

Claim or return	2015-16	2015-16	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	To be confirmed*	18,070	38,087**

\* As noted in Section one of this report various issues arose during the course of our certification work which required us to undertake additional work in a number of areas. This additional work falls outside the scope of the indicative fee set by the PSAA and we will therefore agree an additional fee for this with Council officers. Once agreed with the Council, this additional fee will need to be approved by the PSAA. We will inform members of the final fee in due course.

\*\* The actual fee for 2014-15 was higher than the scale fee of £30,680. This was mainly because of the fact that in prior years, the Council undertook all initial and 40+ testing to high standard and minimal errors were identified. The increase in fee reflects the fact that the Council was not able to complete all of the initial testing and none of the 40+ testing required due to capacity issues. We therefore undertook this work. In addition, we identified some errors in the testing which was undertaken by the Council which required us to increase our level of re-performance.



### 3. Looking forward

From 1 April 2015, the duty to make arrangements for the certification of relevant claims and returns and to prescribe scales of fees for this work was delegated to (PSAA) by the Secretary of State for Communities and Local Government.

The Council's indicative certification fee for 2016-17 is £28,565. This was prescribed by PSAA in March 2016, based on no changes to the work programme for 2015-16. Indicative fees for 2016/17 housing benefit subsidy certification work are based on final 2014/15 certification fees. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:  
<http://www.psa.co.uk/audit-and-certification-fees/201617-work-programme-and-scales-of-fees/individual-indicative-certification-fees/>

We must seek the agreement of PSAA to any proposed variations to these indicative certification fees. We will inform the Finance Director before seeking any such variation.

PSAA is currently consulting on the 2017-18 work programme. There are no changes planned to the work required and the arrangements for certification of housing benefit subsidy claims remain in the work programme. However, this is the final year in which these certification arrangements will apply. From 2018-19, the Council will be responsible for appointing their own auditor and this is likely to include making their own arrangements for the certification of the housing benefit subsidy claim in accordance with the requirements that will be established by the DWP.

## 4. Summary of recommendations

This section highlights the recommendation from our work and the action agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Training for housing benefit assessors should continue and in particular cover overpayment calculation	Medium			
The Council should consider how it can provide resources to undertake detailed benefits testing by its own staff to reduce the impact of audit fees	Medium			
The Council should work with the new shared benefit service provider to clarify responsibilities for agreement of audit amendments and when additional work will be undertaken, or not, in response to errors identified in the audit of the claim.	Medium			

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**13 March 2017**

**Audit and Scrutiny Committee**

**External Audit Plan 2016/17**

**Report of:** *Ernst & Young*

**Wards Affected:** *None*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 The Audit Plan sets out how Ernst & Young intend to carry out their responsibilities as the Council's External Auditor in auditing the final accounts for the financial year 2016/17.
- 1.2 This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

## **2. Recommendation(s)**

- 2.1 Members are requested to note the External Audit Plan 2016/17.**

## **3. Introduction and Background**

- 3.1 The Audit Plan covers the work that is planned in order to provide the Council with:
  - An audit opinion on whether the financial statements of Brentwood Borough Council give a true and fair view of the financial position as at the end of 31 March 2017 and of the income and expenditure for the year then ended; and
  - A statutory conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

## **4. Issue, Options and Analysis of Options**

- 4.1 The audit will consider several key inputs:

- Strategic, operational and financial risks relevant to the financial statements
- Developments in financial reporting and financial standards
- The quality of systems and processes.
- Changes in the business and regulatory environment.
- Management's views on all of the above.

4.2 The External Audit Plan 2016/17 is attached in Appendix A.

## **5. Reasons for Recommendation**

5.1 The Audit Plan will inform the statutory audit opinion.

## **6. Reference to Corporate Plan**

6.1 Good financial management underpins all priorities within the Corporate Plan.

## **7. Implications**

### **Financial Implications**

**Name & Title: John Chance, Finance Director**

**Tel & Email: 01277 312542 / john.chance@brentwood.gov.uk**

7.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer and Head of Legal Services**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

7.2 None.

## **8. Appendices to this report**

Appendix A – Audit Plan

### **Report Author Contact Details:**

**Name:** John Chance, Finance Director

**Telephone:** 01277 312542

**E-mail:** john.chance@brentwood.gov.uk

**Brentwood Borough Council**

Year ending 31 March 2017

**Audit Plan**

03 March 2017

Ernst & Young LLP



Audit & Scrutiny Committee  
Brentwood Borough Council  
Town Hall  
Ingrave Road  
Brentwood  
Essex  
CM15 8AY

03 March 2017

Dear Committee Members,

## **Audit Plan**

We are pleased to attach our Audit Plan which sets out how we intend to carry out our responsibilities as auditor. Its purpose is to provide the Audit & Scrutiny Committee with a basis to review our proposed audit approach and scope for the 2016/17 audit in accordance with the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2015 Code of Audit Practice, the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements. It is also to ensure that our audit is aligned with the Committee's service expectations.

This plan summarises our initial assessment of the key risks driving the development of an effective audit for the Council, and outlines our planned audit strategy in response to those risks.

We welcome the opportunity to discuss this Audit Plan with you on 13 March 2017 and to understand whether there are other matters which you consider may influence our audit.

Yours faithfully,

Debbie Hanson

*For and behalf of Ernst & Young LLP*  
*Enc*



## Contents

<b>1. Overview .....</b>	<b>1</b>
<b>2. Financial statement risks .....</b>	<b>2</b>
<b>3. Value for money risks .....</b>	<b>4</b>
<b>4. Our audit process and strategy .....</b>	<b>5</b>
<b>5. Independence .....</b>	<b>9</b>
<b>Appendix A Fees .....</b>	<b>11</b>
<b>Appendix B UK required communications with those charged with governance ....</b>	<b>12</b>

In April 2015 Public Sector Audit Appointments Ltd (PSAA) issued ‘Statement of responsibilities of auditors and audited bodies’. It is available from the Chief Executive of each audited body and via the PSAA website ([www.psaa.co.uk](http://www.psaa.co.uk)).

The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The ‘Terms of Appointment from 1 April 2015’ issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

This Audit Plan is prepared in the context of the Statement of responsibilities. It is addressed to the Audit Committee, and is prepared for the sole use of the audited body. We, as appointed auditor, take no responsibility to any third party.

Our Complaints Procedure – If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, you may take the issue up with your usual partner or director contact. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute. We can provide further information on how you may contact our professional institute.

# 1. Overview

This Audit Plan covers the work that we plan to perform to provide you with:

- ▶ Our audit opinion on whether the financial statements of Brentwood Borough Council (BBC) give a true and fair view of the financial position as at 31 March 2017 and of the income and expenditure for the year then ended, and
- ▶ Our conclusion on the Council's arrangements to secure economy, efficiency and effectiveness.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

By considering these inputs, our audit is focused on the areas that matter and our feedback is more likely to be relevant to the Council.

## **Key changes for 2016/17**

Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 this year, changing the way the financial statements are presented. This entails the introduction of the new 'Expenditure and Funding Analysis' note, which provides a service analysis based on the organisational structure under which the Council operates. We expect this to show the Council's segmental analysis.

We will provide an update to the Audit & Scrutiny Committee on the results of our work in these areas in our report to those charged with governance scheduled for delivery in August 2017.

## 2. Financial statement risks

We outline below our current assessment of the financial statement risks facing the Council identified through our knowledge of the Council's operations and discussion with those charged with governance and senior officers.

At our meeting, we will seek to validate these with you.

Significant risks (including fraud risks)	Our audit approach
<b>Risk of management override</b>	
<p>As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.</p> <p>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Testing the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements</li> <li>▶ Reviewing accounting estimates for evidence of management bias</li> <li>▶ Evaluating the business rationale for significant unusual transactions</li> <li>▶ Reviewing capital expenditure on property, plant and equipment to ensure it meets the relevant accounting requirements to be capitalised</li> </ul>
<b>Other financial statement risks</b>	
<b>Presentation of expenditure and funding analysis statement, and restatement of CIES</b>	
<p>New reporting requirements have been introduced in the CIPFA Accounting Code of Practice (the Code) as a result of the 'Telling the Story' review of the presentation of local authority financial statements. The new requirements impact the Comprehensive Income and Expenditure Statement (CIES), the Movement in Reserves Statement (MiRS), and include the introduction of the new 'Expenditure and Funding Analysis' note. The Code no longer requires statements or notes to be prepared in accordance with CIPFA's Service Reporting Code of Practice. Instead the Code requires that the service analysis is based on the organisational structure under which the Authority operates. We expect this to show the Council's segmental analysis. A re-statement of the prior year comparators is also required.</p>	<p>Our approach will focus on:</p> <ul style="list-style-type: none"> <li>▶ Review of the expenditure and funding analysis, CIES, MiRS and new notes to ensure disclosures are in line with the CIPFA Code</li> <li>▶ Review of the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported.</li> <li>▶ Agreement of restated comparative figures back to the Council's segmental analysis and supporting working papers.</li> </ul>

### 2.1 Responsibilities in respect of fraud and error

We would like to take this opportunity to remind you that management has the primary responsibility to prevent and detect fraud. It is important that management, with the oversight of those charged with governance, has a culture of ethical behaviour and a strong control environment that both deters and prevents fraud.

Our responsibility is to plan and perform audits to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatements whether caused by error or fraud. As auditors, we approach each engagement with a questioning mind that accepts the possibility that a material misstatement due to fraud could occur, and design the appropriate procedures to consider such risk.

