



Agenda

Audit & Scrutiny Committee

Monday, 13 June 2016 at 7.00 pm
Council Chamber - Town Hall

Membership (Quorum 3)

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

Agenda Item	Item	Wards(s) Affected	Page No
1.	Apologies for absence		
2.	Minutes from previous meeting		5 - 12
3.	Statement of Accounts (including AGS)	All Wards	13 - 16
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7.	Corporate Complaints Monitoring and Freedom of Information Requests	All Wards	67 - 72
8.	Work Programme and Annual Report	All Wards	73 - 78

9. Urgent business

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

Head of Paid Service

Town Hall
Brentwood, Essex
07.06.2016

Information for Members

Substitutes

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.

Rights to Attend and Speak

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.

Point of Order/ Personal explanation/ Point of Information

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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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

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



Minutes

Audit, Scrutiny and Transformation Committee Monday, 7th March, 2016

Attendance

Cllr Mrs Murphy (Vice-Chair)	Cllr Mynott
Cllr Barrett	Cllr Pound
Cllr Clark	Cllr Trump
Cllr Mrs Hones	Cllr Wiles

Apologies

Cllr Faragher (Chair)
Cllr Mrs Slade

Substitute Present

Cllr Wiles substituting for Cllr Faragher

Officers Present

Chris Leslie	- Finance Director
Claire Mayhew	- Governance and Member Support Officer
Philip Ruck	- Head of Paid Service
Sue White	- Risk and Insurance Officer
Andrew Barnes	- BDO, Internal Audit
Greg Rubins	- BDO, Internal Audit
Christine Connelly	- Ernst & Young, External Audit
Debbie Hanson	- Ernst & Young, External Audit

366. Apologies for Absence

Apologies were received from Cllr Faragher who was substituted by Cllr Wiles and Cllr Mrs Slade with no substitute.

367. Appointment of the Vice-Chair

Cllr Mrs Murphy **MOVED** and it was **SECONDED** by Cllr Mrs Pound that Councillor Hones be made Vice-Chair for the duration of the meeting only.

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

368. Minutes of the Previous Meeting

The Minutes of the 25 January 2016 Audit, Scrutiny and Transformation Committee were approved as a true record.

369. Annual Certification Report 2014/2015

The report presented the External Auditor's annual report in respect of the Certification of Claims and Returns.

Cllr Mrs Murphy **MOVED** and Cllr Mrs Hones **SECONDED** the recommendation in the report.

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

- 1. That Members note the contents of the Certification of Claims and Returns Annual Report 2014/15 in Appendix A.**

REASON FOR RECOMMENDATION

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

370. External Audit Plan 2015/2016

The Audit Plan report set out how Ernest & Young intended to carry out their responsibilities as the Council's External Auditor.

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

After a full discussion. Members asked that consideration be given as to an appropriate date for the Audit timetable sign off meeting which usually takes place in July.

A motion was **MOVED** by Cllr Mrs Murphy and was **SECONDED** by Cllr Mrs Hones.

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

- 1. That Members note the External Audit Plan 2015/2016.**

REASON FOR RECOMMENDATION

The Audit Plan will inform the statutory audit opinion.

371. Internal Audit Progress Report

The report detailed the progress to date against the 2015/16 internal audit plan that was agreed with the Audit and Scrutiny Committee in March 2015.

The report also included an update on the progress of the implementation of the recommendations raised in 2014/15.

The reports presented to the Committee had been completed since the last Committee and a summary of the findings were included in the progress report.

- Planning (limited assurance)
- Safe and clean Environment (moderate assurance)

After a full discussion, a motion was **MOVED** by Cllr Mrs Murphy and **SECONDED** by Cllr Mrs Hones.

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

- 1. That Members would receive and note the contents of the reports.**

REASON FOR RECOMMENDATION

To monitor the progress or work against the internal audit plan.

372. Internal Audit Plan 2016/2017

The report outlined the proposed work programme for Internal Audit for 2014/17, including the operational plan for 2016/17.

A motion was **MOVED** by Cllr Mrs Murphy and was **SECONDED** by Cllr Mrs Hones to approve the recommendation in the report.

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

- 1. That the Committee approved the Internal Audit Plan for 2014/17 and the Operational Plan for 2016/17.**

REASON FOR RECOMMENDATION

To approve the work programme for Internal Audit for 2014-17, including the operational plan for 2016/17.

373. Internal Audit Charter

This report advised the Committee that the Charter was a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defined internal audit's purpose, authority and responsibility. It also established internal audit's position within Brentwood Borough Council and defined the scope of internal audit activities.

The Charter had been presented to the Committee In March 2015 and had been updated for 2016/17.

A motion was **MOVED** by Cllr Mrs Murphy and was **SECONDED** by Cllr Mrs Hones to agree the recommendation in the report.

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

- 1. That the Committee note and approve the internal Audit Charter for 2016/17.**

REASON FOR RECOMMENDATION

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

374. Strategic Risk Review

The report updated Members of the Audit, Scrutiny and Transformation Committee on new, closed or changes to strategic risks.

After a full discussion, a motion was **MOVED** by Cllr Wiles and **SECONDED** by Cllr Mrs Murphy to approve the recommendation in the report.

A vote was taken by a show of hands was it was **RESOLVED.**

- 1. That the Strategic Risk Register and risk scores recorded for each risk accurately represented the current status of each risk.**

REASON FOR RECOMMENDATION

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

In addition the Risk and Insurance Officer will work with Managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

375. Update on Revenues and Benefits Shared Service

This report looked at the financial pressures the Council faced to cut costs whilst continuing to transform and improve services agreed to undertake a full service review of the Revenues and Benefits Service in September 2014.

The first stage of Phase 1 of the Revenues and Benefits Service review was the introduction of a partnership arrangement with Basildon Borough Council. This was improved by the Finance and Resources Committee on the 11 February 2015. This included a recommendation that a review of the Revenues and Benefits Partnership be undertaken by the Audit and Scrutiny Committee 12 months after the agreement came into effect.

The aim of the partnership was to provide a number of benefits including a single joint management structure, sharing of specialist/support staff, aligning of contracts and joint procurement and share a single hosted, resilient, IT Platform.

The second stage of Phase 1 of the service review was a complete restructure of the Revenues and Benefits service. This was approved by the Policy, Finance and Resources Committee on the 30 June 2015 with the view of providing a flatter, leaner structure, with less top tier management but greater numbers of officers who are empowered to fulfil their roles to enhance the service we provide to customers.

Details of the progress of the Partnership arrangement were set out in 4.1 to 4.5 of this report.

A motion was **MOVED** by Cllr Mrs Murphy and **SECONDED** by Cllr Mrs Hones to approve the recommendation in the report.

The Head of Paid Services gave recognition to officers who had worked on this project to implement it and deliver it within the requested timescales.

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

- 1. That Members note the progress of the Revenues and Benefits Partnership arrangement between Brentwood and Basildon as set out in 4.1 to 4.5 of the report.**

REASON FOR RECOMMENDATION

To enable the Council to deliver effective and efficient Revenues and Benefits Services for the benefit of the Council and its customers.

376. Work Programme 2015/2016

The report looked at the work of the Audit, Scrutiny and Transformation Committee which would be delivered both by Members working in groups and through the formal Committee reports. The Audit, Scrutiny and Transformation Committee would make recommendations to decision making committees and Council as necessary. The Audit, Scrutiny and Transformation Committee was invited to consider its 2015/16 work programme.

Members requested that the Budget Scrutiny working group be continued. The Chair agreed this would continue as part of the work programme.

The Member/Officer Communications/Members Casework Cross Party Working Group was raised and a meeting of the Group would be arranged outside of the Committee.

A motion was **MOVED** by Cllr Mrs Murphy and **SECONDED** by Cllr Mrs Hones to approve the recommendation in the report.

