



# Agenda

## Audit, Scrutiny and Transformation Committee

Monday, 29 June 2015 at 7.00 pm  
Council Chamber - Town Hall

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### Membership (Quorum – 10)

Cllrs Kerlake (Chair), Mrs Murphy (Vice-Chair), Barrett, Clark, Mrs Hones, Kendall, Mynott, Mrs Slade and Trump

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11. 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  
19.06.2015

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### Information for Members

#### Substitutes

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

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

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#### Rights to Attend and Speak

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

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

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

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

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##### Point of Order

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

##### Personal Explanation

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

##### Point of Information or clarification

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

## Information for Members of the Public

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

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

### **Private Session**

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

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### **Access**

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### **Evacuation Procedures**

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



## Minutes

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### **Audit and Scrutiny Committee Monday, 9th March, 2015**

#### **Attendance**

Cllr Clark (Chair)  
Cllr Barrett (Vice-Chair)  
Cllr Chilvers

Cllr Mrs Hones  
Cllr Dr Naylor

#### **Substitute Present**

Cllr Hossack (substituting for Kerlake) under Overview and Scrutiny procedure rule 1.3  
Cllr Quirk (substituting for Mrs Squirrel)  
Cllr Ms Sanders (substituting for Sleep) under Overview and Scrutiny procedure rule 1.3

#### **Also Present**

Cllr Kerlake  
Cllr Aspinell  
Cllr Mrs Hubbard  
Cllr Kendall  
Cllr Mrs McKinlay  
Cllr Mynott  
Cllr Reed

#### **External Witnesses for Agenda Item 3**

Martin Lazenby  
Brenadette Benn  
Brian Darwood  
Miss Hickman

#### **Officers Present**

Ben Bix  
Christine Connolly  
Zoey Foakes  
Debbie Hanson  
Claire Hayden  
Richard Haynes

Corporate and Democratic Services Manager  
Ernst & Young, External Audit  
Governance & Member Support Officer  
Ernst & Young, External Audit  
Governance and Member Support Officer  
BDO, Internal Audit

Chris Leslie	Financial Services Manager
Liana Nicholson	BDO, Internal Audit
John Parling	Strategic Asset Manager
Chris Potter	Monitoring Officer & Head of Support Services
Steve Summers	Head of Customer Services

#### **482. Apologies for Absence**

Apologies were received from Cllr Squirrell with Cllr Quirk in attendance as substitute; and under Overview and Scrutiny procedure rule 1.3 Cllrs Kerlake and Sleep were precluded from the meeting with Cllrs Hossack and Sanders in attendance respectively.

#### **483. Minutes of the Previous Meeting**

The minutes of the Audit and Scrutiny Committee meeting held on 27<sup>th</sup> January 2015 were approved and signed by the Chair as a correct record.

#### **484. Call-in of decision 458 of the Asset and Enterprise Committee 18 February 2015, Hutton Community Centre - New Lease**

Cllr Hossack was invited to present the reasons for the call in followed by Cllr Aspinell as representative of the decision taking committee.

The meeting was also attended by 6 witnesses who spoke for a maximum of 3 minutes each followed by a question and answer session based on their participation at the Asset and Enterprise Committee on Hutton Community Centre on 18 February 2015.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Quirk to receive recommendation 2.1 in the report (*To allow the decision to be implemented without further delay*).

Following a discussion a recorded vote was requested in accordance with Rule 9.5 of the Council's Procedure Rules. Members voted as follows:

FOR: Cllrs Barrett, Clark, Chilvers, Quirk (4)

AGAINST: Cllrs Mrs Hones, Hossack, Dr Naylor, Ms Sanders (4)

On the casting vote of the Chair the MOTION was CARRIED that:

- 1. The decision by the Asset & Enterprise Committee (18 February 2015) be implemented without further delay.** (*That delegated authority be granted to the Strategic Asset Manager after consultation with the Chair of Asset and Enterprise Committee to negotiate and enter into a lease of the Hutton Community Centre with Essex Boys and Girls Clubs*).

#### **REASON FOR DECISION**

To comply with Part 4.4 of the Council's Constitution – Overview and Scrutiny Procedure Rules.

#### **485. Audit Plan 2014/15**

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

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

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Barrett to receive the recommendation in the report.

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

- 1. Members received and noted the content of the reports.**

#### **REASON FOR DECISION**

The Audit Plan informs the statutory audit opinion.

#### **486. Internal Audit Plan 2014-17**

The report outlined the proposed work programme for Internal Audit for 2014-17, including the operational plan for 2015/16.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Barrett to receive the recommendation in the report.

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

- 1. The Committee approved the Internal Audit Plan for 2014-17 and the Operational Plan for 2015/16.**

#### **REASON FOR DECISION**

To approve the work programme for Internal Audit for 2014-17, including the Operational Plan for 2015/16.

#### **487. Internal Audit Progress Report**

The report detailed the progress to date against the internal audit plan that was agreed by the then Audit Committee in March 2014.

The report also included an update on the progress of the implementation of the recommendations raised by the previous internal auditors and the progress of implementation of recommendations raised in the current year.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Hossack to receive the recommendation in the report.

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

**1. The Committee received and noted the contents of the reports.**

#### **REASON FOR DECISION**

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

#### **488. Internal Audit Charter**

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 the position of the internal audit within Brentwood Borough Council and defined the scope of internal audit activities.

The Charter was presented to the Committee in March 2014 and had been updated for 2015/16.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Barrett to receive the recommendation in the report.

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

**1. The Committee noted and approved the Internal Audit Charter for 2015/16.**

#### **REASON FOR DECISION**

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

#### **489. Referrals to the Committee under Regulation 6 of the Local Authorities (Committee System) (England) Regulations 2012**

The following referrals were made to the Committee under Regulation 6 of the Local Authorities (Committee System) (England) Regulations 2012 by Cllr Kerslake:



a) **The Appointment of an Interim Chief Executive and Designation as Head of Paid Service (Ordinary Council 4 February Minute 442).**

b) **Revenues and Benefits – Shared Services Partnership (Finance and Resources Committee 11 February Minute 453).**

Councillor Kerslake was of the opinion that Members were not adequately furnished with sufficient relevant information in order to make informed decisions.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Hossack.

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

1. The Scrutiny Work Programme be amended to include officer reports on the referrals of (a) Appointment of an interim Chief Executive; and (b) Revenues and Benefits – Shared Services Partnership in consultation with Cllrs Clark and Kerslake.

#### **490. Scrutiny Work Programme 2014/15**

The Audit and Scrutiny Committee was invited to consider its 2015/16 scrutiny work programme.

The Chair invited Cllr Kerslake to comment on whether the Brentwood Community Transport item he had put forward should be withdrawn from the work programme due to the workload of the Committee. Cllr Kerslake concurred.

Cllr Clark put forward a new item for consideration on the work programme for the creation of a Task and Finish Group to investigate Member engagement with the press with regard to the Member Code of Conduct and the reputation of the Council, following a recent article in the national press.

A motion was **MOVED** by Cllr Clark and **SECONDED** by Cllr Barrett to receive the recommendation in the report.

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

1. **The Audit and Scrutiny Committee agreed its scrutiny work programme 2015/16 to include:**

- a) **An officer report on the Appointment of an Interim Chief Executive and Designation as Head of Paid Service (Ordinary Council 4 February Minute 442)**
  
- b) **An officer report on the Revenues and Benefits – shared Services Partnership (Finance and Resources Committee 11 February 2015 Minute 453)**
  
- c) **The creation of a task and finish group to consider member engagement with the press with regard to the Member Code of Conduct and the reputation of the Council.**
  
- d) **The withdrawal of the Brentwood Community Transport item**

**REASON FOR DECISION**

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

**491. Urgent Business**

There was no urgent business to consider.

The meeting concluded at 22.40.

29 June 2015

**Audit, Scrutiny and Transformation Committee**

**Statement of Accounts 2014/15**

**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 2014/15. These accounts were presented to the External Auditors (Ernst & Young) by the statutory deadline of 30 June 2015.
- 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 2014/15 and Annual Governance Statement are reviewed.**

## 3. Introduction and Background

- 3.1 The main sections in the Statement are:

### **a) Explanatory Foreword**

The purpose of this foreword 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.

**d) Balance Sheet**

This sets out the financial position of the Authority as the 31 March 2014. 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 and Essex Police and Fire Authorities) 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 accordance with The Accounts and Audit (England) Regulations 2011, the responsible financial officer must sign the statements by 30 June to confirm that they have been properly prepared and are ready for audit.
- 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 at 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:** Chris Leslie, Finance Director

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

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

### **Legal Implications**

**Name & Title:** Chris Potter, Monitoring Officer

**Tel & Email** 01277 312860 / christopher.potter@brentwood.gov.uk

6.2 None.

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

**Name:** Chris Leslie, Finance Director

**Telephone:** 01277 312542

**E-mail:** christopher.leslie@brentwood.gov.uk

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**29 June 2015**

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

### **Internal Audit Annual Report 2014/15**

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

**Wards Affected:** *All*

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

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

1.1 This report is the Internal Audit Annual report for 2014/15. The report gives a summary of the work performed for the 2014/15 Annual Audit Plan.