Based on the requirements of auditing standards our approach will focus on:

- ▶ Identifying fraud risks during the planning stages;
- ▶ Enquiry of management about risks of fraud and the controls to address those risks;

- ▶ Understanding the oversight given by those charged with governance of management's processes over fraud;
- ▶ Consideration of the effectiveness of management's controls designed to address the risk of fraud;
- ▶ Determining an appropriate strategy to address any identified risks of fraud, and,
- ▶ Performing mandatory procedures regardless of specifically identified risks.

### 3. Value for money risks

We are required to consider whether the Council has put in place ‘proper arrangements’ to secure economy, efficiency and effectiveness on its use of resources.

For 2016-17 this is based on the overall evaluation criterion:

*“In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people”*

Proper arrangements are defined by statutory guidance issued by the National Audit Office. They comprise your arrangements to:

- Take informed decisions;
- Deploy resources in a sustainable manner; and
- Work with partners and other third parties.

In considering your proper arrangements, we will draw on the requirements of the CIPFA/SOLACE framework for local government to ensure that our assessment is made against a framework that you are already required to have in place and to report on through documents such as your annual governance statement.

We are only required to determine whether there are any risks that we consider significant, which the Code of Audit Practice defines as:

*“A matter is significant if, in the auditor’s professional view, it is reasonable to conclude that the matter would be of interest to the audited body or the wider public”*

Our risk assessment supports the planning of sufficient work to enable us to deliver a safe conclusion on arrangements to secure value for money and enables us to determine the nature and extent of further work that may be required. If we do not identify any significant risks there is no requirement to carry out further work.

Our risk assessment therefore considers both the potential financial impact of the issues we have identified, and also the likelihood that the issue will be of interest to local taxpayers, the Government and other stakeholders. The significant risk below has been identified from our initial risk assessment. Should we identify any further risks, we will notify the Audit Committee at the earliest opportunity.

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#### Sustainable resource deployment: Achievement of savings needed over the medium term

---

The impact of continuing reductions in funding from central government is particularly challenging for the Council. The Council’s medium-term financial strategy highlights the need to identify and deliver significant savings totalling £5.7 million over the three years from 2017/18.

The Council’s November 2016 MTFS identifies the use of reserves to bridge this gap over this period; this in addition to a budgeted to use reserves of £0.285 million in the 2016/17 financial year to achieve a balanced budget. The use of this level of reserves would reduce the Council’s working balance to nil by the end of 2018/19, and results in a negative projection after this date. The minimum level of working balance recommended by the Councils Finance Director is £2.2 million.

The Council recognises that this position is not financially sustainable and is currently considering a detailed medium and longer term strategy to reduce costs and generate income in order to bridge the significant funding gap. As part of this, the Council is considering a greater level of partnerships, collaboration and commercial development activities.

Our approach will focus on assessing :

- ▶ The adequacy of the Council’s budget setting and medium term financial planning process and the robustness of any assumptions
- ▶ The savings plans in place and under development and how the Council identifies and quality assures these plans to ensue delivery
- ▶ The Council’s developing approach to partnership working, collaboration and asset utilisation.

## 4. Our audit process and strategy

### 4.1 Objective and scope of our audit

Under the Code of Audit Practice our principal objectives are to review and report on the Council's:

- ▶ Financial statements
- ▶ Arrangements for securing economy, efficiency and effectiveness in its use of resources to the extent required by the relevant legislation and the requirements of the Code.

We issue an audit report that covers:

#### 1. Financial statement audit

Our objective is to form an opinion on the financial statements under International Standards on Auditing (UK and Ireland).

We report to you by exception in respect of your governance statement and other accompanying material as required, in accordance with relevant guidance prepared by the NAO on behalf of the Comptroller and Auditor General.

Alongside our audit report, we also:

- ▶ Review and report to the NAO on the Whole of Government Accounts return to the extent and in the form they require;
- #### 2. Arrangements for securing economy, efficiency and effectiveness (value for money)

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources.

### 4.2 Audit process overview

#### Processes

We plan to undertake a fully substantive audit for 2016/17. We believe this to be the most efficient approach to gaining assurance over the Council's financial statements. Although we are not intending to rely on the control processes established within individual systems, the overarching control arrangements established by the Council form part of our assessment of your overall control environment and will form part of the evidence for your Annual Governance Statement. We will review the work completed by internal audit as part of this element of our work.

#### Analytics

We will use our computer-based analytics tools to enable us to capture whole populations of your financial data, in particular journal entries. These tools:

- ▶ Help identify specific exceptions and anomalies which can then be subject to more traditional substantive audit tests
- ▶ Give greater likelihood of identifying errors than random sampling techniques.

#### Internal audit

As in prior years, we will review internal audit plans and the results of their work. We will reflect the findings from these reports, together with reports from any other work completed in

the year, in our detailed audit results report, where they raise issues that could have an impact on the year-end financial statements.

### Use of specialists

When auditing key judgements, we are often required to rely on the input and advice provided by specialists who have qualifications and expertise not possessed by the core audit team. The areas where either EY or third party specialists provide input for the current year audit are:

Area	Specialists
Pensions	Management's expert (Barnett Waddingham LLP) Auditor specialist – EY Pensions Advisory group will review the work commissioned by the NAO for local government and fire pension funds
Property valuation	Management's expert (valuer)
Non domestic rates appeals provision	Management's expert (Analyse Local)

In accordance with Auditing Standards, we will evaluate each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.

We also consider the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area. For example, we would typically perform the following procedures:

- ▶ Analyse source data and make inquiries as to the procedures used by the expert to establish whether the source data is relevant and reliable;
- ▶ Assess the reasonableness of the assumptions and methods used;
- ▶ Consider the appropriateness of the timing of when the specialist carried out the work; and
- ▶ Assess whether the substance of the specialist's findings are properly reflected in the financial statements.

## 4.3 Mandatory audit procedures required by auditing standards and the Code

As well as the financial statement risks (section two) and value for money risks (section three), we must perform other procedures as required by auditing, ethical and independence standards, the Code and other regulations. We outline below the procedures we will undertake during the course of our audit.

### Procedures required by standards

- ▶ Addressing the risk of fraud and error;
- ▶ Significant disclosures included in the financial statements;
- ▶ Entity-wide controls;
- ▶ Reading other information contained in the financial statements and reporting whether it is inconsistent with our understanding and the financial statements;
- ▶ Auditor independence.

### **Procedures required by the Code**

- ▶ Reviewing, and reporting on as appropriate, other information published with the financial statements, including the Annual Governance Statement and the Remuneration and Narrative Report.
- ▶ Reviewing and reporting on the Whole of Government Accounts return, in line with the instructions issued by the NAO.

Finally, we are also required to discharge our statutory duties and responsibilities as established by the Local Audit and Accountability Act 2014 and Code of Audit Practice.

## **4.4 Materiality**

For the purposes of determining whether the financial statements are free from material error, we define materiality as the magnitude of an omission or misstatement that, individually or in aggregate, could reasonably be expected to influence the users of the financial statements. Our evaluation requires professional judgement and so takes into account qualitative as well as quantitative considerations implied in the definition.

We have determined that overall materiality for the financial statements of the Council is £976k based on 2% of gross revenue expenditure. We will communicate uncorrected audit misstatements greater than £48k to you.

The amount we consider material at the end of the audit may differ from our initial determination. At this stage, however, it is not feasible to anticipate all the circumstances that might ultimately influence our judgement. At the end of the audit we will form our final opinion by reference to all matters that could be significant to users of the financial statements, including the total effect of any audit misstatements, and our evaluation of materiality at that date.

## **4.5 Fees**

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Communities and Local Government. PSAA has published a scale fee for all relevant bodies. This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the NAO Code. The indicative fee scale for the audit of Brentwood Borough Council is £68,006.

## **4.6 Your audit team**

The engagement team is led by Debbie Hanson, who has significant experience on Brentwood Borough Council. Debbie is supported by Pamela Hillie who is responsible for the day-to-day direction of audit work and is the key point of contact for the Finance Director and key accountancy personnel.

## **4.7 Timetable of communication, deliverables and insights**

We have set out below a timetable showing the key stages of the audit, including the value for money work and the Whole of Government Accounts. The timetable includes the deliverables we have agreed to provide to the Council through the Audit Committee's cycle in 2016/17. These dates are determined to ensure our alignment with PSAA's rolling calendar of deadlines.

From time to time matters may arise that require immediate communication with the Audit Committee and we will discuss them with the Chair as appropriate.

Following the conclusion of our audit we will prepare an Annual Audit Letter to communicate the key issues arising from our work to the Council and external stakeholders, including members of the public.



<b>Audit phase</b>	<b>Timetable</b>	<b>Audit Committee timetable</b>	<b>Deliverables</b>
High level planning	<b>April 2016</b>		Audit Fee Letter
Risk assessment and setting of scopes	<b>March 2017</b>	<b>13 March 2017</b>	Audit Plan
Early substantive testing	<b>March 2017</b>		
Year-end audit	<b>June 2017</b>		
Completion of audit	<b>July 2017</b>	<b>July 2017</b>	Report to those charged with governance via the Audit Results Report Audit report, including our opinion on the financial statements and overall value for money conclusion Audit completion certificate Reporting to the NAO on the Whole of Government Accounts return
Conclusion of reporting	<b>August 2017</b>	<b>TBC</b>	Annual Audit Letter

In addition to the above formal reporting and deliverables we will seek to provide practical business insights and updates on regulatory matters.