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

- 1. That the Audit, Scrutiny and Transformation work programme 2015/16 at Appendix A was approved.**

REASON FOR RECOMMENDATION

To enact the provisions of Part 4.4 of the Constitution that the Audit and Scrutiny Committee agrees its work programme at each meeting of the Committee.

377. Termination of Meeting

In accordance with Rule 28 of the Council's Procedures Rules, the business of the meeting not having been concluded by two hours after its start, the Committee voted to continue with the meeting for 30 minutes.

378. Report on Transformation

The report was to provide an overview of the Transformation Programme that the Council had started.

The paper presented to the Committee in September 2015, referred to Phase 1 of the Transformation agenda which focused on the delivery of the Customer Access Strategy and New ways of Working.

A motion was **MOVED** by Cllr Murphy and **SECONDED** by Cllr Hones to agree the recommendation in the report.

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

- 1. To agree the approach to the Transformation Programme and the associated activities.**

REASONS FOR RECOMMENDATION

To formalise and set out transformation phase 1 plan that identifies a clear and structured approach.

379. Urgent Business

There were no items of urgent business.

The meeting concluded at 20:58 pm

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13 June 2016

Audit and Scrutiny Committee

Draft Statement of Accounts 2015/16

Report of: *Chris Leslie, Finance Director*

Wards Affected: *N/A*

This report is: *Public*

1. Executive Summary

- 1.1 This report presents the Council's Statement of Accounts for 2015/16. These accounts were presented to the External Auditors (Ernst & Young) on 6th June 2016.
- 1.2 The Committee will formally approve the financial statements after the completion of the external audit.

2. Recommendation(s)

- 2.1 **That the Statement of Accounts for 2015/16 and Annual Governance Statement are reviewed.**

3. Introduction and Background

- 3.1 The main sections in the Statement are:

a) Narrative Report

The purpose of the narrative report is to provide an easily understandable guide to the most significant matters reported in the accounts.

b) Movement in Reserves Statement

This is a summary of the movements in the financial year within the different reserves held by the Council. The reserves are analysed into usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

c) Comprehensive Income and Expenditure Statement

This account brings together the expenditure and income relating to all of the services for which the Council is responsible and demonstrates how the net cost for the year has been financed. The services shown are in accordance with generally accepted accounting practices.

d) Balance Sheet

This sets out the financial position of the Authority as the 31 March 2016. The Balance Sheet reflects the balances and reserves, and net current assets employed in all of its operations, together with summarised information on any fixed assets held.

e) Cash Flow Statement

This summarises the Council's cash transactions throughout the year.

f) Notes to the Core Financial Statements including Accounting Policies

These provide supporting analysis to the Core Financial Statements. The Accounting Policies outline the legislation and principles upon which the Statement of Accounts has been prepared.

g) Housing Revenue Account Income and Expenditure Statement

This reflects a statutory requirement to account separately for local council housing provision. It summarises the resources that have been generated and consumed in providing services and managing the Council's housing stock during the last year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed.

h) Collection Fund

The Council is required to maintain a separate Collection Fund to receive monies as a billing authority in relation to the Council Tax and National Non-Domestic Rates (Business Rates) and accounts for the distribution of Council Tax to preceptors (Essex County Council, Police & Crime Commissioner for Essex and Essex Fire Authority) and the Council's own General Fund; with the addition of the Government for Business Rates.

- 3.2 The Annual Governance Statement (AGS) is not an official part of the Statement of Accounts, but is provided as a supporting document to publish the governance arrangements in place within the Council to ensure that business is conducted in accordance with the law and proper standards and that public money is safeguarded.

4. Issue, Options and Analysis of Options

- 4.1 In previous years the responsible financial officer has been required to sign the draft statement of accounts by 30 June and to publish the audited statement of accounts by 30 September. The Accounts and Audit (England) Regulations 2015 have introduced some earlier deadlines, which will apply for the 2017/18 accounts. From 2017/18 onwards, the draft accounts will need to be signed by 31 May, and the audited accounts published before 31 July. In order to prepare ourselves for the new deadline it was decided to do a trial run for the 2015/16 Statement of Accounts. The Draft Statement of Accounts for 2015/16 was signed by the Section 151 Officer, before the auditors received an official copy of the statement of accounts on the 6 June 2016.

4.2 The date by which statements must be published is set down by Government Regulations. Currently it is 30 September. CIPFA has recommended that it is good practice for the accounts to be reviewed by the Committee prior to the commencement of the external audit, along with the AGS in order for Members to satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. The work could include:

- Reviewing the explanatory foreword to ensure consistency with the statements and the financial challenges and risks facing the authority in the future.
- Reviewing whether the foreword is readable and understandable by a lay person
- Identifying the key messages from each of the financial statements and evaluating what this means for the authority in future years.
- Monitoring trends and reviewing for consistency with what is known about financial performance over the course of the year.
- Reviewing the suitability of accounting policies and treatments.
- Seeking assurances that preparations are in place to facilitate the external audit.

4.3 The Committee will formally approve the financial statements after the completion of the external audit.

4.4 Due to the deadlines for the Committee report the Statement of Accounts document is not available for publication with this agenda. A copy will be circulated before the meeting and the Finance Director will take members through the Statement of Accounts and address the main sections highlighted above.

5. Reasons for Recommendation

5.1 A system of sound financial control and governance arrangements underpins all of the services and priorities of the Council.

6. Implications

Financial Implications

Name & Title: Ramesh Prashar, Financial Services Manager

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

6.1 The key messages from the financial statements will be set out at the meeting.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

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

6.2 None.

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13 June 2016

Audit and Scrutiny Committee

Internal Audit Annual Report 2015/16

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

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This report is the Internal Audit Annual Report for 2015/16. The report gives a summary of the work performed for the 2015/16 Annual Audit Plan.

2. Recommendation

- 2.1 That the Committee approves the Internal Audit Annual Report for 2015/16.**

3. Introduction and Background

- 3.1 BDO have been the appointed as the Council's Internal Auditors since 2014/15.

4. Issue, Options and Analysis of Options

- 4.1 The Internal Audit Annual Report provides a summary of the undertaken for the 2015/16 Annual Audit Plan. The report is attached as Appendix 1.

5. Reasons for Recommendation

- 5.1 To approve the Internal Audit Annual Report for 2015/16.

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: Saleem Chughtai, Legal Services Manager

Tel & Email 01277 312500 / saleem.chughtai@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 – Internal Audit Annual Report 2015/16

Report Author Contact Details:

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Brentwood Borough Council

INTERNAL AUDIT ANNUAL REPORT

May 2016

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Appendix A

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EXECUTIVE SUMMARY

Internal Audit 2015/16

This report details the work undertaken by internal audit for Brentwood Borough Council and provides an overview of the effectiveness of the controls in place for the full year.

The following work was included in our audit plan for this financial year:

Customer Services (Final report)	Local Development Plan (work in progress)
Planning (Final report)	Human Resources (Final report)
Corporate Plan and Priorities (work in progress)	Counter Fraud (No report)
Financial Systems (Draft report)	Waste Income and Contract Management (Final report)
Revenues and Benefits (Final report)	Housing Systems (Final report)
Payroll (Final report)	Localism and Building Community Capacity (work in progress)
Accounts Payable (Final report)	Affordable Housing (work in progress)
Risk Management (Final report)	Disaster Recovery and Business Continuity (Final report)
IT Security and Governance (Planning with management)	

Our internal audit work to cover the 12 month period from 1 April 2015 to 31 March 2016 was carried out in accordance with the internal audit plan approved by management and the Audit, Scrutiny and Transformation Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards. The whole plan has been completed except for our reviews of Localism and IT security and Governance that have been deferred to June at the request of management and the Corporate Plan, Local Development Plan and Affordable Housing reviews that are in progress at the time of writing this report.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to members, through the Audit, Scrutiny and Transformation Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Opinion

The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning risk management arrangements and supporting processes;
- An assessment of the range of individual opinions arising from risk-based assignments contained within internal audit risk based plans that have been reported throughout the year. The assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide moderate assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:

- The majority of audits provided moderate assurance, with the key financial systems receiving substantial assurance in terms of design.
- There was a small overspend against the planned budget for 2015/16, but the Council is utilising less specific reserves than was planned and the Council has plans in place to ensure that the budget gap is addressed in future years. The Council has recognised the reduction of government funding in their future financial plans.
- Some areas of weakness have been identified through our reviews, including with risk management arrangements, and the Council is working on addressing these issues.

SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Customer Services	Moderate	Moderate	<p>We found that there is strong leadership within Customer Services and the leadership team have a clear vision for the type of customer contact centre which they want to deliver to services across the Council and the technological requirements which they will require to support the new infrastructure. The Council has acted on a number of the recommendations from the previous year, including the development of a Customer Access Strategy.</p> <p>However there remain concerns about whether there is adequate engagement across all services and that the business model developed should be built upon and updated to meet current resources and needs.</p>
Planning	Limited	Limited	<p>We found that the Planning Department was implementing the 'Modern Planning Service' programme, using increased online services and alerts to increase awareness of applications to be considered.</p> <p>However we found that controls over S106 contributions were weak and previous recommendations had not been implemented. As there was not a single officer with clear responsibility for managing S106, there was no one with the responsibility for monitoring the agreement of contributions with developers, collection from developers and utilisation of the contributions within the Council and by third parties.</p>
Revenues and Benefits	Moderate	Moderate	<p>We found that the Council has an efficient application process for Housing Benefits, Local Council Tax Support and Discretionary Housing Payments. There are online application forms for these benefits and processes are in place for provision of the material in alternative languages, as well as accommodating access requirement.</p> <p>However we found a lack of specified procedures in place for Single Person Discount checks, instances where the compliance checks to be undertaken in response to data matches had not been fully completed, that debt reports are not produced regularly, resulting in a lack of review or analysis of historic debt to ascertain the actions required to pursue the debt and that information retention policies following the transfer of information from Northgate and Information at Work to the Civica system have not been established.</p>
Payroll	Moderate	Moderate	<p>We found good practice in respect of the controls in place to ensure the data provided to Midland HR is accurate and complete, the hierarchy report is circulated on a regular basis, reminding Heads of Services of the importance of positively confirming the accuracy of the employees charged to their services and changes to pay entitlement are triggered after ensuring the accuracy of the employees' pay amendment.</p> <p>However we found that there had been some issues with the coding of payroll expenditure from Midland HR, resulting in reconciling differences arising and causing the completion of the reconciliations to be a time consuming process and that some of these coding issues could be resolved by providing additional information to Midland HR as part of the new starter process.</p>

SUMMARY OF REPORTS

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Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Accounts payable	Moderate	Limited	<p>At the time of the audit in June 2015, we found that the Finance policies, new supplier form and changes to supplier details forms were in the process of being revised. The finance procedures for key financial processes have been documented and made available to all Finance staff on the accountancy drive and that the approval of invoices for payment are made via automatic controls on the Council's e-financials system.</p> <p>At the time of the in June 2015, we found that although a review of all supplier information has been initiated, not all suppliers have been directly contacted to ensure their details are correct and that where changes to suppliers are made, a supplier change document should be completed, authorised, and kept with the supplier notification of change. This is now standard practice.</p> <p>All Finance procedures should be consolidated into procedure documents for key financial processes and a fraud policy detailing what steps to undertake in an instance where fraud maybe suspected has not been documented. Supplier changes reports, run to verify any changes to suppliers, are not always evident before a payment batch is released and there is no evidence of segregation of duties in regards to checking the reports.</p>
Risk Management	Limited	Moderate	<p>We found that the Council makes use of a risk management consultant from Zurich who provides Council staff with 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 and that 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.</p> <p>However we found that links are not being consistently made between risks in the risk registers and the Council's strategic and operational goals, risks and the Council's risk registers are not being discussed at meetings of the Senior Management Team, the risk management policies and procedures are not clear in providing guidance on when it is appropriate to escalate or de-escalate risks between the varying levels of risk registers, 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.</p> <p>We have followed up recommendations from the March 2015 audit and we noted that 10 out of 12 recommendations were not yet fully implemented.</p>

SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Human Resources	Limited	Limited	<p>We found that the Council has a contract in place with an external supplier, Midland Human Resources (MHR), to provide HR services and employs an external expert to supplement the service.</p> <p>However we found that the measurement of MHR's performance is insufficient, which hinders the Council's contract monitoring. Service management meetings and outstanding case discussions are not as regular or effective as they could be, which slows the resolution of service issues and case issues. Human resources policies need to be brought up to date, as they currently contain inconsistent and non-relevant information, which causes problems for management and employees using them.</p>
Waste Income and Contract Management	Moderate	Moderate	<p>We found that for trade waste a signed contract is required before the bins are delivered, and once delivered the operations team are informed of the new bins to be collected , brown bins require the payment to be made upfront on the online form prior to service commencement, once the payment is confirmed a bin delivery is raised on the report it system, and delivered by the operations team. Efforts have been made in recent years to improve the pricing structure to reflect the true costs of delivering the services to customers and make the pricing structure more commercial for trade waste.</p> <p>However we also found that there is not currently a clear vision for the future of the trade waste and brown bin services, which makes it difficult for the department to articulate their requirements for the system and process improvements required to modernise the service. There are a large number of customer queries raised regarding missed collections from reports produced by the report it system. A large amount of officer time is spent dealing with customer queries and carrying out additional ad-hoc collections. There is also a lack of information around the causes of missed collections.</p>
Housing Systems	Moderate	Moderate	<p>We found that following the social housing rent reforms a balanced HRA budget had been prepared and reasonable actions taken to ensure the rent decreases are offset and a reasonable surplus still achieved. A new repairs recharges policy has been in place for a number of months but only a limited number of repairs had been recharged to tenants, meaning it was not easy to identify if the policy has had the desired effect of encouraging tenants to be more responsible for their property. There is an effective task force in place to attempt to minimise the effect of claimants on Universal Credit receiving direct payments for their housing rent, as opposed to the rent being paid direct to the Council, resulting in increased rent arrears.</p> <p>However we also found that where a benefit claimant transfers to Universal Credit there is not a formal process for this information to be communicated from the benefits team to the housing team and that there is currently minimal awareness of and procedures in place for implementation of the forthcoming 'pay to stay' policy (charging higher rents to higher earners) which the Council will be required to administer.</p>

SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Disaster Recovery and Business Continuity Plans	Limited	Limited	<p>We found that Business impact assessments (BIA) have been carried out by all business units and most business units have formally documented this assessment in the template provided by the Council's Business Continuity Team. The Council has an over-arching Business Continuity Plan (BCP) and each of the Council's business units have developed their individual BCPs. Progress is being made to increase the resilience of the IT infrastructure to ensure availability in an emergency situation. A Gold Command Team and a Crisis Management Team has been identified to take charge in the event of a major incident. Communication plans have been documented so that the appropriate people can be contacted as and when required. Priorities in terms of staff, systems and processes have been defined as part of the over-arching and individual BCPs. A work program has been created to define timelines for completion of different activities including monitoring and testing of the plans to ensure that the Council is as prepared as can be, in the event of a major incident.</p> <p>However we also found that whilst BIA was conducted to prepare BCPs, not all services have formally documented their assessment. No formal assessment of Recovery Time Objectives (RTOs) and Recovery Point Objectives (RPOs) have been carried out. An IT disaster recovery plan has not been formally prepared. There has been no testing of the BCP due to management awaiting the completion of the individual business continuity plans for all the units. It was noted that some services plans did not have an updated list with all staff's contact details. We were unable to obtain the contract with the Brentwood Centre for provision of an alternative site in the event of a major incident as identified in the BCP. The contents of battle boxes are not in line with the BCP requirements.</p>

KEY PERFORMANCE INDICATORS

Key Performance Indicators

Diagram 1 shows the current status of internal audit reports, as is also reported in the table on page 3. The total days are in line with the budget.