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

**2.1 That the Committee approves the Internal Audit Annual Report for 2014/15.**

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

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

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

4.1 The Internal Audit Annual Report provides a summary of the work undertaken for the 2014/15 Annual Audit Plan. The report is attached as Appendix 1.

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

5.1 To approve the Internal Audit Annual report for 2014/15.

#### **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:** 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:** Chris Potter, Monitoring Officer

**Tel & Email:** 01277 312860 / christopher.potter@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

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

9.1 Appendix A – Internal Audit Annual Report 2014/15

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

**Name:** Greg Rubins

**Telephone:** 023 8088 1892

**E-mail:** greg.rubins@bdo.co.uk



# Brentwood Borough Council

INTERNAL AUDIT ANNUAL REPORT

June 2015

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Appendix A

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# EXECUTIVE SUMMARY

## Internal Audit 2014/15

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 reports have been issued for this financial year:

Customer Services	Car Parking and Golf Club Income
Transformation Programme (Town Hall Re-modelling Project)	Partnership Working
Performance Management	Capital Developments
Financial Systems (including Revenues & Benefits and Payroll (Draft))	Housing Rents and Service Charges
Risk Management	Repairs and Maintenance
IT Transformation(Draft)	Property Management
IT Data Security	

We have detailed the opinions of each report and key findings on pages 4 to 8.

Our internal audit work for the 12 month period from 1 April 2014 to 31 March 2015 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny 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 review of Counter Fraud arrangements, which we agreed would span financial years. We have completed a full fraud risk assessment on the arrangements in place at the Council. This is near completion and our report is due to be issued imminently.

## Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to members, through the Audit and Scrutiny 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 audit assignments contained within internal audit risk based plans that have been reported throughout the year. This 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.
- The Council has achieved their budget for 2014/15 and 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 and IT arrangements, and the Council is working on addressing these issues. Implementation of recommendations has generally been satisfactory, despite changes of key personnel in some areas.

# 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 contact centre is now successfully managing customer enquiries on behalf of services across the Council.</p> <p>However we were unable to see evidence or rationale for the savings target of £250k which was set out in the business case for the contact centre. We also found that there is no customer access strategy in place to ensure benefits are realised from channel shift. We also recommended that the Council develops an effective contact monitoring framework.</p>
Transformation Programme (Town Hall Re-modelling Project)	Moderate	Moderate	<p>The Council has a clear reporting structure in place to escalate any concerns about the Town Hall Re-Modelling Project. The Council has a sound governance architecture in place which provides an opportunity to manage issues and risks that arise over the course of the Project. There is strong political oversight of the Project through the Town Hall Working Group. The Council has designed the re-modelled Town Hall in a way which permits flexibility in the face of changing future demands.</p> <p>Our review found that the Council should make better use of the Highlight Report system which it has in place to monitor Project progress by ensuring that there is a clear internal logic to the RAG rating assigned to project milestones, standardising descriptions of ongoing project tasks and ensuring all milestones have anticipated completion dates. We also recommended that the Council looks to formalise the arrangements and contingency plans with external partners who will be using the Town Hall and ensure that they sign up to specific commitments.</p>
Performance Management	Moderate	Moderate	<p>As at October 2014 the project management framework was under review and had not been fully implemented. We found that the Council has a clear vision for the structure and framework that they wish to see in place for the managing of performance indicators and projects, and is already implementing improvements to the processes. The framework proposed is well structured and should improve the Council's selection of key projects to further its corporate priorities and the outcomes from these projects.</p> <p>However we found that the key performance indicators set were not always in line with the Corporate Plan and there was little evidence that the Corporate Plan was embedded in the performance management process. Performance targets set were not always consistent in the level of challenge set and there is no additional corporate action taken when performance is not being met.</p>

# SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Financial Systems	Substantial	Moderate	<p>We carried out a comprehensive review including the general ledger, accounts payable, accounts receivable, treasury management and budgetary control. We found there to be a sound system of internal control designed to achieve system objectives with a well-supported finance function.</p> <p>We found a small number of areas for improvement around the timelines of the completion of reconciliations and evidence of review. We also recommended that in cases where accounts payable approve an invoice on behalf of another department, the reason is clearly documented and validated on the system. User access should be reviewed annually to ensure that the assignment of Officers to authorise expenditure, including limits set for particular cost centres, is reasonable and up to date.</p>
Revenues and Benefits	Substantial	Moderate	<p>We found there to be a sound system of internal control designed to achieve system objectives with a well-supported Revenues and Benefits function. We found there to be strong controls around the review process of benefit claim applications and the writing off of overpayments. Improvements have been made to access right controls on the Northgate system.</p> <p>We found however that no documentation is retained in relation to the checks performed for the annual uprating of parameters on the Northgate system. We also noted that the policy for recovering benefit overpayments, which is currently not being followed in practice, is under review to ensure that it is more effective.</p>
Payroll (Draft)	Limited	Limited	<p>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. We reviewed the controls that were in place to manage the transfer of payroll data between the old payroll system and the Midland HR system, however there was little evidence retained and we were unable to perform our own detailed testing as reports were not available.</p> <p>We were unable to test the effectiveness of key controls in the following areas due to a lack of supporting information being available from Midland HR: authorisation of vacancies, authorisation of new starters, authorisation of expenses and overtime payments by Managers and Heads of Service, and leaver notifications. From discussions we also noted that the current process for staff leavers appears disjointed and necessary actions may not be completed for every leaver. There are also no contract key performance indicators with Midland HR for the HR aspects of the contract.</p>

# SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Risk Management	Limited	Moderate	<p>Our review found that the Strategic Risk Register had been redeveloped over the last year, with the help of Zurich, and is well-structured. The Council will be working on redeveloping the Operational Risk Register over the coming months. Training has been provided to all members of CLB and the Audit and Scrutiny Committee and will be rolled out to all staff at the Council in due course.</p> <p>However we found that there is no clear link between the risks included on the Risk Register and the Council's Corporate Plan. There is not a strong process in place for considering and identifying the risks that may inhibit the Council from achieving its Corporate Objectives. Risks in relation to the Council's projects are not included on the Risk Registers and we also found that Risk Management is not a standing agenda item at either the Corporate Leadership Board or the Senior Management Team meetings. We recommended that the Council should have an Officer in place with overall responsibility for Risk Management to oversee the implementation of the required actions noted on the Risk Register and also challenge the controls in place to mitigate the risks.</p>
IT Transformation (Draft)	Limited	Limited	<p>The Council has embarked on a comprehensive review of its IT strategy and the IT and Transformation programme (ITTP). Our review found that senior appointments have been made and responsibilities for the delivery of the IT programmes have been assigned. The IT departmental structure has been revised to reflect the need for flexible resourcing to meet skills and capacity required to deliver current and future IT projects.</p> <p>However we found that there was no evidence of formal approval, leadership and senior management support for the ITTP and there was no evidence that the ITTP supports the Council's Corporate Objectives. The governance and reporting arrangements for the ITTP is unclear and not documented. There is also currently no IT Strategic Plan.</p>
IT Data Security	Limited	Limited	<p>Our review found that the information security governance and management arrangements at the Council are adequate. The Council has acceptable security access controls and technical security controls such as patch management, vulnerability scanning, antivirus/antimalware, web filtering and email scanning are in place.</p> <p>However we found that the Information Security and related policy documents are out of date and there is no policy in place for remote access. We also found that there are no documented procedures for granting, suspending and amending user accounts and there is no regular security awareness training for staff. The Council also does not obtain assurance from 3rd party service providers.</p>

# SUMMARY OF REPORTS






Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Car Parking and Golf Club Income	Limited	Moderate	Our testing did not identify any issues with the general controls around the collection and banking of cash for both car park and golf club income. However we did identify that there is no set schedule which timetables car park cash collections and therefore Finance is not aware of which car park's income to expect on any particular day. Golf income received during twilight play is entirely cash based, and is not recorded on the system when booking players in on arrival, but are recorded the following morning.
Partnership Working	Limited	Limited	<p>The Council has a number of partnership arrangements in place, for which there are set policies and procedures. The Council has recently moved from a funding strategy based on service level agreements to a commissioning based approach. An updated policy has recently been drafted and approved by the Policy Board to incorporate these changes in the funding strategy.</p> <p>However through our review we identified that there is no central policy on how partnerships should be governed, or performance monitored and for ensuring that partnerships deliver against the Council's corporate priorities. We also noted that the Council's current definition of a partnership is out of date. There is also no formal process adopted for the identification of partnerships and review of the current partnership register.</p>
Capital Developments	Moderate	Moderate	<p>Our review focused on the William Hunter Way project and the revised scope of the Town Hall Remodelling project. We found that a successful public consultation exercise was completed on the William Hunter Way Project and the options appraisal was fairly presented to the Extraordinary Council. Both of the project's objectives are in line with the Corporate Plan.</p> <p>From our review we noted that the Council had not considered the impact on revisions to the Town Hall Project on external tenants who will be leasing some space within the Town Hall. We also noted that there appeared to be a lack of engagement with some key stakeholders in the William Hunter Way project e.g. the Business and Town Centre Committee.</p>