## 5. Independence

### 5.1 Introduction

The APB Ethical Standards and ISA (UK and Ireland) 260 ‘Communication of audit matters with those charged with governance’, requires us to communicate with you on a timely basis on all significant facts and matters that bear on our independence and objectivity. The Ethical Standards, as revised in December 2010, require that we do this formally both at the planning stage and at the conclusion of the audit, as well as during the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications	
Planning stage	Final stage
<ul style="list-style-type: none"> <li>▶ The principal threats, if any, to objectivity and independence identified by EY including consideration of all relationships between you, your affiliates and directors and us;</li> <li>▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality Review;</li> <li>▶ The overall assessment of threats and safeguards;</li> <li>▶ Information about the general policies and process within EY to maintain objectivity and independence.</li> </ul>	<ul style="list-style-type: none"> <li>▶ A written disclosure of relationships (including the provision of non-audit services) that bear on our objectivity and independence, the threats to our independence that these create, any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;</li> <li>▶ Details of non-audit services provided and the fees charged in relation thereto;</li> <li>▶ Written confirmation that we are independent;</li> <li>▶ Details of any inconsistencies between APB Ethical Standards, the PSAA Terms of Appointment and your policy for the supply of non-audit services by EY and any apparent breach of that policy; and</li> <li>▶ An opportunity to discuss auditor independence issues.</li> </ul>

During the course of the audit we must also communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of our safeguards, for example when accepting an engagement to provide non-audit services.

We also provide information on any contingent fee arrangements, the amounts of any future contracted services, and details of any written proposal to provide non-audit services;

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period are disclosed, analysed in appropriate categories.

### 5.2 Relationships, services and related threats and safeguards

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including any principal threats. However we have adopted the safeguards below to mitigate these threats along with the reasons why they are considered to be effective.

#### ***Self-interest threats***

A self-interest threat arises when EY has financial or other interests in your entity. Examples include where we have an investment in your entity; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with the Council.

At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake permissible non-audit services, and we will comply with the policies that the Council has approved and that are in compliance with PSAA Terms of Appointment.

We have been requested to provide an independent reporting accountant's reasonable assurance report in respect of the housing pooling return to the Department of Communities and Local Government for 2016/17. The fee for this estimated at approximately £3,000 plus VAT and therefore the percentage of non-audit fees to audit fees is approximately 4.4%. On this basis, we do not consider that any additional safeguards are required to maintain the independence of our engagement team.

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to the Council. We confirm that no member of our audit engagement team, including those from other service lines, is in this position, in compliance with Ethical Standard 4.

There are no other self-interest threats at the date of this report.

#### ***Self-review threats***

Self-review threats arise when the results of a non-audit service performed by EY or others within the EY network are reflected in the amounts included or disclosed in the financial statements.

There are no other self-review threats at the date of this report.

#### ***Management threats***

Partners and employees of EY are prohibited from taking decisions on behalf of management of your entity. Management threats may also arise during the provision of a non-audit service where management is required to make judgements or decisions based on that work.

There are no management threats at the date of this report.

#### ***Other threats***

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

#### ***Overall Assessment***

Overall we consider that the adopted safeguards appropriately mitigate the principal threats identified, and we therefore confirm that EY is independent and the objectivity and independence of Debbie Hanson, the audit engagement Director and the audit engagement team have not been compromised.

### **5.3 Other required communications**

EY has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes within EY for maintaining objectivity and independence can be found in our annual Transparency Report, which the firm is required to publish by law. The most recent version of this report is for the year ended June 2016 and can be found here:

<http://www.ey.com/uk/en/about-us/ey-uk-transparency-report-2016>

## Appendix A Fees

A breakdown of our agreed fee is shown below.

	Planned Fee 2016/17 £	Scale fee 2016/17 £	Outturn fee 2015/16 £	Explanation
Opinion audit and VFM conclusion	68,006	68,006	68,006	See Note 1
<b>Total Audit Fee – Code work</b>	<b>68,006</b>	<b>68,006</b>	<b>68,006</b>	
Certification of claims and returns	28,565	28,565	18,070	See Note 2
Non-audit work	3,000	3,000	3,175	

*All fees exclude VAT.*

Note 1: The 2015/16 outturn fee included a scale fee variation of £11,971 which was agreed with management and has been agreed with Public Sector Audit Appointments (PSAA) (with the exception of £4,022 of this where we are still waiting for confirmation from PSAA). The fee related to the additional costs related to the work of dealing with a whistleblower complaint (£4,074), as well as additional work required to audit the financial statements (£7,897). The additional fee for the financial statements was as a result of the late delivery of working papers, the change in revenue system during the year which resulted in the need to audit both systems, as well as the additional work to gain assurance over the material accuracy of the amended housing benefit subsidy income figure and associated provision in the financial statements. The subsidy figure increased by over £0.87 million from the figure in the draft accounts presented for audit and significant audit work had to be undertaken to gain assurance that this figure and the associated provision included in the accounts was not materially misstated.

Note 2: A number of issues arose during the course of our certification work, largely as a result of the implementation of a new housing benefit system in February 2016, which required us to undertake additional work on the audit of the claim. This additional work falls outside the scope of the indicative fee set by the PSAA. We are currently in the process of agreeing an additional fee for this work with Council officers. Once agreed with the Council, this additional fee will need to be approved by the PSAA.

The agreed fee for 2016/17 presented above is based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment.

If any of the above assumptions prove to be unfounded, we will seek a variation to the agreed fee. This will be discussed with the Council in advance.

Fees for the auditor's consideration of correspondence from the public and formal objections will be charged in addition to the scale fee.

## Appendix B UK required communications with those charged with governance

There are certain communications that we must provide to the Audit Committee. These are detailed here:

Required communication	Reference
<p><b>Planning and audit approach</b> Communication of the planned scope and timing of the audit including any limitations.</p>	▶ Audit Plan
<p><b>Significant findings from the audit</b></p> <ul style="list-style-type: none"> <li>▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures</li> <li>▶ Significant difficulties, if any, encountered during the audit</li> <li>▶ Significant matters, if any, arising from the audit that were discussed with management</li> <li>▶ Written representations that we are seeking</li> <li>▶ Expected modifications to the audit report</li> <li>▶ Other matters if any, significant to the oversight of the financial reporting process</li> </ul>	▶ Report to those charged with governance
<p><b>Misstatements</b></p> <ul style="list-style-type: none"> <li>▶ Uncorrected misstatements and their effect on our audit opinion</li> <li>▶ The effect of uncorrected misstatements related to prior periods</li> <li>▶ A request that any uncorrected misstatement be corrected</li> <li>▶ In writing, corrected misstatements that are significant</li> </ul>	▶ Report to those charged with governance
<p><b>Fraud</b></p> <ul style="list-style-type: none"> <li>▶ Enquiries of the Audit Committee to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity</li> <li>▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist</li> <li>▶ A discussion of any other matters related to fraud</li> </ul>	▶ Report to those charged with governance
<p><b>Related parties</b> Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> <li>▶ Non-disclosure by management</li> <li>▶ Inappropriate authorisation and approval of transactions</li> <li>▶ Disagreement over disclosures</li> <li>▶ Non-compliance with laws and regulations</li> <li>▶ Difficulty in identifying the party that ultimately controls the entity</li> </ul>	▶ Report to those charged with governance
<p><b>External confirmations</b></p> <ul style="list-style-type: none"> <li>▶ Management's refusal for us to request confirmations</li> <li>▶ Inability to obtain relevant and reliable audit evidence from other procedures</li> </ul>	▶ Report to those charged with governance
<p><b>Consideration of laws and regulations</b></p> <ul style="list-style-type: none"> <li>▶ Audit findings regarding non-compliance where the non-compliance is material and believed to be intentional. This communication is subject to compliance with legislation on tipping off</li> <li>▶ Enquiry of the Audit Committee into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Audit Committee may be aware of</li> </ul>	▶ Report to those charged with governance

Required communication	Reference
<p><b>Independence</b></p> <p>Communication of all significant facts and matters that bear on EY’s objectivity and independence</p> <p>Communication of key elements of the audit engagement director’s consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> <li>▶ The principal threats</li> <li>▶ Safeguards adopted and their effectiveness</li> <li>▶ An overall assessment of threats and safeguards</li> <li>▶ Information about the general policies and process within the firm to maintain objectivity and independence</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Going concern</b></p> <p>Events or conditions identified that may cast significant doubt on the entity’s ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> <li>▶ Whether the events or conditions constitute a material uncertainty</li> <li>▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements</li> <li>▶ The adequacy of related disclosures in the financial statements</li> </ul>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Significant deficiencies in internal controls identified during the audit</b></p>	<ul style="list-style-type: none"> <li>▶ Report to those charged with governance</li> </ul>
<p><b>Fee Information</b></p> <ul style="list-style-type: none"> <li>▶ Breakdown of fee information at the agreement of the initial audit plan</li> <li>▶ Breakdown of fee information at the completion of the audit</li> </ul>	<ul style="list-style-type: none"> <li>▶ Audit Plan</li> <li>▶ Report to those charged with governance</li> <li>▶ Annual Audit Letter if considered necessary</li> </ul>
<p><b>Certification work</b></p> <ul style="list-style-type: none"> <li>▶ Summary of certification work undertaken</li> </ul>	<p>Annual Report to those charged with governance summarising grant certification, and Annual Audit Letter if considered necessary</p>

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**13 March 2017**

## **Audit, Scrutiny and Transformation Committee**

### **Internal Audit Progress Report**

**Report of:** *Greg Rubins – Head of Internal Audit*

**Wards Affected:** *All*

**This report is:** *This report is public*

#### **1. Executive Summary**

1.1 This report details the progress to date against the 2016/17 internal audit plan that was agreed with in the Audit and Scrutiny Committee in March 2016.