Diagram 2 shows the average days from the end of our fieldwork to the issue of the draft report; as well as the average amount of days for the receipt of management responses. Both are within the overall target of 3 weeks.

Diagram 1

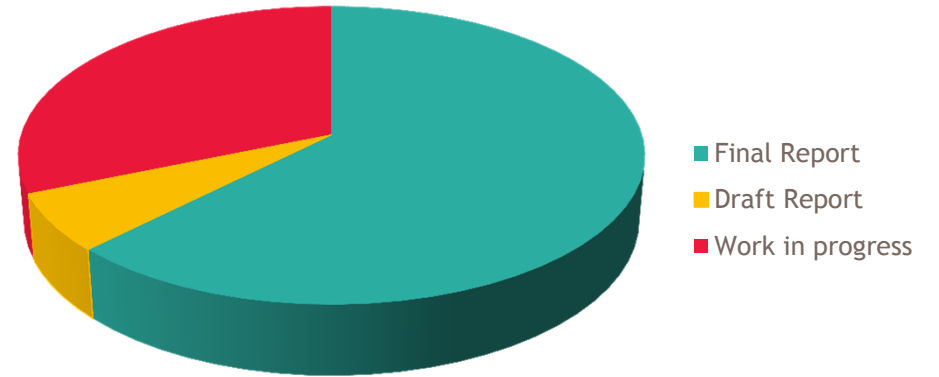
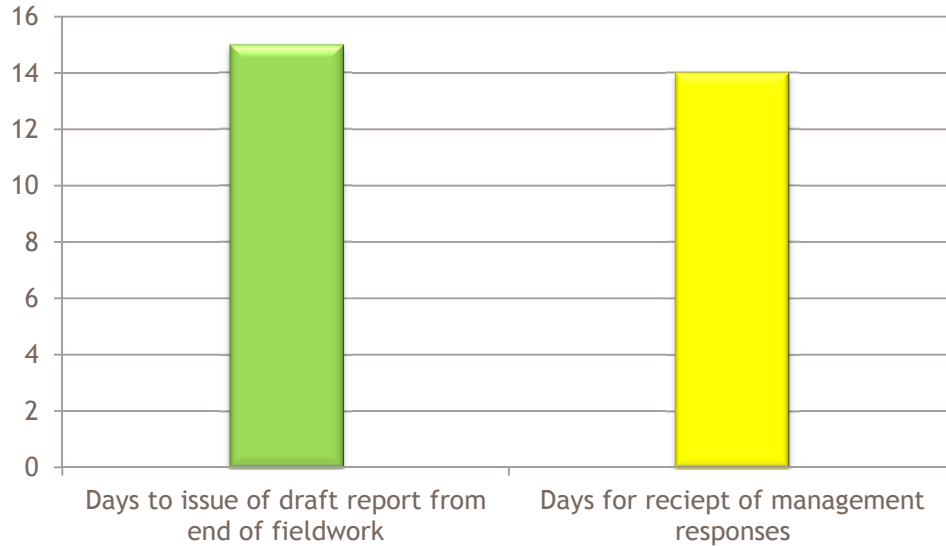







Diagram 2



CONTRACTUAL KEY PERFORMANCE INDICATORS

<i>Quality Assurance</i>	<i>Detail on KPI's</i>	<i>RAG Rating 2015-16</i>
<ul style="list-style-type: none"> High quality documents produced by the auditor that are clear and concise and contain all the information requested. 	Feedback from management indicates that the internal audit reports provide the information required and make recommendations that address the issues identified.	
<ul style="list-style-type: none"> Frequent communication to the customer of the latest mandatory audit standards and professional standards prescribed by the main accountancy bodies. 	Sector updates are provided within the Audit Committee progress report, as appropriate.	
<i>Reporting Arrangements</i>		
<ul style="list-style-type: none"> The auditor attends the necessary, meetings as agreed between the parties at the start of the contract 	All meetings attended including Audit Committee meetings, pre-meetings, individual audit meetings and contract reviews.	
<ul style="list-style-type: none"> Information is presented in the format requested by the customer. 	BDO Progress report format updated to provide the level of detail requested by Members.	
<i>Audit Protocol</i>		
<ul style="list-style-type: none"> Audits carry out the contract in a timely, professional manner, measured by feedback from the customer. 	Feedback from management indicates that audits are carried out in accordance with their expectations.	
<ul style="list-style-type: none"> External audit can rely on the work undertaken by internal audit (where planned) 	External audit are not reviewing the work of internal audit for this financial year.	N/A

APPENDIX I - DEFINITIONS

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LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	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.
Moderate	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.
Limited	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.
No	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	
High	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.
Medium	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.
Low	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.

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 June 2016

Audit and Scrutiny Committee

Internal Audit Progress Report

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

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This report details the progress to date against the 2015/16 internal audit plan that was agreed with in the Audit and Scrutiny Committee in March 2015.
- 1.2 The report also includes an update on the progress of the implementation of the recommendations raised in 2014/15.
- 1.3 The following reports have been completed since the last Committee and a summary of our findings are included in the progress report:

- Human Resources (limited assurance)
- Risk Management (limited assurance)
- Disaster Recovery and Business Continuity (limited assurance)
- Payroll (moderate assurance)
- Housing Systems (moderate assurance)
- Revenues and Benefits (moderate assurance)

The full reports are available on request.

2. Recommendation

- 2.1 That the Committee receives and notes the contents of the reports.**

3. Introduction and Background

- 3.1 The Audit and Scrutiny Committee approved the 2015/16 annual audit plan on 9 March 2015. 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: Saleem Chughtai, Legal Services Manager

Tel & Email 01277 312500 / saleem.chughtai@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 – Internal Audit Progress Report

Report Author Contact Details:

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Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

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May 2016



Appendix A

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INTRODUCTION

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2015/16 internal audit plan which was approved by this Committee in March 2015. 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 2015/16 work to date

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

PROGRESS SINCE FEBRUARY 2016 AUDIT, SCRUTINY AND TRANSFORMATION COMMITTEE

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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
Human Resources	25	Phil Ruck	Limited	Limited	1	6	2	Appendix II
Risk Management	15	Sue White	Limited	Moderate	2	3	1	Appendix III
Disaster Recovery and Business Continuity	15	Tim Huggins	Limited	Limited	0	5	3	Appendix IV
Payroll	10	Chris Leslie	Moderate	Moderate	1	0	0	Appendix V
Housing Systems	15	Helen Gregory	Moderate	Moderate	0	2	0	Appendix VI
Revenues and Benefits	15	Helen Gregory	Moderate	Moderate	0	4	3	Appendix VII

Copies of full audit reports are available on request.

PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Modern Council					
Planning	20	Q1/Q2	Final	Limited	Limited
Customer Services	15	Q3	Final	Moderate	Moderate
Corporate Plan and Priorities	20	Q4	In progress		
Financial systems	40	Q4	Draft report		
Payroll	10	Q4	Final	Moderate	Moderate
Review of Accounts Payable Arrangements	12	Q1	Final	Moderate	Limited
Human Resources	25	Q4	Final	Limited	Limited
Risk Management	15	Q4	Final	Limited	Moderate
IT Security and Governance	20	Q4	Planning		
Disaster Recovery and Business Continuity	15	Q4	Final	Limited	Limited
Procurement of Legal Services	5	Q3	Final	N/A *	N/A *
Counter Fraud	18	On-going	On-going	N/A **	N/A **
	215				

* - this is an additional piece of work to be followed up as part of the Legal Service review being undertaken by the Council.