# SUMMARY OF REPORTS

Review	Level of Assurance - Design	Level of Assurance - Effectiveness	Key Findings
Housing Rents and Services Charges	Moderate	Moderate	<p>From our review we found that there is a high level of engagement within the housing team from all levels of staff and this appeared to be actively encouraged within the department. We reviewed the HRA business plan and found this to be in line with government policy. We also reviewed the controls in place around rental increases and found these to be sufficient.</p> <p>We noted that the majority of senior officers within the Housing department are employed on an interim/temporary basis; the department requires long term leadership in order to see through improvements required. We also identified that the ground maintenance service charge cost is based on historical uplift data and leaseholders are most likely being undercharged for this service. We also found cases where the Council was failing to comply with statutory requirements for consultation (section 20). We raised recommendations around the current processes for calculating service charges and how this should become more of an automated process.</p>
Repairs and Maintenance	Moderate	Moderate	<p>In June 2014 the majority of repairs and maintenance was consolidated into three new contracts. We found that the use of the new contracts has simplified and streamlined the repairs and maintenance reporting and monitoring, with adequate key performance indicators in place to monitor the contracts. We found that the contracts were awarded through a sufficiently competitive and well-structured tender process to ensure the Council received value for money.</p> <p>Through our review however we noted that very few of the new repairs and maintenance processes and controls are formally documented, resulting in some processes and controls not being evidenced or consistently applied.</p>
Property Management	Moderate	Moderate	<p>The Council uses the Orchard Property Management system to record income due through rents and service charges. The Council has also implemented a new property management system called Keystone, although this was not fully utilised at the time of the audit. Estate inspections are carried out bi-monthly and regular monitoring of outcomes are monitored. We also found that the Council has good arrangements in place to manage and monitor void properties.</p> <p>We did note however that the Void Management Procedure document has not been updated to reflect the new repairs and maintenance contracts. Additionally the document does not detail the target timescales for each stage of the repairs and maintenance process. We also recommended that all sub-departments work more closely to discuss performance and the outcomes of the estate inspections.</p>



# KEY PERFORMANCE INDICATORS

<i>Reporting</i>	<i>Detail on KPI's</i>	<i>RAG Rating 2014-15</i>
<ul style="list-style-type: none"> <li>• Issuance of draft report within 3 weeks of fieldwork 'closing' meeting.</li> </ul>	All drafts reports were issued within 3 weeks of the closing meeting.	
<ul style="list-style-type: none"> <li>• Finalise internal audit report 1 week after management responses to reports are received.</li> </ul>	All draft reports were finalised within 1 week of management responses being received.	
<i>Relationships and customer satisfaction</i>		
<ul style="list-style-type: none"> <li>• Customer satisfaction.</li> </ul>	Good feedback has been received on all audits completed.	
<ul style="list-style-type: none"> <li>• Annual survey to achieve score of at least 70%.</li> </ul>	The annual survey has been issued but responses have not yet been received.	TBC
<i>Staffing and training</i>		
<ul style="list-style-type: none"> <li>• At least 60% input from qualified staff.</li> </ul>	10 of the audits completed were undertaken by 100% qualified staff. 60% of qualified staff have been used on all other audits.	
<i>Audit Quality</i>		
<ul style="list-style-type: none"> <li>• Reliance on work by EY where appropriate.</li> </ul>	No issues have been brought to our attention which means that EY have not been able to rely on our work where required.	
<ul style="list-style-type: none"> <li>• Positive result from any external review (where planned).</li> </ul>	External review was not completed 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
<b>Substantial</b>	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
<b>Moderate</b>	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
<b>Limited</b>	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
<b>No</b>	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

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

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**29 June 2015**

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

### **Internal Audit Progress Report**

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

**Wards Affected:** *All*

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

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

- 1.1 This report details the progress to date against the 2014/15 internal audit plan that was agreed with in the Audit Committee in March 2014 and 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 2013/14 and 2014/15.
- 1.3 The following reports received limited assurance and therefore are included as full reports as supplementary papers to this progress report:
  - Partnership Arrangements
  - Risk Management
  - IT Data Security

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

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

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

- 3.1 The Audit Committee approved the 2014/15 annual audit plan on 11 March 2014. Progress reports on the delivery of the plan are presented at each Committee meeting. The 2014/15 audit plan is now complete.
- 3.2 The Audit and Scrutiny Committee approved the 2015/16 annual audit plan on 9 March 2015.

#### **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:** 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:** Chris Potter, Monitoring Officer

**Tel & Email:** 01277 312860 / christopher.potter@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

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

- Appendix A – Internal Audit Progress Report
- Appendix B – Partnership Arrangements
- Appendix C – Risk Management
- Appendix D – IT Data Security

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

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# Brentwood Borough Council

## INTERNAL AUDIT PROGRESS REPORT

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June 2015



Appendix A

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# PROGRESS AGAINST PLAN

## Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2014/15 internal audit plan which was approved by this Committee in March 2014, and a summary 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 2014/15 work to date

Since the previous Audit and Scrutiny Committee in March, we have completed and finalised the reports for:

- Revenues and Benefits
- Partnership Arrangements
- Capital Projects
- Transformation Programme (Town Hall Re-Modelling Project)
- Risk Management
- IT Data Security

We are currently completing a full fraud risk assessment review on the counter fraud arrangements at the Council. In agreement with the S151 Officer, this audit will span financial years. The review is near completion and the draft report will be issued imminently.

The Payroll and IT Transformation audits are complete and management's responses to our recommendations are currently being agreed.

The following reports were given limited assurance and therefore the full reports have been presented to the Audit, Scrutiny and Transformation Committee as an appendix to this progress report:

- Partnership Arrangements
- Risk Management
- IT Data Security

# PROGRESS AGAINST 2014/15 PLAN

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Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Modern Council</b>					
Customer Service	20	Q1	Complete	Moderate	Moderate
Transformation Programme (Town Hall Re-Modelling Project)	20	Q4	Complete	Moderate	Moderate
Performance Management	20	Q2	Complete	Moderate	Moderate
Financial systems	95	Q3/4	Complete (Note Payroll and Revenues & Benefits will be presented as separate reports)	Substantial (GL) Substantial (Revs & Bens) Limited (Payroll)	Moderate (GL) Moderate (Revs & Bens) Limited (Payroll)
Risk Management	20	Q4	Complete	Limited	Moderate
IT Transformation	20	Q4	Draft	Limited	Limited
Data security	20		Complete	Limited	Limited
Counter Fraud	15	Q4	On-going		
Car Parking and Golf Income	15	Q3/4	Complete	Limited	Moderate
<b>245</b>					
Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Safe Borough</b>					
Partnership Working	20	Q1/Q2	Complete	Limited	Limited
<b>20</b>					

# PROGRESS AGAINST 2014/15 PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Prosperous Borough</b>					
<b>Capital developments</b>	25	Q3/4	Complete	Moderate	Moderate
	25				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Housing, Health and Wellbeing</b>					
<b>Housing systems</b>	30	Q3/4	Complete	Moderate	Moderate
<b>Repairs and Maintenance</b>	20	Q3	Complete	Moderate	Moderate
<b>Property management</b>	20	Q3	Complete	Moderate	Moderate
	70				

# PROGRESS AGAINST 2014/15 PLAN

Area	2014/15	Description of the Review
Planning/ liaison/ management	20	
Recommendation follow up	10	We will follow up high and medium priority recommendations raised by the previous internal auditors.
Audit Committee		
Contingency	10	
<b>Total</b>	<b>40</b>	
<b>Total</b>	<b>400</b>	

# SUMMARY AUDIT REPORT: Revenues and Benefits

## CLIENT STRATEGIC RISKS

Risk 1 Finance pressures  
 • Target levels for income are not achieved.

This review relates to the risk that the Council has a lack of strategic direction.

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design Substantial There is a sound system of internal control designed to achieve system objectives.

Effectiveness Moderate A small number of exceptions found in testing of the procedures and controls.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High 0

Medium 7

Low 2

Total number of recommendations: 9

## OVERVIEW

The Council's revenues and benefits are processed on the Northgate system. Brentwood Borough Council receives subsidy for housing benefits of c£16m and income of £46m and £26m for council tax and national non-domestic rates respectively.

Our review has found the following areas of good practice:

- Updates to rateable values and council tax bandings are reconciled to Northgate on a weekly basis.
- There are strong controls around the review process of benefit claim applications, 5% of new claims and amendments are reviewed by a senior officer.
- The access rights control to add new users to the Northgate system have been improved and now requires a form to be signed as authorised by a Manager.
- There are strong controls around writing off housing benefit overpayments in that a hierarchy of authority levels must approve write offs prior to processing within Northgate.