1.2 The full reports are available on request.

#### **2. Recommendation(s)**

**2.1 To receive and note the contents of the reports.**

#### **3. Introduction and Background**

3.1 The Audit and Scrutiny Committee approved the 2016/17 annual audit plan on 7 March 2016. The progress against this plan is reported at every Audit, Scrutiny and Transformation Committee.

#### **4. Issue, Options and Analysis of Options**

4.1 Not applicable.

#### **5. Reasons for Recommendation**

5.1 To monitor the progress of work against the internal audit plan.

#### **6. Consultation**

6.1 Not applicable.

## **7. References to Corporate Plan**

- 7.1 Good financial management underpins all priorities within the Corporate Plan.

## **8. Implications**

### **Financial Implications**

**Name & Title: Ramesh Prashar, Financial Services Manager**

**Tel & Email: 01277 312513 / ramesh.prashar@brentwood.gov.uk**

- 8.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services and Monitoring Officer**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

- 8.2 There are no direct legal implications arising from this report

## **9. Appendices to this report**

Appendix A – Internal Audit Progress Report

### **Report Author Contact Details:**

**Name:** Greg Rubins  
**Telephone:** 023 8088 1892  
**E-mail:** greg.rubins@bdo.co.uk



# Brentwood Borough Council

## INTERNAL AUDIT PROGRESS REPORT

February 2017

Page 49



Appendix A

# CONTENTS

Introduction	3
Progress against 2016/17 internal audit plan since previous Committee	4
Progress against 2016/17 internal audit plan	5
Appendices:	
I: Definitions of assurance	8
II: Executive Summary - Risk Management	9

# INTRODUCTION

## Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2016/17 internal audit plan which was approved by this Committee in March 2016. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

## Internal Audit Methodology

Our methodology is based on four assurance levels in respect of our overall conclusion as to the design and operational effectiveness of controls within the system reviewed. The assurance levels are set out in section 2 of this report, and are based on us giving either "substantial", "moderate", "limited" or "no". The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment.

## Work outside of the Internal Audit Plan

No additional work has taken place.

## Overview of 2016/17 work to date

See page 4 for details of the audits completed since the previous Audit and Scrutiny Committee.

The 2016/17 work is progressing in line with expectations.

# PROGRESS SINCE SEPTEMBER 2016 AUDIT AND SCRUTINY COMMITTEE

Area	No. of days	Head of Service Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Risk Management and Governance	10	Sue White	Moderate	Moderate		4		Appendix II

# PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Environment and Housing</b>					
<b>Housing</b>	20	Q4	Work in progress		
	20				
<b>Community and Health</b>					
<b>No 2016/17 audits</b>					
	0				
<b>Economic Development</b>					
<b>Capital projects</b>	0	Q3	Removed from plan at request of Council and replaced with Housing Benefit Subsidy review.		
	0				
<b>Planning and Licensing</b>					
<b>Local Development Plan</b>	15	Q4	Draft report		
<b>Licensing</b>	20	Q2	Final	Moderate	Moderate
	35				

# PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Transformation</b>					
<b>Financial systems</b>	40	Q4	Work in progress		
<b>Risk Management and Governance</b>	10	Q4	Final	Moderate	Moderate
<b>Customer Services</b>	10	Q3			
<b>Commercialisation and cost savings</b>	30	Q2	Final	N/A	N/A
<b>Policy review</b>	10	Q1	Final	Substantial	Moderate
<b>Contract Management and Procurement</b>	20	Q2	Final	Moderate	Limited
<b>Cyber Security</b>	15	Q3	Deferred at request of management		
<b>IT Security and Governance</b>	20	Q3	Deferred at request of management		
<b>Housing Benefit Subsidy</b>	15	Q3	Work in progress - awaiting further information from management		
<b>Counter Fraud **</b>	20	On-going	On-going		
	175				

Page 54

\*\* - delivery of awareness training

# PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Planning, Reporting, Follow-up and Contingency</b>					
<b>Planning/ liaison/ management</b>	20	Ongoing arrangement of audits and liaison with management			
<b>Recommendation follow up</b>	10	Work in progress			
<b>Contingency (additional audits to be agreed with the Finance Director)</b>	25				
<b>Total</b>	<b>55</b>				
<b>Total</b>	<b>300</b>				

# APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
<b>High</b>	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
<b>Medium</b>	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
<b>Low</b>	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.



# APPENDIX II - RISK MANAGEMENT

LEVEL OF ASSURANCE (SEE APPENDIX V FOR DEFINITIONS)		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX IV)	
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	High	0
Effectiveness	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Medium	4
		Low	
		Total number of recommendations: 4	

## OVERVIEW

### Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Risk Management.

The Council is required to effectively manage the organisational risks that it faces to ensure that the strategic objectives in the Corporate Plan are achieved. A well developed Risk Register (including both strategic and operational risks) is an important tool for identifying key risks to the Council and how these will be managed within the organisation’s overall risk appetite.

The Council has been making use of a Strategic Risk Management Consultant from Zurich to obtain strategic risk management support as part of their risk improvement activities. An action plan is in place to address the findings from this review.

### Good Practice

- The Council makes use of a risk management consultant from Zurich who provides those Council staff with specific risk management responsibilities comprehensive training on how to effectively engage with risk management.
- The Council has a comprehensive Insurance and Risk Management Strategy and Risk Management Handbook which provides staff with guidance on a wide range of the Council’s risk management procedures.
- The Risk and Insurance Officer engages well with risk owners and other responsible individuals within departments to facilitate engagement with the Council’s risk management procedures and to assist with ongoing maintenance of the Council’s risk registers.
- Links are now being made between risks in the risk registers and the Council’s strategic and operational goals.

Page 57

# APPENDIX II - RISK MANAGEMENT

## OVERVIEW

### Key Findings

- The Strategic Risk Register summary sheet that is reported to the Audit & Scrutiny Committee could be improved to provide increased clarity to Members about what the risks are and how they are being managed. (Finding 1 - Medium)
- The training provided by the risk management consultant from Zurich should be distributed to a wider audience within the Council to ensure everyone who could benefit from this training has the opportunity to attend a session. (Finding 2 - Medium)
- A number of concerns have been identified with the Council's operational risk registers including the following:
  - A lack of target scores for risks to be mitigated down to
  - Inadequately detailed descriptions of risks
  - A lack of identified controls where risks have not been accepted at the current level
  - Inadequately detailed descriptions of controls (Finding 3 - Medium)
- The risk management policies and procedures do not assign an appropriate level of responsibility for managing risks within the Council's individual departments. (Finding 4 - Medium)
- We have followed up recommendations from the May 2016 audit and we noted that 3 out of 6 recommendations were not fully implemented as of this audit fieldwork date. These are reflected in the findings above.

### Conclusion

Overall we have raised 4 findings and recommendations relating to the Council's arrangements for risk management, all at medium level. Our review found that despite the improvements made since the last review, there is still some scope for improving the Council's risk management controls, but that there were no major instances of non compliance with the current controls. Therefore we have provided a final assessment of moderate assurance over both the control design and the control effectiveness.

The proposal contained in this document is made by BDO LLP ("BDO") and is in all respects subject to the negotiation, agreement and signing of a specific contract. It contains information that is commercially sensitive to BDO, which is being disclosed to you in confidence and is not to be disclosed to any third party without the written consent of BDO. Client names and statistics quoted in this proposal include clients of BDO and BDO International.

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**13 March 2017**

**Audit, Scrutiny and Transformation Committee**

**Internal Audit Plan 2017/18**

**Report of:** *Greg Rubins – Head of Internal Audit (BDO)*

**Wards Affected:** *All*

**This report is:** *This report is public*

**1. Executive Summary**

1.1 This report outlines the Internal Audit Operational Plan for 2017/18.

**2. Recommendation(s)**

**2.1 That the Committee approves the Internal Audit Operational Plan for 2017/18.**

**3. Introduction and Background**

3.1 BDO are the appointed Internal Auditor's for the Council from 2014/15.

**4. Issue, Options and Analysis of Options**

4.1 The Internal Audit Operational Plan sets out the proposed work to be undertaken and is attached as Appendix A to this report.

**5. Reasons for Recommendation**

5.1 To approve the work programme for Internal Audit Operational Plan for 2017/18.

**6. Consultation**

6.1 N/A

**7. References to Corporate Plan**

7.1 Good financial management underpins all priorities within the Corporate Plan.

## **8. Implications**

### **Financial Implications**

**Name & Title: Ramesh Prashar, Financial Services Manager**

**Tel & Email: 01277 312513 / ramesh.prashar@brentwood.gov.uk**

8.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services and Monitoring Officer**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