** - delivery of awareness training

PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Street scene and environment					
Waste Income and Contract Management	15	Q1/2	Final	Moderate	Moderate
	15				
Housing, Health and Wellbeing					
Housing systems	15	Q4	Final	Moderate	Moderate
Affordable Housing	15	Q4	In progress		
Revenues and Benefits	15	Q3	Final	Moderate	Moderate
	45				
A Safe Borough					
Localism and building community capacity	15	Q4	In progress		
	15				

PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Prosperous Borough					
Local Development Plan/Regeneration	20	Q4	In progress		
	20				
Planning, Reporting, Follow-up and Contingency					
Planning/ liaison/ management	20				
Recommendation follow up	10				
Contingency	10				
Total	40				
Total	350				

FOLLOW UP ON RECOMMENDATIONS - 2014/15

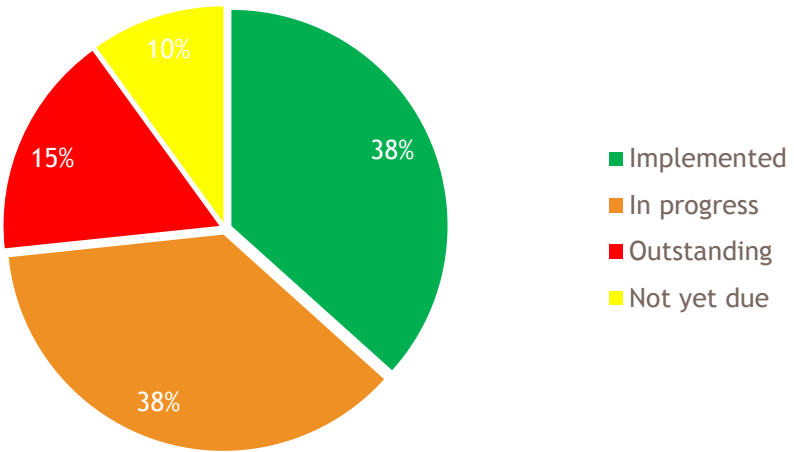
Follow up of current year recommendations

We are constantly monitoring the recommendations raised during 2014/15 and have followed up on the recommendations that have become due since the completion of our review.

The diagram below shows the status of the recommendations raised, in progress and implemented. We raised 28 high priority recommendations during 2014/15, 9 of which have been implemented, 15 of which are in progress and 3 are not yet due. The details of the 1 outstanding high priority recommendation has been included in appendix VIII of this report. Note that the date of a high priority recommendation was revised and is in the process of being implemented.

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	High	Medium	Low	Total
Implemented	9	28	9	45
In progress	15	28	2	45
Outstanding	1	13	3	18
Not yet due	3	7	2	12
Total Recommendations raised	28	76	16	120



KEY PERFORMANCE INDICATORS

Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	The 2015/16 audit plan has commenced and is on track to be delivered by the end of March 2016.
Actual days input compared with Annual Audit Plan.	All days input into the Annual Audit Plan have been achieved to date on audits undertaken.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	All draft reports issued for 2015/16 have been issued within 3 weeks of discussing the findings with the client.
Finalise internal audit report 1 week after management responses to report are received.	All draft reports for 2015/16 have been finalised within 1 week of management responses being received.
<i>Relationships and customer satisfaction</i>	
Customer satisfaction	Good feedback has been received on all audits completed.
Annual survey to achieve score of at least 70%.	A year end survey will be completed in March 2016.
<i>Staffing & training</i>	
At least 60% input from qualified staff.	All audits to date have been completed by 100% qualified staff.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	EY have been able to rely on the work performed to date.
Positive result from any external review.	Not applicable at this stage.

KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<i>Response to reports</i>	
<p>Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.</p>	<ul style="list-style-type: none"> • Management responses have not been received for the review completed on the Procurement of Legal Services due to the resignation of the Monitoring Officer. • The Management responses to the Planning draft report were received 3 weeks after receipt, due to other demands on officer time. • Management responded to the terms of reference for the Revenues Shared service arrangement audit was received 2 weeks after receipt.
<i>Implementation of recommendations</i>	
<p>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>	<p>See page 8 of this progress report. Not all recommendations have been implemented by the agreed timeframe.</p>
<i>Co-operation with internal audit</i>	
<p>Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.</p>	<p>Appropriate co-operation has been provided by management and staff to date.</p>

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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
Substantial	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.
Moderate	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.
Limited	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.
No	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.

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Recommendation Significance	
High	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.
Medium	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.
Low	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 - HUMAN RESOURCES

CLIENT STRATEGIC RISKS

Risk 3 Legal compliance , Employee morale, Reputational

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design Limited System of internal controls is weakened with system objectives at risk of not being achieved.

Effectiveness Limited Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High  1

Medium  6

Low  2

Total number of recommendations: 9

OVERVIEW

Since January 2015 the Council's HR function has been fully outsourced to Midland HR (MHR). The contract runs until 2017 with an option to extend for a further two years, at the sole discretion of the Council.

We have carried out a review of the HR function in the context of risks identified in the terms of reference at Appendix IV.

During our review, discussions were held with six Heads of Service (HoS), including the Head of Paid Service, two Service Managers, the Council's contracted employment law specialist and two representatives from MHR, including the Service Team Leader responsible for the Council's account and a Service Administrator who works exclusively on the Council's account.

Our discussions with the above individuals were used to establish any existing issues relating to the risks identified within the terms of reference, and to understand how these issues and hence the risks can be better mitigated.

Our review found the following underlying areas for improvement or development:

- Measurement of MHR performance is insufficient, which hinders the Council's contract monitoring. The Council could be more proactive in obtaining information to enable it to better monitor its contract with MHR.
- Service management meetings and outstanding case discussions are not as regular or effective as they could be, which slows the resolution of service issues and case issues. (1 high priority recommendation)
- The roles of MHR and Marilyn Smyth are not clearly defined, and as a result the Council management appears to draw on Marilyn's support either when they feel MHR will not be capable of providing support of the quality required, or when MHR are not expected to provide a solution with the required urgency.
- HR policies need to be brought up to date as they currently contain inconsistent and non-relevant information, which has caused problems for management and employees relying on the them.

APPENDIX III - RISK MANAGEMENT

LEVEL OF ASSURANCE (SEE APPENDIX V FOR DEFINITIONS)			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX IV)	
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.	High	2
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Medium	3
			Low	1
			Total number of recommendations: 6	

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 recently made 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 Council staff with 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 Council’s risk registers.

APPENDIX III - RISK MANAGEMENT

OVERVIEW

Key Findings

- Links are not being consistently made between risks in the risk registers and the Council's strategic and operational goals. Making these links on a consistent basis would help to ensure that readers of the risk registers understand what specific areas would be impacted by each individual risk. This would aid in managing these risks and ensuring the Council's goals are achieved. (1 high priority recommendation)
- Risks and the Council's risk registers are not being discussed at meetings of the Senior Management Team, where knowledge and information could be effectively and efficiently shared between the Council's different departments. (1 high priority recommendation)
- The risk management policies and procedures are not clear in providing guidance on when it is appropriate to escalate or de-escalate risks between the varying levels of risk registers owned by the Council, or when it is appropriate for risks to be removed from the registers entirely.
- 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.
- 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
- The risk management policies and procedures do not assign an appropriate level of responsibility for managing risks within the Council's individual departments.
- We have followed up recommendations from the March 2015 audit and we noted that 10 out of 12 recommendations were not fully implemented as of this audit fieldwork date.