We also found some areas for improvement or development:

- Currently no documentation is retained in relation to the checks performed for the annual uprating of parameters. It is recommended that rather than selecting cases randomly, which is current practice, the process for selecting and testing claims is focused on those applicable amounts that have been uprated. (Medium Recommendations)
- Through discussions with the Revenues and Benefits Manager the current policy for recovery of benefit overpayments is not followed in practice as the Revenues and Benefits Manager has found it ineffective and inflexible. The policy is currently being reviewed by the Revenues and Benefits Manager. (Medium Recommendation)
- Northgate access levels were reviewed on a regular basis by the Systems Accountant, however there was no review by the Revenues and Benefits Manager. We have recommended that users and access levels are reviewed on an annual basis by the Revenues and Benefits Manager. (Medium Recommendation)
- Through discussions with the Systems and Technical Manager, we identified that there were controls around reviewing the Council Tax and Business Rates parameters prior to running the billing reports, however there was no evidence retained for this control for the 2014/15 year. (Medium Recommendation)

Overall there is a soundly designed system of control over Revenues and Benefits, however in some cases officers were unable to supply evidence of these controls operating for the 2014/15 year.

# SUMMARY AUDIT REPORT: Capital Projects


## CLIENT STRATEGIC RISKS

Risks	1, 6 & 7	Finance pressures (risk 1)	• Target levels for income and efficiency savings are not achieved.
		Customer Access Strategy (risk 6)	• Unable to provide/meet customer service performance levels.
		Commercial Activities (risk 7)	• Business models reveal poor market prospects. Income not realised due to weak commercial company arrangements.

## 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	A small number of exceptions found in testing of the procedures and controls.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		1
Medium		2
Low		1

Total number of recommendations: 4

## OVERVIEW

This review focussed on the integrity of key reports presented to the Council and the current governance of the William Hunter Way project. The audit also covered the integrity of the financial information presented for the revised scope of the Town Hall Remodelling project following the feasibility study undertaken on the original project.

Our review found the following areas of good practice:

- The Council undertook a successful public consultation exercise for the William Hunter Way project, where 18.6% percent of residential surveys were returned. We reviewed the underlying data and the methods used to collate and analyse the responses received. We were satisfied that the collation method was appropriate and the results of the consultation have been fairly presented to Council.
- The six William Hunter Way options presented to the Extraordinary Council on 7 April 2014, including the cited benefits and negatives of the projects, were fairly presented in order for the Extraordinary Council to make an informed decision.
- The costs presented for option 6 (Redevelop the William Hunter Way site, with a revised development brief), were arrived at in a methodical manner using the best information available. However the cost projections remain highly judgemental, given the stage of the project, so need to be continually monitored in line with the Council's project management framework.
- Both project's objectives are in line with the Corporate Plan 2013-2016; William Hunter Way has the objective of delivering against the priorities of 'A Prosperous Borough' and the Town Hall Remodelling project is intended to deliver against priorities under 'A Modern Council'.

We also found some areas for improvement:

- We reviewed the revisions to the budget of the Town Hall project and the impact on the revised scope; we noted that revisions made to the scope meant that 'sustainability' works, including roof works and replacement windows were to be carried out as a separate project at a later date. It was not clear where consideration had been given to whether this would affect the Council's ability to lease the space through Chromex or otherwise as part of a contingency plan, and whether Chromex were comfortable with these works being carried out in the near future whilst the space is being leased to their tenants. (High Recommendation)
- The highlights report for William Hunter Way has not been updated since July 2014. This is the key monitoring dashboard for the project, so is fundamental in monitoring the progress of the smaller tasks in order to achieve the overarching project timetable. We recommend that the dashboard is updated on a regular basis and that it is evidenced that tasks are monitored consistently across these reports to ensure adherence to the project timetable. This should be discussed by the working group on a regular basis. (Medium Recommendation)
- At the current stage of the project there is a lack of evidence of engagement from some key stakeholders in the William Hunter Way project, particularly the Business and Town Centres Committee, as they are a link to many other stakeholders and partners such as the Town Centre Renaissance Group. We recommend that the Project Team ensures that the external project management contractors are fully briefed to ensure consultation with all key stakeholders as far as possible, in order to build on the successful resident consultation exercise carried out so far. (Medium Recommendation)

Overall we are able to provide moderate assurance as the processes in place are generally sound to deliver the projects and their objectives, however there is some room for improvement.

# SUMMARY AUDIT REPORT: Town Hall Re-modelling Project



## CLIENT STRATEGIC RISKS

Risks	1, 6 & 7	<b>Finance pressures (risk 1)</b> • Target levels for income and efficiency savings are not achieved.
		<b>Customer Access Strategy (risk 6)</b> • Unable to provide/meet customer service performance levels.
		<b>Commercial Activities (risk 7)</b> • Business models reveal poor market prospects. Income not realised due to weak commercial company arrangements.

## 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	A small number of exceptions found in testing of the procedures and controls.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		2
Medium		5
Low		0

Total number of recommendations: 7

## OVERVIEW

In September 2013 the Council agreed an Outline Business Case to part-re-model the Brentwood Town Hall (Town Hall Remodelling Project) to use the building more efficiently, thereby creating more space for community organisations. This would also make space available to let areas to a commercial partner in order to generate an income for the Council. A budget of £3.6 million was agreed for this project. After further work, the Council identified that works in the original scope would exceed the available budget. Therefore in December 2014 the Council agreed a revised scope to comply with the available budget (£3.6 million).

The purpose of this review was to look at the process the Council has followed in order to re-model how the Town Hall is used and to provide assurance that the Town Hall Remodelling Project adheres to the revised scope as agreed in December 2014.

Our review found the following areas of good practice:

- The Council has a clear reporting structure in place to escalate any concerns about the Town Hall Re-Modelling Project. The Project's most recent Highlight Report (dated 2 February 2015) summarises how issues should be escalated, and the criteria for escalation.
- The Council has a sound governance architecture in place which provides an opportunity to manage issues and risks that arise over the course of the Project. Highlight Reports are published by the Project Team on a bi-monthly basis. These are discussed at the Town Hall Working Group.
- There is strong political oversight of the Project through the Town Hall Working Group. This is a cross-party group which ensures the Project receives continual input from all parties on the Council which can help maintain political buy-in.
- The Council has used the re-scoping of the Project as an opportunity to learn lessons and ensure the Project proceeds on a more sustainable footing.
- Staff engagement has been good throughout the Project. The Town-Hall Re-Modelling Project Team has made effective use of the Council's Town Hall Tabloid to provide regular updates to staff on how the Project is progressing. In addition the Council has held staff consultation events, which has allowed Council staff to view the proposed floor plans and an example of the new office furniture which will be used by staff under the new arrangements.
- The Council has designed the re-modelled Town Hall in a way which permits flexibility in the face of changing future demands.

# SUMMARY AUDIT REPORT: Town Hall Re-modelling Project cont.

## OVERVIEW

We also found some areas for improvement or development:

- The Council should make better use of the Highlight Report system which it has in place to monitor Project progress. Ensuring that there is a clear internal logic to the RAG rating assigned to project milestones, standardising descriptions of ongoing project tasks and ensuring all milestones have anticipated completion dates would make sure that the good governance architecture which the Town Hall Re-Modelling Project Team has put in place is used to its full potential. (High and medium priority)
- The revised floor plans proposed by the Council at the initial design stage do not include some external partners which currently work in the building. The Council should ensure all groups that will use the building post re-modelling are included in proposed floor plans at the earliest opportunity. (Medium priority)
- The Council should look to institute a formal process requiring external partners who will be using the Town Hall to sign up to specific commitments including the layout of space to be used, number of desks required and date when that organisation will move in. This will develop the Council's engagement with external partners (which has been good to date) to the next level, placing it on a legal footing. (High priority)
- The Council should look to formalise contingency plans if it is unable to agree revised Heads of Terms with Chromex, the commercial provider which is expected to lease floor space to the private sector on behalf of the Council. (Medium priority)
- The Council has rightly noted in Highlight Reports for the Project that a decline in service quality as a result of re-modelling is a "key risk." The Council should equip itself with sufficient management information to monitor whether departmental relocation within the Town Hall is having a detrimental impact on quality. (Medium priority)

Overall we provided 'moderate' assurance which reflected that the Council has a generally appropriate system of controls which it broadly applies across the Town Hall Re-Modelling Project. However there is still scope for improvement.



# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Modern Council</b>					
Planning	20	Q1/Q2	Planning		
Customer Services	15	Q3			
Corporate Plan and Priorities	20	Q4			
Financial systems	50	Q4			
Review of Accounts Payable Arrangements	12	Q1	Draft report	Moderate	Limited
Human Resources	25	Q4			
Risk Management	15	Q4			
IT Security and Governance	20	Q3			
Disaster Recovery and Business Continuity	15	Q3			
Counter Fraud	10	On-going	On-going		
	202				

# PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Street scene and environment</b>					
<b>Safe and clean environment</b>	15	Q1/2	Planning		
	15				
<b>Housing, Health and Wellbeing</b>					
<b>Housing systems</b>	15	Q4			
<b>Affordable Housing</b>	15	Q3			
<b>Revenues Shared Service Arrangement</b>	15	Q3			
	45				
<b>A Safe Borough</b>					
<b>Localism and building community capacity</b>	20	Q1/Q2	Planning		
	20				

# PROGRESS AGAINST 2015/16 PLAN

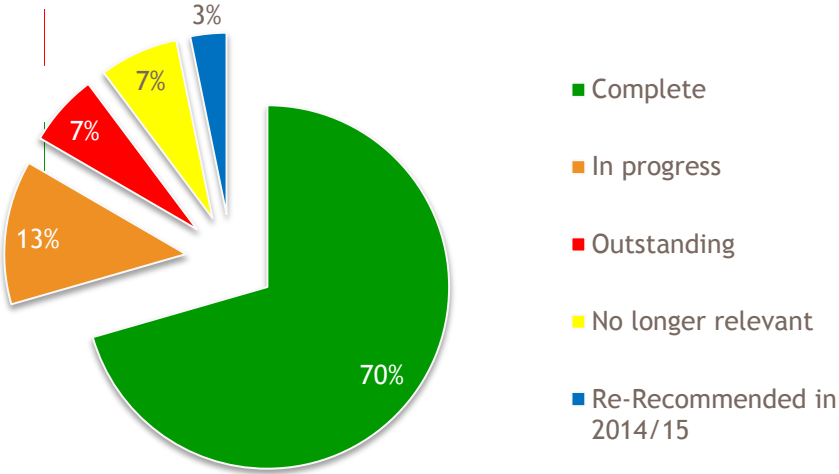
Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>A Prosperous Borough</b>					
Capital Projects	20	Q4			
Local Development Plan/Regeneration	20	Q2			
	40				
<b>Planning, Reporting, Follow-up and Contingency</b>					
Planning/ liaison/ management	20				
Recommendation follow up	10				
Contingency	10				
Total	40				
Total	362				

# FOLLOW UP ON RECOMMENDATIONS - 2013/14

## Follow up of prior year recommendations

We have followed up and gained evidence on the progress made against the high and medium recommendations raised during 2013/14 by the previous internal auditors, which are due to be completed before this Audit and Scrutiny Committee.

The diagram on the right shows the percentage of recommendations in progress and implemented. We will continue to monitor the status of these recommendations. There remains 2 high priority recommendations which are in progress . We have re-recommended 4 recommendations in 2014/15.



	Number	Percentage
Complete	88	70%
In progress	16	13%
Outstanding	8	7%
No longer relevant	9	7%
Re-recommended in 2014/15	4	3%
<b>Total prior year recommendations</b>	<b>125</b>	<b>100%</b>

# 2013/14 high priority recommendations in progress

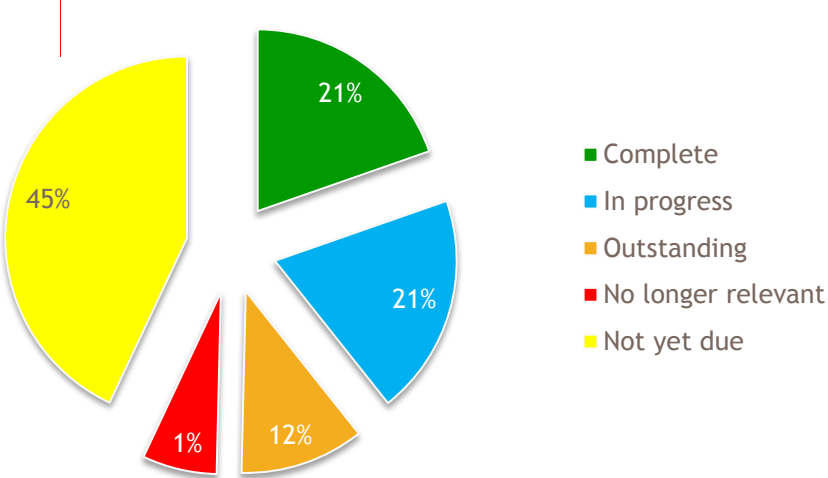
Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Planning Applications & Enforcement	Procedures (1) - The Planning Charters should be reviewed and updated in line with current legislation and the latest planning procedures. An up to date Validation Checklist should be produced and used by all staff responsible for validating and processing a planning application. The checklist should be signed and dated when the application has been assessed as valid. The procedures should be periodically reviewed and updated if necessary with the date of review recorded on the document.	H	The new administrative processes have been implemented as far as the core planning application processing is concerned. The renewed focus on these has contributed to much improve performance in processing times. However, there are several areas of less priority that have suffered as a consequence. For example, back scanning of applications has been delayed and needs to be addressed corporately.	Carole Vint (formally Tony Pierce)	30/04/13	From discussions it was confirmed that a Planning Charter will not be implemented due to the lack of flexibility of the charter in a fast moving legislative environment. The Government Planning Portal is used instead which is referenced on the Brentwood website.  The Validation Checklist is still in the process of being produced.  We will continue to follow up on this recommendation.
Planning Applications & Enforcement	Procedures (2) - The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	H	The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	Carole Vint (formally Tony Pierce)	30/08/12	There continues to be vacancies in this area. Filling the vacancies has become more difficult now that HR has been outsourced.  We will continue to follow up on this recommendation.

# 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 on the right shows the status of the recommendations raised, in progress and implemented. We have raised 15 high priority recommendations during 2014/15, 3 of which has been implemented, 6 of which are in progress, 3 are not yet due and 3 are outstanding. The 6 recommendations that are outstanding and not yet implemented are medium priority recommendations.



	Number	Percentage
Complete	16	21%
In progress	16	21%
Outstanding	9	12%
No longer relevant	1	1%
Not yet due	35	45%
<b>Total current year recommendations</b>	<b>77</b>	<b>100%</b>

# 2014/15 high priority recommendations in progress

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Comments
Customer Services	In order to realise tangible savings in the current financial year, the customer services team will need to carry out an exercise to record any savings that have been made to date as a result of the contact centre and put in place a monitoring framework to capture future savings.	High	Lorraine Jones Customer Contact Manager	31/08/14	The savings have not been achieved for 2014/15 and won't be realised for a few years. The new Head of Customer Services has developed a new plan and a Customer Services Strategy and is taking a more structure approach to Customer Services and the savings that can be realised. A full review of all service areas is being undertaken in 2014/15 to establish how the Customer Services function and the service areas can work together going forward. Until this review and all service areas are on board the savings achieved cannot be seen. The Customer Services Department will be the main point for recording the savings and efficiencies across all departments. This is on-going and will not realistically be seen as implemented until the full service review is completed in November 2015.
Customer Services	In order that the contact centre is able to achieve year on year savings, the Council will need to have a channel shift strategy in place with specific goals for reducing contact across each channel. This will support the contact centre to set and deliver achievable targets. We can provide good practice examples from other Councils.	High	Lorraine Jones Customer Contact Manager	31/09/14	Customer Access Strategy to be reported to Finance & Resources 14.01.2015. Customer Access Strategy Implementation Plan to include development of Channel Shift Strategy with targets. The Full strategy will not be finalised until the full service review has been undertaken, which is due to be completed in November 2015.
Housing System	The Council should look to ensure that there is a long term resolution to the senior management of the housing department as soon as practicable.	High	Christopher Leslie (formally Jo-Anne Ireland)	31/03/15	The Council have not yet implemented a long term resolution to the senior management of the housing department.

# 2014/15 high priority recommendations in progress

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Comments
Housing System	<p>We recommend that the housing team agree a schedule of maintenance with the grounds maintenance team. This should detail the number of man hours scheduled per block for each task per week, allowing a charge to be accurately calculated for each block which can be substantiated if challenged. This would require a review of the outside spaces associated with the blocks.</p> <p>As part of this, the full work log of tasks carried out by the grounds maintenance team should be reviewed to confirm all costs are appropriate to be recharged to leaseholders.</p>	High	John Grisley Interim Principle Officer	31/03/15	We are currently in the process of following this up and will update the audit committee verbally.
Housing System	Orchard should be programmed so that when repairs or scheduled maintenance are being ordered over £500, the user is prompted to consider if a Section 20 consultation is required prior to producing an order number for works.	High	Keith Carter Interim Property Manager	31/03/15	We are currently in the process of following this up and will update the audit committee verbally.