8.2 There are no direct legal implications arising from this report

## **9. Appendices to this report**

Appendix A – Internal Audit Operational Plan 2017/18

### **Report Author Contact Details:**

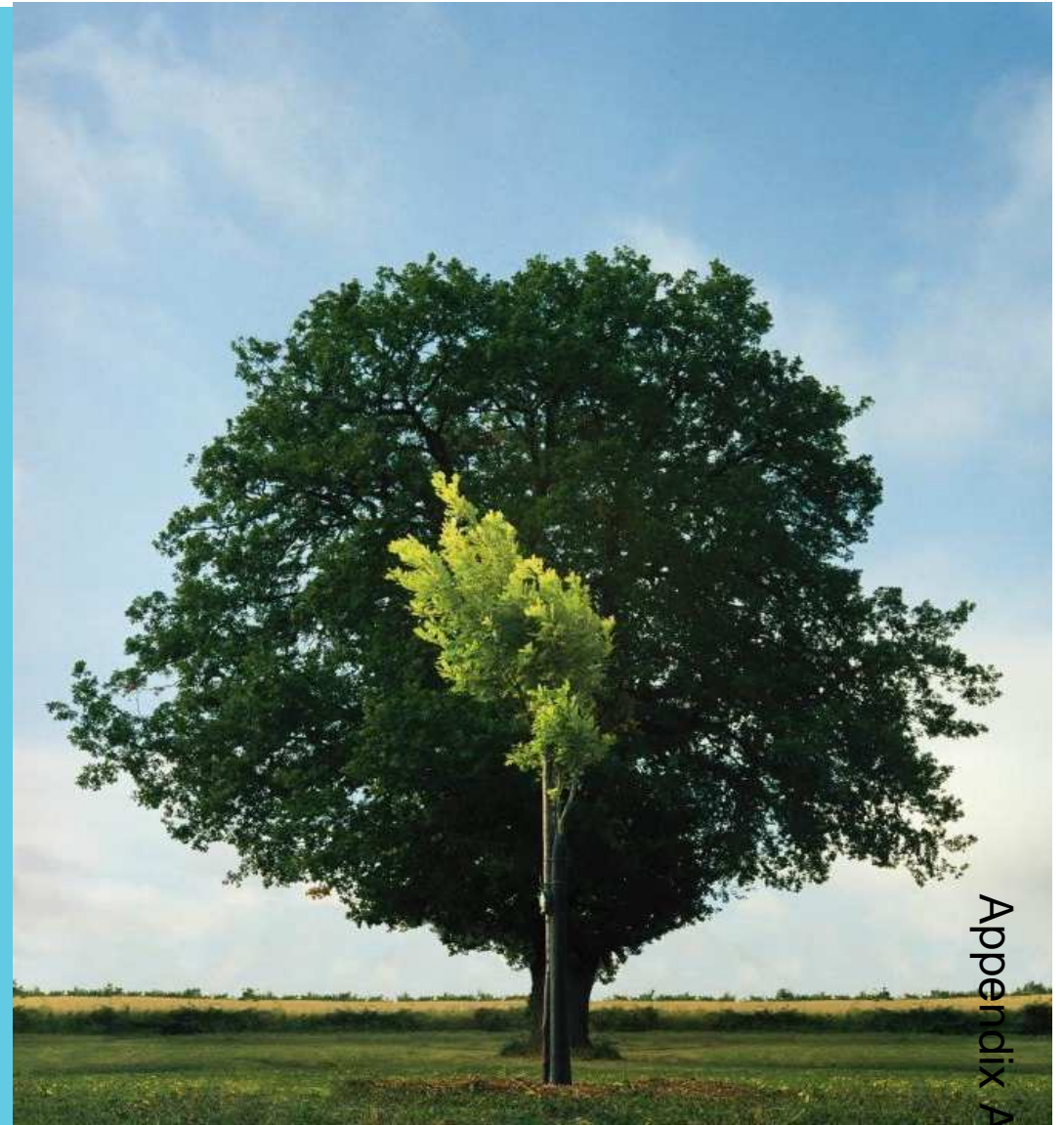
**Name:** Greg Rubins - BDO  
**Telephone:** 023 8088 1892  
**E-mail:** greg.rubins@bdo.co.uk

# Brentwood Borough Council

## INTERNAL AUDIT PLAN

### 2017- 2018 OPERATIONAL PLAN

Page 63



Appendix A

# CONTENTS

Internal audit approach	3
Audit risk assessment	4
Proposed resources and outputs	5
Indicative Internal Audit Operational Plan 2017-18	6

## Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.



# INTERNAL AUDIT APPROACH

## Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach, as set out in the Firm's Internal Audit Manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular, CIPFA Internal Audit Standards and Public Sector Internal Audit Standards.

## Internal Audit at Brentwood Borough Council

We have been appointed as internal auditors to Brentwood Borough Council (the 'Council') to provide the s151 officer, the Audit and Scrutiny Committee, the Head of Paid Service and other Heads of Service with assurance on the adequacy of internal control arrangements, including risk management and governance.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at the Council will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

In producing the internal audit plan for 2017-18 we have sought to further clarify our initial understanding of the business of Brentwood Borough Council together with its risk profile in the context of:

- The overall business strategy and objectives of the Council
- The key areas where management wish to monitor performance and the manner in which performance is measured
- The financial and non-financial measurements and indicators of such performance
- The information required to 'run the business'
- The key challenges facing the Council.

# AUDIT RISK ASSESSMENT

## Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the Council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects Brentwood Borough Council's current risk profile.

## Individual audits

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

In determining the timing of our individual audits we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff.

## Variations to the Plan

Significant variations to the plan arising from our reviews, changes to the Council's risk profile or due to management requests will be discussed in the first instance with the s151 officer and approved by the Audit and Scrutiny Committee before any variation is confirmed.

## Planned approach to creating the internal audit operational plan for 2017-18

The indicative Internal Audit programme for 2017-18 is shown from page 6 onwards . We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period. We will complete a Strategic Internal Audit Plan at a later date.



# PROPOSED RESOURCES AND OUTPUTS

## Staffing

The core team that will be delivering the programme to you is shown below:

Name	Grade	Telephone	Email
Greg Rubins	Partner	07710703441	<a href="mailto:Greg.Rubins@bdo.co.uk">Greg.Rubins@bdo.co.uk</a>
Andrew Barnes	Senior Audit Manager	07912040848	<a href="mailto:Andrew.Barnes@bdo.co.uk">Andrew.Barnes@bdo.co.uk</a>
Angela Mason-Bell	Audit Manager	07813000319	<a href="mailto:Angela.Mason-Bell@bdo.co.uk">Angela.Mason-Bell@bdo.co.uk</a>
Angela Mitchell	Senior Auditor	07583180623	<a href="mailto:Anglea.Mitchell@bdo.co.uk">Anglea.Mitchell@bdo.co.uk</a>

The core team will be supported by specialists from our national Risk and Advisory Services Team and wider firm as and when required.

Our indicative staff mix to deliver the programme for 2017/18 is shown below:

Grade	Annual days	Grade Mix (%)
Partner	29	10
Audit Manager	58	20
Team Leader	58	20
Auditors (including Qualified) & Specialist Staff	140	50
Total	285	100

## Reporting to the Audit and Scrutiny Committee

We will submit the indicative Internal Audit Plan for discussion and approval by the Audit, Scrutiny and Transformation Committee in March 2016. We will liaise with the Executive Directors and other senior officers as appropriate to ensure that internal audit reports summarising the results of our visits are presented to the appropriate Audit, Scrutiny and Transformation Committee meeting.

Following completion of the Internal Audit programme each year we will produce an Internal Audit Annual Report summarising our key findings and evaluating our performance in accordance with agreed service requirements.

# INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN

We have detailed below our indicative operational audit plan, this covers some of the areas that we think will be important to you over the duration of the contract.

Area	2017/18	Risk Register Reference	Timing	Description of the Review
<b>Transformation</b>				
<b>Main Financial Systems</b>	40	Risk1	Qtr 4	Detailed review to include GL controls, system interfaces, journals etc as well as cyclical audits of debtors, creditors , payroll, budgetary control, treasury management, council tax and NNDR.
<b>Risk Management and Governance Arrangements</b>	10	All risks	Qtr 4	Review the process in place for risk management, including risk appetite, identification, mitigation .
<b>Housing Benefits - shared service</b>	10	Risk 1, 11	Qtr 3	Follow up review of the performance and operation of the shared service arrangement for delivering Housing Benefits, covering key controls around the processes in place for Housing Benefit payments.
<b>Financial planning and budget monitoring</b>	15	Risk 1	Qtr 1	A review focussing upon the adequacy and effectiveness of the monitoring of the continuing validity of the assumptions on which income and savings underpinning the medium and long term financial plans for the council are based such that anticipated income is being generated and cost savings are being met.
<b>Customer service</b>	10	Risk 1	Qtr 4	Review using specialists from our Advisory Team on the Council's progress with implementing the Customer Access Strategy.
<b>Minimum Reserve Level</b>	10	Risk 1	Qtr 1	Advisory review which will provide benchmarking information to support considerations of the Minimum Reserve Level.
<b>Insurance</b>	10	Risk 1	Qtr 2	Review of the Council's current insurance arrangements and whether these are adequate and appropriate for the Council's needs.
<b>Disaster recovery, business continuity &amp; IT Transformation</b>	25	Risk 3, 13	Qtr 4	Assurance on the Council's disaster recovery plans and preparedness to manage an IT outage or loss of business critical systems. This review will also include a follow up review of the arrangements in place for the delivery of the Council's IT Transformation Programme.
<b>Counter fraud</b>	20	All risks	On-going	Fraud risk management assessment and preventative measures, e.g. presentations and advice on fraud.
<b>Total</b>	<b>150</b>			

# INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Area	2017/18	Risk Register Reference	Timing	Description of the Review
<b>Community and Health</b>				
<b>Partnerships</b>	20	Risk 8	Qtr 3	Review the arrangements in place for the Council to effectively manage partnerships in place.
<b>Parking strategy &amp; Payment Collection</b>	20	Risk 1, 7	Qtr 4	Review to cover the proposed car parking strategy and the payment collection arrangements and processes at the car parks.
<b>Community Halls Viability</b>	15	Risk 1, 7	Qtr 1	Review using our specialist Advisory Team to consider the proposed Leisure Strategy including the possible adoption of the management of Community Halls.
<b>Total</b>	<b>55</b>			
<b>Environment and Housing</b>				
<b>Housing</b>	20	Risk 1, 12	Qtr 1	Review to focus on the management of housing stock, including the controls around maintaining the asset register, and the processes around the collection and recording of housing rents.
<b>Environment</b>	15		Qtr 2	Review to focus on arrangements in place for Street Cleansing, fly-tipping and enforcement.
<b>Total</b>	<b>35</b>			
<b>Economic Development</b>				
<b>Capital projects</b>	15	Risk 13	Qtr 3	Review of progress with current capital projects e.g. the Town Hall project.
<b>Total</b>	<b>15</b>			
<b>Planning and Licensing</b>				
<b>Planning and Licensing</b>	TBC	Risk 2		Area last reviewed in 2016/17. No review planned for 2017/18.
<b>Total</b>				

# INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Area	2017/18	Description of the Review
<b>Audit Management</b>		
<b>Follow Up Work</b>	10	Rolling programme of follow up, including testing of high and medium risk recommendations.
<b>Audit Management</b>	20	Planning, reporting, attendance at meetings.
<b>Contingency</b>	10	Time to allow increased scope and / or additional sample testing where further work is required.
<b>Total</b>	<b>40</b>	
<b>Grand Total</b>	<b>295</b>	

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**13 March 2017**

## **Audit and Scrutiny Committee**

### **Internal Audit Charter**

*Report of:* Greg Rubins – Head of Internal Audit (BDO)

*Wards Affected:* All

*This report is:* Public

#### **1. Executive Summary**

- 1.1 This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility. It also establishes internal audit's position within Brentwood Borough Council and defines the scope of internal audit activities.
- 1.2 The Charter was presented to the Committee in March 2016 and has been updated for 2017/18.

#### **2. Recommendation(s)**

- 2.1 That the Committee note and approve the Internal Audit Charter for 2017/18.**

#### **3. Introduction and Background**

- 3.1 BDO have been appointed as the Internal Auditor's for the Council from 2014/15. This Charter helps to define the purpose and responsibilities of internal audit.
- 3.2 The Charter was originally presented in 2014/15 and is required to be reviewed and updated on an annual basis.

#### **4. Issue, Options and Analysis of Options**

- 4.1 The Charter includes performance indicators and measures which will help to assess the efficiency and effectiveness of the internal audit function. Responsibility in achieving these lies with both internal audit and management.

4.2 This charter will be reviewed and approved annually by management and by the Audit Committee on behalf of the Council, including the agreement of the performance indicators.

## **5. Reasons for Recommendation**

5.1 This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility.

## **6. Consultation**

6.1 The Internal Audit Charter has been reviewed and agreed with the Heads of Service.

## **7. References to Corporate Plan**

7.1 Good financial management underpins all priorities within the Corporate Plan.

## **8. Implications**

### **Financial Implications**

**Name & Title: Ramesh Prashar, Financial Services Manager**

**Tel & Email: 01277 312513 / ramesh.prashar@brentwood.gov.uk**

8.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Head of Legal Services and Monitoring Officer**

**Tel & Email: 01277 312860 / daniel.toohey@brentwood.gov.uk**

8.2 There are no direct legal implications arising from this report

## **9. Appendices to this report**

Appendix A – Internal Audit Charter

### **Report Author Contact Details:**

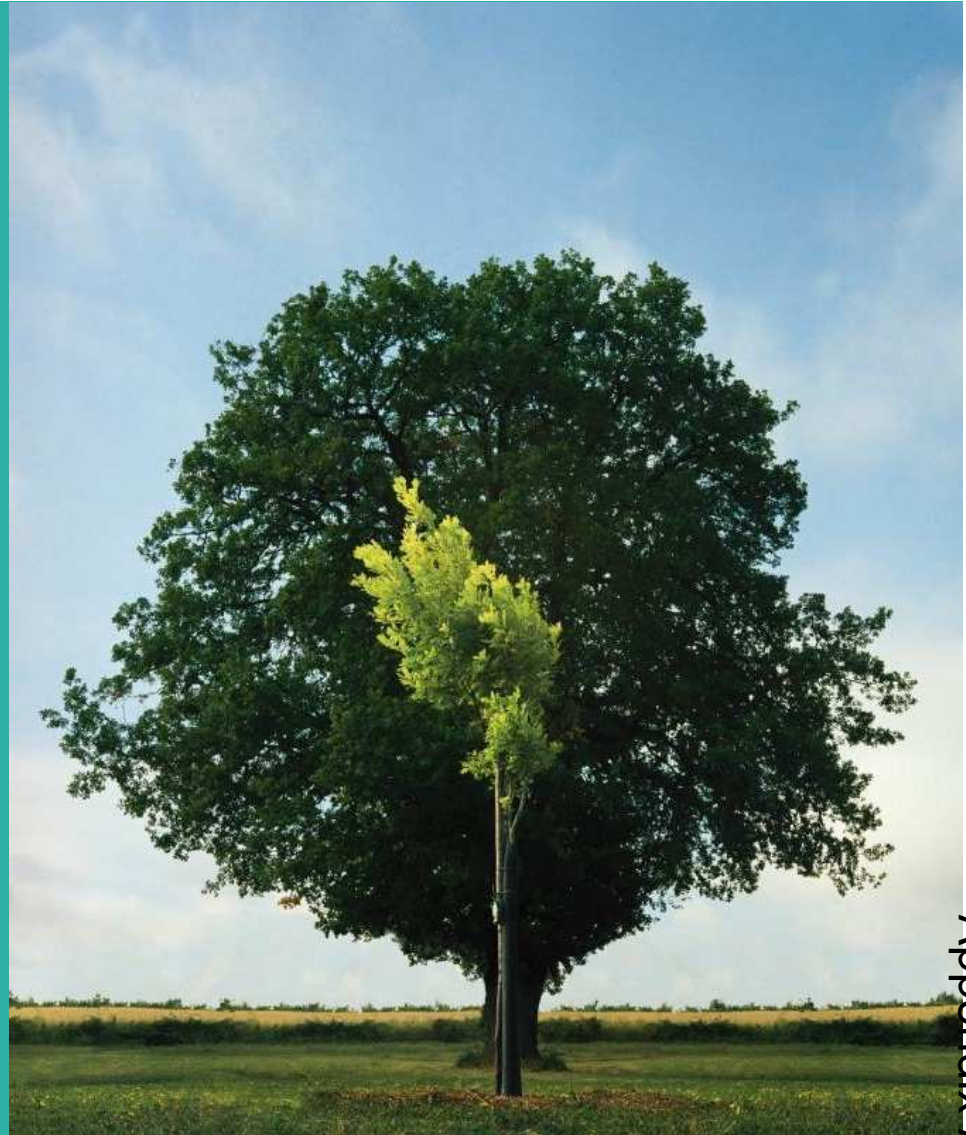
**Name:** Greg Rubins - BDO  
**Telephone:** 023 8088 1892  
**E-mail:** Greg.Rubins@bdo.co.uk

# BRENTWOOD BOROUGH COUNCIL

Internal Audit Charter

March 2017

Page 75



Appendix A



# THE INTERNAL AUDIT TEAM

**GREG RUBINS**

Engagement Partner and Head of  
Internal Audit

[Greg.rubins@bdo.co.uk](mailto:Greg.rubins@bdo.co.uk)

0238 088 1892



**ANDREW BARNES**

Audit Manager

[Andrew.barnes@bdo.co.uk](mailto:Andrew.barnes@bdo.co.uk)

01473 320745



**Angela Mitchell**

Senior Auditor

[Angela.Mitchell@bdo.co.uk](mailto:Angela.Mitchell@bdo.co.uk)

01473 320748



**RICKY SHAH**

Local Government Advisory

[Ricky.shah@bdo.co.uk](mailto:Ricky.shah@bdo.co.uk)

0203 219 4220



# Internal Audit Charter- Role and Scope of Internal Audit

## Purpose of this Charter

This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Brentwood Borough Council ('the Council') and defines the scope of internal audit activities. This charter shall be reviewed and approved annually by management and by the Audit and Scrutiny Committee on behalf of the Council.

## Internal audit's purpose

Internal audit provides an independent, objective assurance and consulting activity designed to add value and improve the Council's operations. It helps the Council accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide support to the s151 officer of the Council and to provide the Audit and Scrutiny Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in Internal Audit's role is that it supports the Council's management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

## Standards of internal audit practice

Internal audit will perform its work in accordance with PSIAS and the International Professional Practices Framework of the Chartered Institute of Internal Auditors. As required by PSIAS an external assessment of the service will be performed at least every five years.

## Internal audit's scope

The scope of internal audit activities includes all activities conducted by the Council. The Internal Audit Plan identifies those activities that have been identified as the subject of specific internal audit engagements.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

## Independence and internal audit's position within the Council

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit and Scrutiny Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Scrutiny Committee. The Head of Internal Audit reports administratively to the s151 officer who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not authorised to perform any operational duties for the Council.

# Internal audit charter - internal audit commitments

## Internal audit's commitments to the Council

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS
- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with Council staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council
- Reporting honestly on performance against targets to the Audit Committee.

## Internal audit performance measures and indicators

The tables below contain performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit. The Audit and Scrutiny Committee should approve the measures which will be reported to each meeting and / or annually as appropriate.