Conclusion

Overall we have raised 6 findings and recommendations relating to the Council's arrangements for risk management, including two high level, three medium level and one low level recommendation. Our review found that there is scope for improving the Council's risk management controls, but that there were no major instances of non compliance with the current controls, leading to a final assessment of limited assurance over the control design and moderate assurance over the control effectiveness.

APPENDIX IV - DISASTER RECOVERY AND BUSINESS CONTINUITY

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved
Effectiveness	Limited	System of internal controls is weakened with system objectives at risk of not being achieved

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High	
Medium	5
Low	3
Total number of recommendations: 8	

OVERVIEW

Background

In accordance with the 2015/16 internal audit plan, BDO LLP performed a review of business continuity in place at Brentwood Borough Council (The Council).

Business continuity and disaster recovery are essential elements for any successful organisation and need to be tailored to the services that the body delivers, and the impact of potential disruption. The Council provides several services that are critical to the local community, as such it is necessary that the Council is able to continue to provide these services in the event of a major disaster.

The purpose of this review was to evaluate the Council's processes and arrangements in place for business continuity and disaster recovery, to ensure that the key risks are managed effectively and ensure that a sufficient continuity plan is in place in the case of an emergency.

As part of our review we noted a number of areas of good practice, including:

- Business impact assessments (BIA) have been carried out by all business units and most business units have formally documented this assessment in the template provided by the Council's Business Continuity Team.
- The Council has an over-arching Business Continuity Plan (BCP) and each of the Council's business units have developed their individual BCPs.
- Progress is being made to increase the resilience of the IT infrastructure to ensure availability in an emergency situation.
- A Gold Command Team and a Crisis Management Team has been identified to take charge in the event of a major incident. The team is adequately represented by the different services.
- Communication plans have been documented so that the appropriate people can be contacted as and when required.
- Priorities in terms of staff, systems and processes have been defined as part of the over-arching and individual BCPs.
- A work program has been created to define timelines for completion of different activities including monitoring and testing of the plans to ensure that the Council is as prepared as can be, in the event of a major incident.

APPENDIX V - PAYROLL

CLIENT STRATEGIC RISKS

Risk	1	Finance pressures •Unplanned expenditure •Expenditure incurred where no budgetary provision exists
------	---	--

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High	1
Medium	
Low	

Total number of recommendations: 1

OVERVIEW

From April 2014 the Council's payroll function was outsourced to Midland HR and from January 2015 the full outsourcing of the Council's HR functions was also transferred to Midland HR. The contract runs until 2017 and is managed by the Business Development Manager. Brentwood employs approximately 350 staff at a cost of around £11m per year.

Our review found the following areas of good practice:

- controls are in place to ensure the data provided to Midland HR is accurate, complete and not open to manipulation.
- the hierarchy report is circulated on a regular basis, reminding Heads of Services of the importance of positively confirming the accuracy of these
- reports of starters and leavers are circulated on a monthly basis and responses received in a timely manner.
- where an employee has had a change to their pay entitlement due to absences, such as long-term sickness or maternity/paternity pay, Midland HR have the required triggers in place to ensure the accuracy of employees' pay following changes to their pay entitlement.

We also found some areas for improvement or development:

- Although the reconciliations were always undertaken, in some cases the reconciliation of payroll reports received from Midland HR to the nominal ledger had not been completed within a month of month end. Management confirmed that this was as a result of other work being prioritised at particularly busy times of the year. This could result in any issues with payroll expenditure not being accurately recorded on the ledger not being identified and dealt with on a timely basis.
- through discussions with the HRA accountant we identified that there had been some issues with the coding of payroll expenditure from Midland HR, resulting in reconciling differences arising and causing the completion of the reconciliations to be a time consuming process. It was identified that some of these coding issues could be resolved by providing additional information to Midland HR as part of the new starter process (1 high priority recommendation)

APPENDIX VI - HOUSING SYSTEMS

CLIENT STRATEGIC RISKS

Risk	1	Finance pressures <ul style="list-style-type: none"> Target levels for income are not achieved.
This review relates to the risk that the Council does not achieve targets set for income.		

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High	
Medium	2
Low	

Total number of recommendations: 2

OVERVIEW

The Council is required to operate a sound system of control over their financial processes to prevent and detect error or fraud. The Council has rental income from council housing equating to around £12m per year generated from 2,500 council properties.

Housing rents and management of the Council's properties are governed by the Housing Revenue Account Business Plan 2014 -2044. The maximum annual average rent increase was limited by government policy to RPI + 2% / + £2 per week until 2015/16, and now social housing rent reforms will require the Council to reduce rents by 1% from 2016/17 to 2019/20.

The responsibility for the setting of rents is that of the Head of Housing, and this is then ultimately approved by full Council on an annual basis.

Our review found the following areas of good practice:

- Following the social housing rent reforms a balanced HRA budget has been prepared and reasonable actions taken to ensure the rent decreases are offset and a reasonable surplus is still achieved.
- A new repairs recharges policy has been in place for a number of months and although it is still in the early stages of implementation the process is being undertaken in line with the policy. At the time of testing only 6 repairs had been recharged to tenants and it was not easy to identify if the policy has had the desired effect of encouraging tenants to be more aware and more responsible for their property and actions within their property. However from our review and testing it was confirmed that the policy is on track to accomplish this.
- There is an effective task force in place to attempt to minimise the effect of claimants on Universal Credit receiving direct payments for their housing rent, as opposed to the rent being paid direct to the Council, resulting in increased rent arrears.

We also found some areas for improvement or development:

- Where a benefit claimant transfers to Universal Credit there is not a formal process for this information to be communicated from the benefits team to the housing team. Such communication would assist the Housing department's pre-tenancy procedure.
- There is currently minimal awareness of and procedures in place for implementation of the forthcoming 'pay to stay' policy (charging higher rents to higher earners) which the Council will be required to administer. It is therefore recommended a taskforce is set up to ensure that the Council is aware of further developments in government policy, including impact on tenant arrears and how this can be addressed by the Council.

APPENDIX VII - REVENUES AND BENEFITS

CLIENT STRATEGIC RISKS			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Risk	Information Management and Security Financial pressures		High	
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	4
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	3
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 7	

OVERVIEW

Background

The purpose of our review was to provide assurance that appropriate arrangements are in place and operating effectively in relation to Revenues and Benefits. Brentwood Borough Council collects Council Tax and National Non-domestic Rates (NNDR), on behalf of itself and other preceptors. £46.6m of council tax and £30.6m of NNDR, was collected in 2014/15. The Council also pays out housing benefits to eligible claimants after they have made an appropriate application. In 2014/15 expenditure for housing benefits amounted to £16.5m. Additionally whilst all revenues and benefits were managed through the Northgate system during the majority of the 2015/16 year, the go-live of the Civica system from February 2016 has now taken place as part of the shared service arrangement with Basildon Council.

Scope and Approach

The scope of the review considered the arrangements for debt recovery on overpaid housing benefits, Single Person Discounts procedures and review, Discretionary Housing Payments procedures, payment calculations for Local Council Tax Support (LCTS) within Northgate, data transfer to the Civica system, Housing Benefits accuracy checks and compliance checks for Council Tax and NNDR discounts.

Our approach was to conduct interviews to establish the controls in operation for each of our areas of audit work, whilst seeking to obtain documentary evidence that these controls were designed as described. The review focused on Northgate, as a significant proportion of the review related to the previous process. An additional review for the transfer to Civica has already been undertaken.