# 2014/15 high priority recommendations in progress

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Comments
Performance Management	The Council should ensure that all key performance indicators are in line with the Corporate Plan, resulting in corporate priorities being achieved. Where key targets are varied from the Corporate Plan these should be agreed with the relevant portfolio holder member.	High	Phil Ruck Contract and Corporate Projects Manager	31/01/15	The responsible officer is in the process of updating and revamping the performance indicator dashboard and revisiting key performance indicators.
Performance Management	Targets within the Performance Indicator Dashboard should be set at a level that should be both achievable and challenging to ensure that the Council not only meet targets but begin to perform above targets. In addition, where applicable, timescales should be set for each performance indicator within the dashboard. These timescales could be staggered to show short term and medium term targets which will make the performance indicator more achievable and also more likely to be achieved by staff.	High	Phil Ruck Contract and Corporate Projects Manager	31/01/15	The responsible officer is in the process of updating and revamping the performance indicator dashboard.
Property Management	It is recommended that the procedure document is updated to reflect current procedures with the new contractors. The new procedure document should document the number of days target for each stage of the repairs and maintenance process so that a quick turnaround can be achieved. This will also allow individual issues in the process to be identified and monitored towards the achievement of the KPI.	High	John Grisley Interim Principle Officer	31/03/15	We are currently in the process of following this up and will update the audit committee verbally.

# 2014/15 high priority recommendations in progress

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date	Comments
Repairs and Maintenance	<p>It is recommend that the Council formally documents the repairs and maintenance processes and controls, so that the improvements and knowledge built up under the new contracts and processes can be passed on once the Property Manager position is permanently filled.</p> <p>For the out of scope works invoices, we suggested that the Property Manager signs the invoices confirming that they have been agreed to an approved schedule of works completed prior to the invoice being approved for payment on E-financials.</p> <p>For all out of scope works exceeding £250, it should be ensured that an order number has been raised on Orchard prior to the works being carried out.</p> <p>We can provide further assistance on the design of the controls in the process.</p>	High	Keith Carter Interim Property Manager	31/01/15	The processes and controls are in the process of being documented.

# KEY PERFORMANCE INDICATORS

## Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	All audits have been completed for 2014/15. Two reports are in draft as we are currently agreeing management responses. These were both issued early April 2015. The 2015/16 audit plan has commenced.
Actual days input compared with Annual Audit Plan.	All days for 2014/15 were in line with the plan.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	All draft reports for 2014/15 were issued within 3 weeks of the closing meeting or the end of fieldwork. The draft report issued for 2015/16 was 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 2014/15 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 has been issued and we are awaiting the results.
<i>Staffing &amp; training</i>	
At least 60% input from qualified staff.	10 of the audits completed were undertaken by 100% qualified staff. 60% of qualified staff have been used on all other audits.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	EY have been able to rely on the work performed.
Positive result from any external review.	Not applicable at this stage.

# KEY PERFORMANCE INDICATORS

Performance measures for management and staff

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<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"> <li>• All terms of references for 2014/15 were agreed within the timescale.</li> <li>• Management responses were not received within 2 weeks of the draft report being issued for the following audits: Partnership Arrangements, Risk Management, Payroll, IT Transformation, IT Data Security.</li> <li>• We are still currently agreeing management responses for the following audits: Payroll, IT Transformation.</li> </ul>
<i>Implementation of recommendations</i>	
<p>Audit sponsor to implement all audit recommendations within the agreed timeframe.</p>	<p>See page 18 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>

# SECTOR UPDATE

## Publications and articles

- The following articles have recently been published:

- Faster closedown - meeting the challenge: <http://www.cipfa.org/policy-and-guidance/articles/faster-closedown-meeting-the-challenge>
- English devolution - an opportunity to realign public services: <http://www.cipfa.org/policy-and-guidance/articles/devolution-in-england>
- Treasury and Capital Management bulletin issued April 2015: <http://www.cipfa.org/policy-and-guidance/technical-panels-and-boards/treasury-and-capital-management-panel/newsletters-and-bulletins>

- **The Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015:** the Local Audit and Accountability Act 2014 (Commencement No. 7, Transitional Provisions and Savings) Order 2015 has been made which preserves the relevant parts of the Audit Commission Act 1998 for 2014/15 audits. Further details can be found here: [http://www.legislation.gov.uk/uksi/2015/841/pdfs/uksi\\_20150841\\_en.pdf](http://www.legislation.gov.uk/uksi/2015/841/pdfs/uksi_20150841_en.pdf)
- From 31 March 2015 the Audit Commission ceased to exist. Public Sector Audit Appointments Limited (PSAA) has replaced the Audit Commission. Their website can be found here: [www.psa.co.uk](http://www.psa.co.uk)

- The following CIPFA publications have recently been issued:

- **Council Tax Demands and Precepts 2015/16:** This publication describes the local levies made by authorities to fund expenditure following the implementation of the Local Government Finance Act 1992. It includes the number of chargeable dwellings by band; the average council tax per dwelling; the average Band D equivalent council tax; authorities' budget requirements and levels of precepts.  
<http://www.cipfa.org/policy-and-guidance/publications/c/council-tax-demands-and-precepts-201516-estimates-pdf>
- **Benefits for Persons from Abroad:** This is a detailed guide aimed at practitioners, providing comprehensive and technical information on the complex rules on claims for Housing Benefit (HB) and Council Tax Support (CTS) from persons from abroad.  
<http://www.cipfa.org/policy-and-guidance/publications/b/benefits-for-persons-from-abroad-online>
- **A Practical Guide to Outsourcing in the Public Sector:** This guide sets out the key issues that public sector organisations need to consider at each stage of the outsourcing process. It also provides an up-to-date summary of recent developments, including key provisions of the revised EU procurement rules, which came into effect in the UK on 26 February 2015.  
<http://www.cipfa.org/policy-and-guidance/publications/a/a-practical-guide-to-outsourcing-in-the-public-sector-book>
- **A Practical Guide for Local Authorities on Income Generation :** As government funding support falls away, this revised guide can offer practical help to authorities to retain service funding.  
<http://www.cipfa.org/policy-and-guidance/publications/a/a-practical-guide-for-local-authorities-on-income-generation-2015-edition-online>
- **Transforming Services : Approaches, Examples, Lessons:** This publication draws together a number of examples of transformation and change in the public sector. Some of the examples suggest new sources for delivery and resourcing, while others are more about rethinking existing services and resources to deliver something new or with a better outcome.  
<http://www.cipfa.org/policy-and-guidance/publications/t/transforming-services-approaches-examples-lessons-online>

For more information on what our Local Government Advisory team are working on please visit:

Twitter: <https://twitter.com/bdolocalgov>  
blog: <http://bdolocalgov.wordpress.com/>

# APPENDIX I - DEFINITIONS

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

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

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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# Brentwood Borough Council

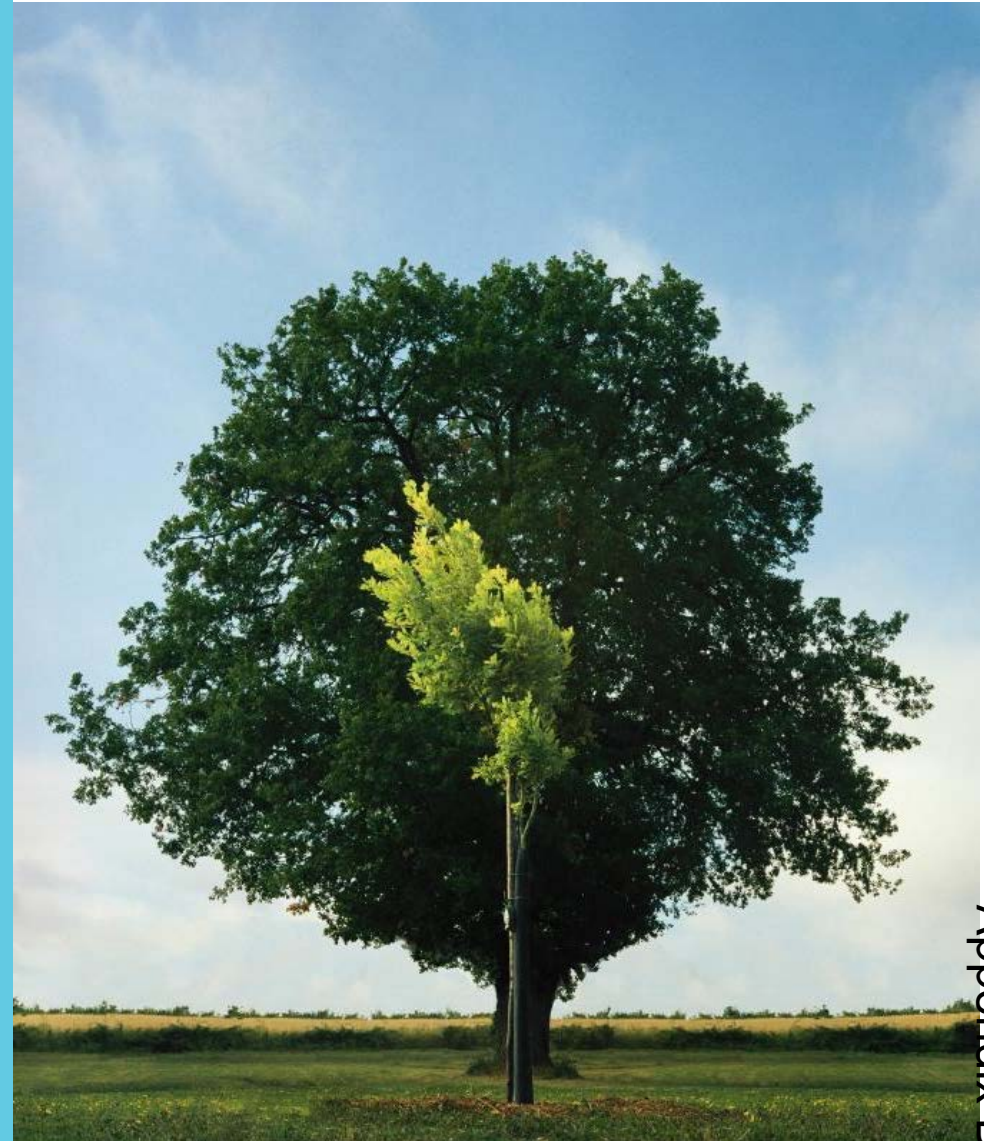
## INTERNAL AUDIT REPORT

### Partnership Arrangements

Audit 02.2014

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LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