Table One: Performance measures for internal audit

Measure / Indicator
<p><b>Audit Coverage</b></p> <p>Annual Audit Plan delivered in line with timetable</p> <p>Actual days are in accordance with Annual Audit Plan</p>
<p><b>Relationships and customer satisfaction</b></p> <p>Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit</p> <p>Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%</p>
<p><b>Staffing and Training</b></p> <p>At least 60% input from qualified staff</p>
<p><b>Audit Reporting</b></p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting</p> <p>Finalise internal audit report 1 week after management responses to report are received.</p>
<p><b>Audit Quality</b></p> <p>Reliance on work by EY where appropriate</p> <p>Positive result from any external review</p>

# Internal audit charter - management and staff commitments

## Management and staff commitments to Internal Audit

The Council's management and staff commit to the following:

- Providing unrestricted access to all of the Council's records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit

## Management and staff performance measures and indicators

The following three indicators are proposed, subject to agreement by the Audit and Scrutiny Committee:

Table Two: Performance measures for management and staff

Measure / Indicator
<b><i>Response to Reports</i></b>  Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt
<b><i>Implementation of recommendations</i></b>  Audit sponsor to implement all audit recommendations within the agreed timeframe
<b><i>Co-operation with internal audit</i></b>  Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff

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**13 March 2017**

## **Audit & Scrutiny Committee**

### **Corporate Complaints Monitoring and Freedom of Information Requests**

**Report of:** *Steve Summers, Group Manager In-House Services*

**Wards Affected:** *None*

**This report is** *Public*

#### **1. Executive Summary**

1.1 This report is before Members to monitor and review the complaints received through the Council's formal complaints process and provide information on the number of Freedom of Information requests received during the period April 2016 to September 2016.

1.2 As agreed by the Audit & Scrutiny Committee a Members Working Group has been formed to consider and review Formal Complaints received under the Council's Formal Complaints Policy.

1.3 The Members Working Group met on the 16th February 2017 and consisted of the following Councillors, Pound, Poppy, Barrett and Chilvers. The Group agreed its Terms of Reference as set out below:

1. To consider in detail Formal Complaints received by the Council in 2016/17.

2. To consider how Formal Complaints are reported to the Audit & Scrutiny Committee in the future.

3. To make recommendations to the appropriate Audit & Scrutiny Committee.

1.4 At its first meeting the Working Group went through each of the 29 formal complaints that had been received in the period April to September 2016 and identified the following:

1. Noted that the Council had introduced a new Formal Complaints Policy and that it was not necessarily a negative matter to receive complaints as this could assist in reviewing services that are provided by the council.

2. That complaints were reported to the Councils Leadership Board both for performance management and also for learning and improvement in service delivery.
3. That there had been a reduction in the number of complaints received in the period April to September 2016 (29) as opposed to the overall total in 2015/16 (76)
4. Recognized that Housing and Planning received the most complaints due to the nature of the service they deliver to residents.
5. That the majority of Planning complaints in this period related to the processing of pre-applications, however this had now significantly improved.
6. That Housing complaints were mainly for voids and for repairs. The Working Group noted that the Housing Services were currently undertaking reviews of service delivery in both of these areas.
7. The Working Group also made suggestions as to how they would like the information presented in the future and would also consider how such complaints information could be presented at future Audit & Scrutiny Committee meetings.

## **2. Recommendation(s)**

**2.1 That the Committee agrees the complaints received and outcomes through the Council's formal complaints process during the period April 2016 to September 2016.**

**2.2 That the Committee agrees the number of Freedom of Information Requests received during the period April 2016 to September 2016.**

## **3. Introduction and Background – Corporate Complaints**

3.1 Following a review in 2015 of its complaints procedure the Council has introduced a three stage complaints process which is intended to improve on the previous procedure for customers to take issue with any perceived failure to provide a service, failure to respond to requests or failure to adhere to standards on the part of the Council and its officers.

3.2 The new process itself has three stages. In the first instance, the complaint is forwarded to the service Investigator for a meaningful and informed review. If the complainant is not satisfied with the response then it will be forwarded to the Head of Service for the department concerned to conduct a second stage investigation into the matter. If the complainant is not satisfied with the response from the Head of Services they can request a third stage investigation into the matter. At all stages,

the Council aims to respond fully following the investigation within 20 working days.

#### 4. Issue, Options and Analysis of Options

4.1 The number of previous complaints received is set out in the table below:

<b>Department</b>	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Assets	0	2	0
Housing	10	11	32
Planning	10	4	23
Revenue and Benefits	9	2	12
Streetscene & Environment	1	3	5
Governance	0	0	1
Legal	3	0	2
Health, Safety and Localism	0	1	1
<b>Total</b>	<b>33</b>	<b>23</b>	<b>76</b>

4.2 The table below shows the breakdown for the complaints received for the period April to September 2016.

<b>Department</b>	<b>Apr-Jun 16</b>	<b>Jul – Sep 16</b>
Housing Services	10	5
Legal	1	0
Planning Development Control	4	3
Revenue and Benefits	1	2
Streetscene	2	1
Contact Centre	0	0
Community Services	0	0
<b>Total</b>	<b>18</b>	<b>11</b>

4.3 The table below sets out the outcome of the complaints received in the period April to June 2016. Of the 18 complaints resolved, 2 were upheld, 6 were upheld in part and 10 were not upheld.

#### Apr – June 2016 (1<sup>st</sup> Quarter)

Department	Upheld	Upheld in Part	Not Upheld	Ongoing	Total
Housing	1	3	6	0	10
Legal	0	0	1	0	1
Planning Development Control	0	1	3	0	4
Revenue & Benefits	1	0	0	0	1
Streetscene	0	2	0	0	2
<b>Total</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>0</b>	<b>18</b>

4.4 The table below sets out the outcome of the complaints received in the period July to September 2016. Of the 11 complaints resolved, 1 was upheld, 2 were upheld in part and 8 were not upheld.

#### July – September 2016 (2<sup>nd</sup> Quarter)

Department	Upheld	Upheld in Part	Not Upheld	Ongoing	Total
Housing	1	1	3	0	5
Planning	0	0	3	0	3
Revenue & Benefits	0	0	2	0	2
Streetscene	0	1	0	0	1
<b>Total</b>	<b>1</b>	<b>2</b>	<b>8</b>	<b>0</b>	<b>11</b>

4.5 If the complainant remains dissatisfied following the Stage 3 response, it would be appropriate for them to approach the Local Government Ombudsman should they choose to do so.

## 5. Freedom of Information Requests

5.1 The Freedom of Information Act 2000 provides public access to information held by public authorities. It does this in two ways:

- Public authorities are obliged to publish certain information about their activities; and
- Members of the public are entitled to request information from public authorities.

Recorded information includes printed documents, computer files, letters, emails, photographs, and sound or video recordings. The Act does not cover access to individual's own personal data, such request need to be made under the Data protection Act 1998.

- 5.2 Set out in the table below is a breakdown by department of the number of Freedom of information Requests received in 2014/15, 2015/16 and for the period April to September 2016. This information is available for public viewing on the Council's website. The total number of requests received in 2012/13 was 432, 2013/14 was 661, 2014/15 was 622 and 2015/16 was 574.

<b>Department</b>	<b>2014/15</b>	<b>2015/16</b>	<b>2016 April to September</b>
Revenues and Benefits	164	134	54
ICT	31	34	11
Corporate Services	103	79	26
Environmental Health	73	93	41
Housing	49	69	19
Streetscene	86	50	15
Finance Services	47	54	21
Built Environment	44	45	25
Community Services	18	12	3
Democratic Services	7	4	2
<b>Total</b>	<b>622</b>	<b>574</b>	<b>217</b>

## **6. Reasons for Recommendation**

- 6.1 To ensure complaints are dealt with in a satisfactory manner and ensure processes and service delivery are regularly reviewed..

## **7. References to Corporate Plan**

- 7.1 A Corporate Complaints Policy enables the Council to better deliver its corporate objectives.

## **8. Implications**

### **Financial Implications**

**Name & Title: John Chance, Finance Director**  
**Tel & Email 01277 312712/john.chance@brentwood.gov.uk**

8.1 There are no direct financial implications arising from this report.

**Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer**

**Tel & Email: 01277 212743/daniel.toohey@brentwood.gov.uk**

8.2 None - although a robust complaints mechanism contributes towards good governance.

**9. Background Papers** (include their location and identify whether any are exempt or protected by copyright)

9.1 None.

**10. Appendices to this report**

8.1 None.

**Report Author Contact Details:**

**Name:** Steve Summers

**Telephone:** 01277 312629

**E-mail:** steve.summers@brentwood.gov.uk

**13 March 2017**

## **Audit and Scrutiny Committee**

### **Work Programme 2016/17**

**Report of:** *Phil Ruck, Chief Executive*

**Wards Affected:** *All*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 The work of the Audit and Scrutiny Committee will be delivered both by Members working in groups and through formal committee reports. The Audit and Scrutiny Committee will make recommendations to decision making committees and Council as necessary. Audit and Scrutiny Committee are invited to consider its 2016/17 work programme.

#### **2. Recommendation(s)**

- 2.1 That the Audit and Scrutiny amended work programme 2016/17 at appendix A be approved.**

#### **3. Introduction and Background**

- 3.1 Committee members are invited by the Chair and Vice-Chair to propose topics for inclusion on the work programme.
- 3.2 The Audit and Scrutiny Committee will have particular regard to the Budget, Corporate Plan, Forward Plan, Council policy and significant national issues. The Committee will also seek to include the scrutiny of external facing matters that are of significant interest to local communities.
- 3.3 The work programme of the Audit and Scrutiny Committee should not include management or staffing issues which are the responsibility of the Head of Paid Service.

#### **4. Issue, Options and Analysis of Options**

- 4.1 The Scrutiny function works best when the committee undertakes its work both in member groups and by receiving formal committee reports. It is proposed that in 2016/17, where possible, member working groups be set

up as Task and Finish Groups under the terms of reference of the Audit and Scrutiny Committee.