APPENDIX VII - REVENUES AND BENEFITS

OVERVIEW

Good Practice

During the review we noted the following areas of good practice:

- The Council have an efficient application process for Housing Benefits (HB), Local Council Tax Support (LCTS) and Discretionary Housing Payments (DHP). There are online application forms for these benefits and processes are in place for provision of the material in alternative languages, as well as accommodating access requirement. Customers may also use computers at the Council offices to complete online applications or obtain paper forms to complete and return.
- The Council retains all correspondence with the claimant on the Information at Work system. Testing verified the retention of application forms, evidence of income and DHP successful award letters.

Key Findings

We have raised four recommendations of medium significance relating to:

- A lack of specified procedures in place for the Compliance Team undertaking Single Person Discount checks, resulting in a lack of prioritisation of matches from Equifax reports and a backlog of matches to be investigated that are outstanding.
- We identified instances where the compliance checks to be undertaken in response to the matches have not been fully completed and where suitable evidence has not been retained to verify the actions undertaken.
- Debt reports are not produced regularly, resulting in a lack of review or analysis of historic debt to ascertain the actions required to pursue the debt.
- Information retention policies following the transfer of information from Northgate and Information at Work to the Civica system have not been established, including in respect of data cleansing.

In addition we have raised three recommendations of low significance relating to the housing benefit policies not having been updated or reviewed, the lack of documentation retention for housing benefit awards and the quality of accuracy checks undertaken for housing benefit calculations.

Conclusion

Overall, whilst the Council has demonstrated that controls have been implemented to address the risks associated with Revenues and Benefits and we noted a number of good practice areas during the audit, the lack of compliance with procedures, as well as suitable recording of information resulting in the four medium significance recommendations has meant that, in accordance with our audit methodology (see Appendix II), we have provided moderate assurance over both the design and operational effectiveness of controls in respect of Housing Benefits.

APPENDIX VIII - 2014/15 high priority recommendations outstanding

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date
Risk Management	The Risk Registers (both strategic and operational) should be linked to the Corporate Plan. The Risk Registers should be set out to show the risks associated with each Corporate Objective. For example, showing the risks under each Corporate Objective rather than by Department.	High	Ramesh Prashar / Sue White	This has almost been completed. Revised due date end July 2016

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13 June 2016

Audit & Scrutiny Committee

Strategic & Operational Risk Review

Report of: *Chris Leslie, Finance Director*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

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

2. Recommendation(s)

- 2.1 To agree the Strategic Risk Register and that the risk scores recorded for each risk accurately represents the current status of each risk.**
- 2.2 To agree the risk exposure changes to the Operational Risks.**

3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic and operational risk registers are monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agrees the content. It will be the responsibility of the Audit 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.
- 3.3 Zurich Risk Engineering have recently completed a risk management review of the Council's Operational Risk Registers. This included some recommendations to enhance the risk registers and provide more clarity on how the risks can be controlled and managed.

The next step is to meet with report owners and users, to ensure that the recommendations are implemented. Meetings are being arranged for early July with the report owners.

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 11 May 2016.
- 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 two risks have decreased and ten scores have remained unchanged.
- 4.4 The two risks where the risk score has reduced are as follows:
 - Red risk RSK11 – Rollout of Universal Credit (Row No. 2)
This risk has been reduced following control measures put in place to date.
 - Yellow risk RSK5 – Information Management and Security (Row No. 6)
This risk has been reduced as an initial options paper has been provided by Lee Henley (Information Manager, Thurrock) and training has been arranged for June/July.

Risk Matrix

- 4.5 The twelve risks are plotted on the risk matrix below. The current assessment identifies that three risks will remain in the red area of the risk matrix.

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

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

Operational Risks

- 4.6 The Operational Risks have been reviewed by risk owners and updated and amended where necessary to reflect the actions being taken to manage the risks. At the time of writing this report there were 45 operational risks.
- 4.7 Attached to this report at Appendix B is an operational risk summary report showing significant risk exposure changes and two new risks.

Risk Group	No. of open risks on register	Low Risk	Medium Risk	High Risk
Assets	6	2	4	
Corporate Services	6	5	1	
Finance	6	5	1	
Housing, Revenues & Benefits	5	1	3	One closed
Localism	5	3	2	
Planning & Environmental Health	9		9	
Street Scene	8	3	5	

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 continually work with the risk managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

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: Chris Leslie, Finance Director

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

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

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

Appendix B – Operational Risk Register Summary Report

Report Author Contact Details:

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BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16					
			*L	*I		*L	*I				
1	RSK1	Finance Pressures	5	5	25	5	5	25	↔	COMMENT JAN 2016: Increased to highest risk following the Provisional Local Government Finance Settlement 2016/17. COMMENT MAY 2016: The significantly challenging financial climate continues to place pressures on the Council.	Chris Leslie
2	RSK11	Rollout of Universal Credit	5	5	25	4	5	20	↓	COMMENT JAN 2016: The implementation of universal credit will also put pressures on the private sector tenants and the risk of them becoming homeless is increased. A new income collection policy/procedure has been approved/implemented. A new pre tenancy service is being worked on by Officers and was implemented on April 2016. Internal audit will be conducting a review over the next couple of months and will make recommendations. COMMENT MAY 2016: We have reduced the impact from 25 to 20 to take into account the control measures put in place to date - new rent collection policy/procedure, pre tenancy service to be implemented June 2016; new performance data has been produced to show 'priority areas'. We have moved temporary accommodation properties arrears management to the estates team to manage. Working more closely with colleagues in Revenues & Benefits to discuss vulnerable clients. We have also improved working relationships with CAB and have regular meetings to discuss tenants who need help with debt/money advice. Training for staff to be booked with CAB in June 2016. More work is planned on communicating with residents and raising the profile of Universal credit to help tenants deal with DWP's plan to roll out Universal Credit from April 2017.	Helen Gregory
3	RSK12	Extension of Right To Buy to registered provider tenants	4	5	20	4	5	20	↔	COMMENT JAN 2016: We are waiting for further announcements from Government; HG to attend a GLA/DCLG briefing in February 2016. COMMENT MAY 2016: HG attended DCLG briefing. There was no update on how the Government intends to implement. HG will continue to monitor.	Helen Gregory
4	RSK2	Local Development Plan	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.	Phil Drane

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16					
			*L	*I		*L	*I				
5	RSK10	Failure to spend Capital Receipts	3	5	15	3	5	15	↔	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.	Helen Gregory
6	RSK5	Information Management and Security	3	5	15	3	4	12	↓	COMMENT JAN 2016: Information Management Training (FOI/DPA) to be delivered by Lee Henley in February/March. The Council's Certificate of Registration with the Information Commissioner's Office has now been renewed. COMMENT MAY 2016: Lee Henley has provided an options paper regarding Information Governance issues. Review of Data Protection Policy to occur in June - August 2016 and the report will be available in September 2016. Training for Officers and Members is to be delivered by Lee Henley in June or July 2016.	Daniel Toohey
7	RSK4	Organisational Capacity	3	4	12	3	4	12	↔	COMMENT JAN 2016: This is a key part of the alignment between the Transformation Agenda and the budget. COMMENT MAY 2016: This continues to be reviewed.	Phil Ruck
8	RSK13	Failure to deliver key Corporate Projects	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	Phil Ruck
9	RSK3	Disaster Recovery/Business Continuity	2	4	8	2	4	8	↔	COMMENT JAN 2016: The over-arching plan will be reviewed to ensure it is robust. Staff details in the plans are to be improved. ICT will provide an updated BC plan to reflect current arrangements. 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.	Mark Stanbury
10	RSK7	Commercial Activities	2	4	8	2	4	8	↔	COMMENT JAN 2016: This is an area under constant review and will become clearer once key business cases have been prepared and agreed. COMMENT MAY 2016: Business cases and income generation under constant review to support commercial activities.	Phil Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16					
			*L	*I		*L	*I				
11	RSK8	Contract/Partnership Failure	2	4	8	2	4	8	↔	COMMENT JAN 2016: This is ongoing and there are no changes to report. COMMENT MAY 2016: No change.	Phil Ruck
12	RSK9	Lack of Strategic Direction	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.	Phil Ruck
* L = Likelihood Rating (1 = Low, 5 = High) * I = Impact Rating (1 = Low, 5 = High) Maximum Score 5 x 5 = 25											