Appendix B

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Executive Summary	3
Detailed Findings and Recommendations	4
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REPORT STATUS	
Auditors:	Natalie Kayongo Tejal Patel Loren Domenev Richard Haynes
Dates work performed:	August - October 2014
Draft report issued:	05 March 2015
<b>Final report issued:</b>	<b>31 March 2015</b>

DISTRIBUTION LIST	
Jo-Anne Ireland	Director of Strategy and Corporate Services
Ashley Culverwell	Head of Borough Health, Safety & Localism




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

# EXECUTIVE SUMMARY

## CLIENT STRATEGIC RISKS

Risk	8 & 9	<p>Contract/Partnership failure and Lack of strategic direction</p> <ul style="list-style-type: none"> <li>Lack of accountability.</li> <li>Resources wasted.</li> <li>Financial losses.</li> <li>Objectives not met.</li> <li>Poor delivery of priorities.</li> <li>Failure to communicate effectively.</li> <li>Reputation undermined.</li> </ul>
<p>This review relates to the risk that the Council could have Partnership Failure and a lack of strategic direction.</p>		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Control's effectiveness is limited due to inadequate design.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		2
Medium		2
Low		0
<p>Total number of recommendations: 4</p>		

## OVERVIEW

Brentwood Borough Council has a number of partnership arrangements in place, for which there are set policies and procedures. The Council has recently moved from a funding strategy based on service level agreements (SLAs) to a commissioning based approach. An updated policy has recently been drafted and approved by the Policy Board to incorporate these changes in the funding strategy.

Our review found the following areas of good practice:

- The Council has a strategy in place for the utilisation of partnerships, this sets out the Council's aims and priorities for the utilisation of partnerships.
- There is a funding strategy in place detailing the move to a commissioning based approach, this also sets out the priorities for actions that need to be completed as the Council moves to this approach.

We also found a number of areas for improvement or development:

- There is a partnership framework questionnaire that required Lead Officers to demonstrate there is a governance structure in place for each partnership. However there is no central policy on how partnerships should be governed, or performance monitored and for ensuring that partnerships deliver against the Council's corporate priorities. This could result in inconsistencies in the level of governance arrangements across partnerships and also could risk the Council's objectives not being met. (High Priority)
- There is currently no policy setting out what governance and monitoring is required for services commissioned under the community commissioning prospectus, as such arrangements put in place could be inconsistent or inadequate. (High Priority)
- The Council's definition of a partnership is based on the 1998 publication a "A Fruitful Partnership" from the Audit Commission. Whilst this gives a reasonable definition, through discussions with Officers it was agreed that the definition required updating to reflect current practices. (Medium Priority)
- There is no formal process adopted for the identification of partnerships and review of the current partnership register. This has resulted in parties being included on the register that do not meet the definition of a partnership, such as the local press, additionally there could be partnerships that are not included on the register. (Medium Priority)

As the process is currently lacking cohesive policies regarding the governance and monitoring of partnerships and community commissioned services, we have only been able to provide limited assurance.

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: There is a risk that the Council does not have adequate arrangements in place for identifying and defining their partnership arrangements.

Ref.	Finding	Sig.	Recommendation
1.A	<p>We confirmed that at the time of review an appropriate definition for a partnership is recorded in the Partnership Strategy 2010 v0.3. However, we obtained the partnership list held by the Council and found that a number of contracts detailed on the list are not actually partnership arrangements. For example, the local press.</p> <p>This was discussed with the Partnership, Leisure and Funding Manager, who confirmed that the definition of a partnership arrangement was in need of updating and the partnership register required revisiting and review.</p>	M	<p>The Council should review the Partnership Strategy 2010 and ensure that the definition of a partnership arrangement is still appropriate.</p> <p>The definition of a partnership arrangement should be applied consistently and arrangements only added to the register if they meet this definition.</p> <p>The current partnership register should be reviewed to ensure all of the arrangements listed meet the Council's definition of a partnership, those that do not meet the definition should be removed.</p>

## MANAGEMENT RESPONSE

## RESPONSIBILITY AND IMPLEMENTATION DATE

Agreed.

*Responsible Officer: Kim Anderson*  
*Implementation Date: 30 April 2015*

1.B We discussed how partnerships were identified and added to the partnerships register with the Partnership, Leisure and Funding manager and the Head of Borough Health, Safety and Localism. There are currently no formal processes or controls over the identification of partnerships, as a result it is likely that not all partnerships are currently listed on the partnership register, and may not be subject to the necessary governance arrangements.

M

There should be a half yearly review of the partnerships in place to ensure the register is complete and accurate, this should include discussions with Heads of Service and review of the projects dashboard for potential new partnerships.

## MANAGEMENT RESPONSE

## RESPONSIBILITY AND IMPLEMENTATION DATE

Agreed.

*Responsible Officer: Kim Anderson*  
*Implementation Date: 30 June 2015*

# DETAILED FINDINGS AND RECOMMENDATIONS

## Risks:

- The partnership governance arrangements currently in place at the Council may not be fit for purpose.
- The Council’s policy with regard to partnerships may not be followed on a consistent basis.
- The Council does not set clear and quantifiable objectives for partnerships and does not monitor and report on whether the objectives have been achieved.

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Ref.	Finding	Sig.	Recommendation
2.A	<p>We received and reviewed the Partnership Strategy 2010 (Version 0.3). This sets out the Council's vision and strategy for all partnership arrangements, with no specific details on governance arrangements.</p> <p>Additionally we reviewed the critical partnership framework. This required users (i.e. the Lead Officer for the Partnership) to fill in a questionnaire over the governance, risks and performance management of key partnerships, but did not detail a framework that partnerships were required to follow. As such there is no clear direction for partnerships as to the responsibilities around governance, resulting in an inconsistent, fragmented approach.</p> <p>Through discussions with the Partnership, Leisure and Funding Manager and review of four terms of reference, we established that there was limited monitoring of partnerships by the council, and this was inconsistent due to a lack of a central governance policy for partnerships.</p> <p>See Appendix II for details of partnerships reviewed.</p>	H	<p>We recommend that the Council design a central governance policy for partnerships, detailing what is expected in terms of governance for any particular partnership arrangement.</p> <p>As a minimum this should cover:</p> <ul style="list-style-type: none"> <li>• Ensuring that partnerships are only entered into where the partnership delivers against one of the Council's objectives and priorities, and delivers value for money in terms of funding and officer time involved.</li> <li>• The requirements for formal documentation between partners.</li> <li>• Authorisation of the payment of funding for a partnership arrangement.</li> <li>• Performance monitoring against measurable targets.</li> <li>• Provision for annual review of involvement and additional monitoring of under performing partnerships.</li> </ul> <p>This could also include policies around the different level of monitoring required for projects with higher or lower levels of funding and public profile.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agreed.		<p><i>Responsible Officer: Kim Anderson</i>  <i>Implementation Date: 30 June 2015</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: The Council has recently updated their funding strategy in relation to partnerships to move to a commissioning based approach. There is a risk that the Council does not have adequate arrangements in place to deal with the change in the funding arrangements.