4.2 The advantages of this approach include:

- Task and Finish groups would provide a structure to make recommendations to the relevant committee which member working groups do not have currently.
- They would provide Audit and Scrutiny with a clear purpose, a robust work plan and appropriate officer support for its pre-scrutiny role; reports and information would be prepared by Officers.
- Consultation would be built into the policy making process ensuring robust policy development and would avoid delays at the end of the process from last minute call ins.
- A wider group of members would be included in any policy making.
- The decision making committee, or the Lead Officer in consultation with the Chair and Vice Chair, would request the Audit & Scrutiny Committee appoint a task and finish group, and would provide background information to the project and would make any suggestions about the terms of reference, process and timetable.
- Task and finish groups may be informal, they may invite interested parties to meetings and will submit reports directly to the Audit and Scrutiny Committee. The Audit and Scrutiny Committee will, if required, make recommendations to decision making committees.
- Membership for any task and finish group may be from across the whole Council, not just the Audit and Scrutiny Committee.

4.3 The amended work programme at Appendix A carries on the scrutiny tasks from the approved 2015/16 work programme of the Audit, Scrutiny and Transformation Committee.

## **5. Reasons for Recommendation**

5.1 The Constitution requires that the Audit and Scrutiny Committee agrees its work programme at each meeting of the Committee.

## **6. Consultation**

6.1 This report seeks to consult with the Audit and Scrutiny Committee on its work programme.



## **7. References to Corporate Plan**

- 7.1 The vision of Transformation includes an action to improve the Council's governance arrangements, leading to faster, more effective decision-making. An effective scrutiny function is an essential element of that priority.

## **8. Implications**

### **Financial Implications**

**Name & Title: John Chance, S151 Officer**

**Tel & Email: 01277 312542 / christopher.leslie@brentwood.gov.uk**

- 8.1 There are no direct financial implications arising from this report.

### **Legal Implications**

**Name & Title: Daniel Toohey, Monitoring Officer & Head of Legal Services**

**Tel & Email: 01277 312500 / daniel.toohey@brentwood.gov.uk**

- 8.2 There are no legal implications arising directly from this report.

## **9. Background Papers**

- 9.1 None

## **10. Appendices to this report**

Appendix A – Amended Work Programme 2016/17

### **Report Author Contact Details:**

**Name:** Phil Ruck, Chief Executive  
**Telephone:** 01277 312500  
**E-mail:** phil.ruck@brentwood.gov.uk

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Topic	Committee Date	Lead Members	Commentary (12.12.16)
Member/Officer Communications / Members Casework Cross Party Working Group	TBC	Councillors Reed Mynott Morrissey	Agreed: Cllrs Reed, Mynott and Morrissey to meet as appropriate on the new Members Casework software and report to the relevant Audit & Scrutiny Committee.
Hackney Carriage Fare Setting Process	TBC	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	<p>The Licensing Committee of 13 January 2015 recommended that a cross party Task and Finish Group be established in order to review the process for setting of tariffs in respect of Hackney Carriage fares. Once proposals from the taxi trade are received the review can commence.</p> <p>To date no firm proposals have been received.</p>
Formal Complaints received in 2016/17.	13 March 2017	Councillors Pound Farragher Poppy Chilvers Barrett	<p>The Working Group met on the 16th February to review the Formal Complaints received by the Council for the period April to September 2016.</p> <p>An update from the working group will be provided to the Audit &amp; Scrutiny Committee on the 13th March 2017.</p>
Review of outstanding Internal Audit Recommendations.	12 December 2016	Councillors Pound Middlehurst Wiles Keeble Mynott	<p>Meeting held on 23<sup>rd</sup> August 2016 and it was agreed that an update on the outstanding Internal Audit Recommendations will be given at the next meeting arranged for 27<sup>th</sup> October 2016.</p> <p>An update from the working group will be provided to the Audit &amp; Scrutiny Committee on the 12<sup>th</sup> December 2016.</p>

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## **Members Interests**

Members of the Council must declare any pecuniary or non-pecuniary interests and the nature of the interest at the beginning of an agenda item and that, on declaring a pecuniary interest, they are required to leave the Chamber.

- **What are pecuniary interests?**

A person's pecuniary interests are their business interests (for example their employment trade, profession, contracts, or any company with which they are associated) and wider financial interests they might have (for example trust funds, investments, and asset including land and property).

- **Do I have any disclosable pecuniary interests?**

You have a disclosable pecuniary interest if you, your spouse or civil partner, or a person you are living with as a spouse or civil partner have a disclosable pecuniary interest set out in the Council's Members' Code of Conduct.

- **What does having a disclosable pecuniary interest stop me doing?**

If you are present at a meeting of your council or authority, of its executive or any committee of the executive, or any committee, sub-committee, joint committee, or joint sub-committee of your authority, and you have a disclosable pecuniary interest relating to any business that is or will be considered at the meeting, you must not :

- participate in any discussion of the business at the meeting, of if you become aware of your disclosable pecuniary interest during the meeting participate further in any discussion of the business or,
- participate in any vote or further vote taken on the matter at the meeting.

These prohibitions apply to any form of participation, including speaking as a member of the public.

- **Other Pecuniary Interests**

Other Pecuniary Interests are also set out in the Members' Code of Conduct and apply only to you as a Member.

If you have an Other Pecuniary Interest in an item of business on the agenda then you must disclose that interest and withdraw from the room while that business is being considered

- **Non-Pecuniary Interests**

Non –pecuniary interests are set out in the Council's Code of Conduct and apply to you as a Member and also to relevant persons where the decision might reasonably be regarded as affecting their wellbeing.

A 'relevant person' is your spouse or civil partner, or a person you are living with as a spouse or civil partner

If you have a non-pecuniary interest in any business of the Authority and you are present at a meeting of the Authority at which the business is considered, you must disclose to that meeting the existence and nature of that interest whether or not such interest is registered on your Register of Interests or for which you have made a pending notification.

## **Audit, and Scrutiny Committee**

The Audit and Scrutiny Committee provides advice to the Council and the committees on the effectiveness of the arrangements for the proper administration of the Council's financial affairs, including all relevant strategies and plans, acts as the Council's Overview and Scrutiny Committee with all the powers under Part 3 of the Local Authorities (Committee System) (England) Regulations 2012, and discharges the functions under section 19 of the Police and Justice Act 2006 (local authority scrutiny of crime and disorder matters). Without prejudice to the generality of the above, the terms of reference include those matters set out below.

### Audit Activity

- (a) To approve the Annual Internal Audit risk based plan of work.
- (b) To consider the Head of Internal Audit's annual report and opinion, and a summary of Internal Audit activity and the level of assurance it can give over the Council's corporate governance, risk management and internal control arrangements.
- (c) To consider regular progress reports from Internal Audit on agreed recommendations not implemented within a reasonable timescale.
- (d) To consider the External Auditor's annual letter, relevant reports, and the report to those charged with governance.
- (e) To comment on the scope and depth of external audit work and to ensure it gives value for money.
- (f) To consider the arrangements for the appointment of the Council's Internal and External Auditors.

### Regulatory Framework

- 1) To maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and behaviour.
- 2) To review any issue referred to it by a Statutory Officer of the Council or any Council body.
- 3) To monitor the effective development and operation of risk management and corporate governance in the Council.
- 4) To monitor Council policies and strategies on  
Whistleblowing  
Money Laundering  
Anti-Fraud and Corruption

Insurance and Risk Management  
Emergency Planning  
Business Continuity

- 5) To monitor the corporate complaints process.
- 6) To consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.
- 7) To consider the Council's compliance with its own and other published standards and controls.

Accounts

- 1) To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.
- 2) To review the Council's Annual Governance Statement.
- 3) To consider the External Auditor's report to those charged with governance on issues arising from the audit of the accounts.

Scrutiny

- 1) To prepare the annual overview and scrutiny work programme taking into account items put forward by members and the Corporate Leadership Board ensuring that such items relate to the Council's functions and corporate priorities.
- 2) To propose 'place based' or local scrutiny for issues where a local investigative approach with a range of people or organisations is an appropriate way forward.
- 3) To manage scrutiny resources efficiently and effectively so that the outcomes of scrutiny are likely to lead to real improvements for the people of Brentwood.
- 4) To establish working groups (in line with agreed protocols) to undertake the work programme, including setting their terms of reference, the reporting arrangements, and to co-ordinate and review the work of the working groups.
- 5) To receive reports and other evidence from organisations, individuals and partnerships which the committee or working groups considers relevant to their work.
- 6) To review and/or scrutinise decisions made, or other action taken, in connection with the discharge of any functions of the Local Authority.



- 7) To deal with those issues raised through the 'Councillor Call for Action' scheme in line with agreed protocols and procedures.
- 8) To make reports or recommendations to the Local Authority, any committee or sub-committee of the Local Authority, any officer of the Local Authority, or any joint committee on which the Local Authority is represented or any sub-committee of such a committee, with respect to the discharge of any functions of the Local Authority
- 9) To review matters of local community concern including partnerships and services provided by 'other' organisations such as the National Health Service and Essex County Council.
- 10) To make reports or recommendations to the Local Authority, any committee or sub-committee of the Local Authority, any officer of the Local Authority, or any joint committee on which the Local Authority is represented or any sub-committee of such a committee, on matters which affect the Borough of Brentwood or the inhabitants of the Borough of Brentwood.
- 11) To review and/or scrutinise decisions made, or other action taken, in connection with the discharge by the responsible authorities of their crime and disorder functions
- 12) To make reports or recommendations to the Local Authority with respect to the discharge by the responsible authorities of their crime and disorder functions
- 13) To be responsible for scrutiny of the Council's strategic and budgetary framework and its implementation.
- 14) To report annually to Council on the progress of the work programme and to make relevant recommendations.

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