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Brentwood Borough Council - Operational Risk
Summary Risk Report

Significant Risk Exposure Changes

Risk No	Risk Description	Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required
		Jan-16			May-16				
		*L	*I		*L	*I			
CS1	Key objectives not delivered due to capacity issues (e.g. Insufficient HR)	4	4	16	4	5	20	↑	COMMENT MAY 2016: Impact has increased as we are approaching crunch time for a number of projects to deliver this financial year. This is not to say it will occur, but if requirements increase suddenly on the resources capacity, which are already stretched, the ability to cover any further projects or areas will be too demanding. The impact would therefore be more significant as there is less time in the financial year to deliver the key objectives.
CS2	Up-to-date Constitution that is amended for legislative changes	3	3	9	2	3	6	↓	COMMENT MAY 2016: Draft Health Check Report received from Brevan Brittan. Amendments to be discussed with Phil Ruck and Members shortly.
HRB3	Failure to implement changes to Benefit rules and regulations in a timely manner	2	5	10	2	4	8	↓	COMMENT MAY 2016: The recruitment of a subsidy maximisation officer has taken place, with a starting date of 01/06/2016. Along with income maximisation, they will work closely with the Revenues & Benefits systems team and training officer to ensure that systems testing is undertaken and disseminated to all relevant persons, ensuring that any new legislation is applied correctly to both the Civica Open Revenues system and processing policies and procedures.
HRB5	Revs & Bens software conversion	2	5	10				CLOSED	COMMENT MAY 2016: Conversion has now been completed.
L1	Failure to deliver BBC events	4	5	20	4	3	12	↓	COMMENT MAY 2016: Revised Event Management Plans & Risk Assessments for 2016/17 events.
L4	Hutton Community Centre - lack of use of the centre	3	4	12	1	2	2	↓	COMMENT MAY 2016: Heads of Terms of lease agreed at PF&R in March 2016 to negotiate with HCC CIO for a new lease for up to 15 years. Agreed target of 30 June 2016 to handover.

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Appendix B

Brentwood Borough Council - Operational Risk
Summary Risk Report

Risk Mitigation Plan Exception

Risk No	Risk Description	Action	Exception	Corrective Action Required

New Risks

Risk No	Risk Description	Likelihood	Impact	Owner	Impact Description
L5	Leisure Strategy - BLT	3	4	Partnership, Leisure & Funding Manager	Financial and reputational impact.
SS8	Pay and Display machines out of action	3	2	Parking Manager	Loss of revenue.

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* L = Likelihood Rating (1 = Low, 5 = High)
* I = Impact Rating (1 = Low, 5 = High)

13 June 2016

Audit and 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

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 2015 to March 2016.

2. Recommendation(s)

2.1 That the Committee notes the complaints received through the Council's formal complaints process and the number of Freedom of Information Requests received during the period April 2015 to March 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 During 2014/2015 financial year there were 23 complaints for first stage investigation, 76 complaints have been received from in 2015/16.

4.2 The table below shows the breakdown for the financial year 2012/13 to 2014/15 and the complaints received for the period 2015/16.

Stage One

Department	2012/13	2013/14	2014/15	2015/16
Assets	0	0	2	0
Housing	10	10	11	32
Planning	8	10	4	23
Revenues and Benefits	6	9	2	12
Governance	2	0	0	1
Legal and Debt Recovery	2	3	0	2
Health, Safety and Localism	2	0	1	1
Street Scene & Environment	4	1	3	5
Total	34	33	23	76

4.3 Details of the 76 complaints included

- Housing repair issues and general housing issues
- General handling of planning applications and delay in planning application validation
- Length of process and advice provided by planning pre application advice
- Strategic Growth Options Consultation validity
- Handling of Housing Benefit overpayment
- Delay in Housing Benefit assessment
- Complaint regarding grass cutting

4.4 Twelve complaints have progressed to the second stage for 2015/2016. The table below shows a comparison for previous years.

Stage Two

Department	2012/13	2013/14	2014/15	2015/16
Housing	1	2	3	3
Planning	3	3	1	8
Revenues and Benefits	2	3	0	1
Environmental Health	0	0	1	0
Governance	2	0	0	0
Streetscene & Environment	0	0	1	0
Legal	0	1	0	0
Total	8	9	6	12

- 4.5 Four complaints have progressed to Stage 3 in 2015/16. One for Planning and three for Housing.
- 4.6 Of the 76 complaints received in 2015/16, 10 were upheld, 10 were partially upheld and 34 were not upheld. The remaining complaints either required no further action or are still outstanding at the time of drafting this report.
- 4.7 Of those upheld or partially upheld there continue to be no particular trends or themes to the complaints made in 2015/16 which would result in concern about a process failure or service delivery breakdown in any service areas.
- 4.8 However, it is inevitable that there will be a proportion of cases where the complainant is unhappy with the outcome. 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.
- 4.9 In 2014/15 three complaints had progressed to the Local Government Ombudsman. A comparison with previous years is included in the table below. Two complaints were made to the Local Government Ombudsman in 2015/16

Department	2012/13	2013/14	2014/15	2015/16
Housing	1	2	1	1
Planning	2	3	0	0
Revenues and Benefits	0	2	1	1
Building Control	1	0	0	0
Governance	0	0	1	0
Total	4	7	3	2

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 and 2015/16. This information is available for public viewing on the Council's website. The total number of requests received in 2012/13 was 432 and 2013/14 was 661.

Department	2014/15	2015/16
Revenues and Benefits	164	134
ICT	31	34
Corporate Services	103	79
Environmental Health	73	93
Housing	49	69
Streetscene	86	50
Finance Services	47	54
Built Environment	44	45
Community Services	18	12
Democratic Services	7	4
Total	622	574

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: Chris Leslie, Finance Director
Tel & Email 01277 312712 / christopher.leslie@brentwood.gov.uk

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

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer
Tel & Email: 01277 312680 / daniel.toohey@brentwood.gov.uk

6.2 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:

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13 June 2016

Audit and Scrutiny Committee

Work Programme 2016/17

Report of: *Chris Leslie, Finance Director*

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 work programme 2016/17 at appendix A be approved.**
- 2.2 That a working group be created to review the arrangements for Members' appointed to outside organisations.**

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 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: Chris Leslie, Finance Director

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: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@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 – Work Programme 2016/17

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Work Programme 2016-17

Topic	Committee Date	Lead Members	Commentary
Annual Work Programme	13 June 2016	Councillors Pound & Reed	
Member/Officer Communications / Members Casework Cross Party Working Group	13 June 2016	TBC	
Working group to Review of the arrangements for Members' appointed to outside organisations	13 June 2016	TBC	
Budget Scrutiny	19 Sep 2016	TBC	
Review of the Members Code of Conduct with specific reference to, but not limited to member engagement with the media	19 Sep 2016	TBC	Added to the work programme agenda at the meeting on 29 June 2015.
William Hunter Way lessons learned Task and Finish Group	19 Sep 2016	Officer Report	A follow up report to that presented on 28/10/14 should be taken to the Committee in October 2016.
Hackney Carriage Fare Setting Process	TBC	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	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 Proposal form the taxi trade are received the review can commence.
Peer Review Action Plan Monitoring	On-Going	Officer Report	Council agreed in September 2015 that progress against the peer review action plan should be reviewed by the Committee.

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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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