Ref.	Finding	Sig.	Recommendation
3.A	We reviewed the draft Commissioning Prospectus as at 2 December 2014. This clearly set out the strategy for community commissioning. However there is currently no governance structure set out for the community commissioning.	H	<p>We recommend that the Council draws up a governance framework for the community commissioning. This should include:</p> <ul style="list-style-type: none"> <li>• Provision for approval of contracts and providers.</li> <li>• The setting of KPIs in line with the Council's objectives.</li> <li>• The monitoring of performance against targets.</li> <li>• Steps taken when performance is below expectations or no longer is in line with the corporate priorities of the council as set out by the corporate plan.</li> </ul> <p>We can provide examples of best practice.</p> <p>The council should ensure that the governance framework is appropriate and adaptable relative to the size and level of profile of each commissioned service.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agreed.		<p><i>Responsible Officer: Kim Anderson</i>  <i>Implementation Date: 30 June 2015</i></p>	

# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Ashley Culverwell	Head of Borough Health, Safety & Localism
Kim Anderson	Partnership, Leisure and Funding Manager

BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

# APPENDIX II - Partnerships reviewed

PARTNERSHIP	BRENTWOOD BC CONTRIBUTION	OBJECTIVES	LINK TO CORPORATE PRIORITIES	FINDINGS
Brentwood Health and Wellbeing Board	Officer time, approximately 1 day per week.	<p>This is a sub-group of the Essex County Health and Wellbeing board.</p> <p>The Brentwood Health and Wellbeing Board works to promote the health and wellbeing of Brentwood's communities.</p> <p>Current local priorities include:</p> <ul style="list-style-type: none"> <li>• Uptake of MMR vaccinations</li> <li>• Obesity</li> <li>• Fuel poverty</li> </ul>	Housing, Health & Wellbeing: Provide effective representation of local people's views and needs for improved and accessible health services.	There are board meetings on a quarterly basis, but no formal monitoring of the Council's involvement outside of representation at board meetings.
Children's Partnership	Officer time, approximately 18 meetings per year	<p>The Children's Partnership draws together the analysis of need, shared resources, strategic service development and the delivery plans for shared strategic commissioning priorities. It establishes a common framework for our joint working arrangements around children and families.</p> <p>Partnership arrangements are established to align partners around a broad strategy for children and families ensuring the statutory duty to cooperate and the shared duty to safeguard. They will aim through joint working to increase quality and efficiency, achieve better results and greater impact improving customer access and engagement.</p>	Housing, Health & Wellbeing: Provide effective representation of local people's views and needs for improved and accessible health services.	There are board meetings on a quarterly basis, but no formal monitoring of the Council's involvement outside of representation at meetings.
Community Safety Partnership	Officer time	<p>The Council is required to be a partner by statute.</p> <p>The Community Safety Partnership for Brentwood Borough draws together common aims and aspirations to enhance quality of life in the Borough, ensuring it is a pleasant place in which to live, work, and relax for the benefit of current and future generations. Its members speak and act jointly on vital community safety issues for the Borough, establish or follow best practice and share information.</p>	A safe borough: Reduce anti-social behaviour by working closely with our Community Safety partners and communities	<p>The Community Safety Partnership reports to the Audit and Scrutiny Committee on an Annual basis.</p> <p>Performance is reported with crime statistics.</p>
The Brentwood Borough Renaissance Group	C. £30k per annum & Officer time	<p>The aim of the Brentwood Renaissance Group is to influence and help shape the vision for the town centre, shopping areas and other shopping parades of the Borough. The Group is to provide leadership for achievement of the Vision and for delivering a range of improvements to enhance the Borough's trading environment.</p>	A prosperous borough: Promote a mixed economic base across the Borough, maximising opportunities in the town centres for retail and a balanced night time economy	Quarterly reporting to the Business and Town Centre committee.



# APPENDIX III - 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.

# APPENDIX IV - TERMS OF REFERENCE

## BACKGROUND

Brentwood Borough Council has a number of partnership arrangements in place, for which there are set policy and procedures. The Council has recently moved from a funding strategy based on service level agreements (SLAs) to a commissioning based approach. An updated policy has recently been drafted and approved by the Policy Board to incorporate these changes in the funding strategy.

## PURPOSE OF REVIEW

The purpose of our review is to review the governance arrangements in place for the Council's partnerships to ensure that they are fit for purpose. Our review will also include an assessment of the new policy in place for the commissioning based funding strategy and the arrangements in place for payment of the funding to these partnership organisations.

## KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- There is a risk that the Council does not have adequate arrangements in place for identifying and defining their partnership arrangements.
- The partnership governance arrangements currently in place at the Council may not be fit for purpose.
- The Council's policy with regard to partnerships may not be followed on a consistent basis.
- The Council does not set clear and quantifiable objectives for partnerships and does not monitor and report on whether the objectives have been achieved.
- The Council has recently updated their funding strategy in relation to partnerships to move to a commissioning based approach. There is a risk that the Council does not have adequate arrangements in place to deal with the change in the funding arrangements.
- Payments to partnership organisations may not be bona-fide or in line with the policy in place for funding from the Council.

# APPENDIX IV - TERMS OF REFERENCE

## SCOPE OF REVIEW

The review will consider the following areas:

- The governance arrangements in place overall for current partnerships.
- The Council's arrangements in place for identifying partnerships including the definitions used by the Council in classifying an arrangement in place as a partnership.
- The arrangements in place at the Council to implement the new commissioning based funding strategy.
- The new policy that has recently been drafted and presented to the Policy Board.
- The arrangements in place at the Council for making funding payments to partnership organisations.

## EXCLUSIONS

Our work will be restricted to the areas of consideration within our scope of the review.

## APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

## MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

## LOCATIONS

Fieldwork will be performed exclusively at Brentwood Borough Council offices.

# APPENDIX IV - TERMS OF REFERENCE

## DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- The action plan from the 2009/10 internal audit review completed in this area.
- The draft policy presented to the policy committee covering the new funding strategy.
- Any other policies in place at the Council in relation to partnership arrangements.
- Copies of standard terms of reference or terms of conditions with partnership organisations.

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.

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# Brentwood Borough Council

## INTERNAL AUDIT REPORT

Risk Management

Audit 15.2015

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LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Moderate



Appendix C

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REPORT STATUS	
Auditor:	Liana Nicholson Richard Haynes
Dates work performed:	March 2015
Draft report issued:	24 April 2015
Final report issued:	8 June 2015

DISTRIBUTION LIST	
Chris Leslie	Finance Director
Sue White	Risk & Insurance Manager

## Restrictions of use

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



# EXECUTIVE SUMMARY

## CLIENT STRATEGIC RISKS

Risks All This review covers all strategic risks.

## LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design 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.

Effectiveness Moderate A small number of exceptions found in testing of the procedures and controls.

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High  3

Medium  5

Low  1

Total number of recommendations: 9

## OVERVIEW

The purpose of this review was to consider the design and effectiveness of the controls in place around the Council's Risk Registers and to highlight any areas where the controls could be improved. The review focused on how risks are identified and monitored and whether there is clear ownership of Risk Management at the Council.

Our review found the following areas of good practice:

- 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.
- The Strategic Risk Register has been redeveloped over the last year and is a well structured document which clearly documents the action required and target date for the actions to be completed.
- Training has been provided to all members of CLB and the Audit and Scrutiny Committee.
- The Risk and Insurance Manager and the Health and Safety Officer have an effective working relationship and well thought out processes that helps them to effectively identify and monitor health and safety risks facing the Council.

We also found some areas for development and improvement:

- There is no clear link between the risks included on the Risk Register and the Council's Corporate Plan. There is not a strong process in place for considering and identifying the risks that may inhibit the Council from achieving its Corporate Objectives. (High priority recommendation).
- Risks in relation to the Council's projects are not included on the Risk Registers (High priority recommendation).
- The Operational Risk Register is in need of a refresh in line with the Strategic Risk Register to ensure that it includes the likelihood and impact of each of the risks and the target date for completion of the actions required. The Council has already recognised the need for this and is already in talks with Zurich to ensure that this is completed over the coming months. (Medium priority recommendation).
- The Insurance and Risk Management Strategy and the User Guide need to be updated to reflect current practices that are undertaken at the Council in relation to Risk Management. (Medium priority recommendation).
- Risk Management should feature as a standing agenda item for both the Corporate Leadership Board (CLB) for the Strategic Risk Register and the Senior Management Team (SMT) for the Operational Risk Register. Risks should be discussed and monitored at these meetings at least bi-monthly. (High priority recommendation).
- Training on Risk Management should be rolled out to all staff at the Council, especially focusing on Risk Owners that have not received any formal training in the last year. (Medium priority recommendation).
- Someone with overall responsibility for Risk Management should oversee the implementation of the required actions noted on the Risk Register and also challenge the controls in place to mitigate the risks and the assurances that Risk Owners have over the effectiveness of the controls in place. At present there is no responsibility for this within the Council. Risk Owners should be reminded of their roles and responsibilities in relation to Risk Management. (Medium priority recommendations).

Overall the level of assurance is limited for design, given there are some gaps in the current processes and controls, however testing indicated limited exceptions arising as a result of the control gaps.

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: The risks within the Risk Register are not the risks facing the Council and do not link to the Corporate Plan

Ref.	Finding	Sig.	Recommendation
1A	<p>The Corporate Leadership Board (CLB) has overall responsibility to ensure that the risks included on the Risk Registers link to the Corporate Plan. The Risk Strategy also prompts Risk Owners to identify risks that might prevent the Council achieving its Corporate Objectives.</p> <p>On review of the current Risk Registers in place (both the strategic and operational) neither of them show a clear link between the Corporate Plan and the risks that have been identified to ensure that the Council achieves its Corporate Objectives.</p> <p>On discussion with Management it was confirmed that there is not a strong process for identifying the risks that may inhibit the Council from achieving its Corporate Objectives and how the risks identified and included on the Risk Registers link to the Corporate Plan.</p> <p>As the Corporate Plan will be undergoing review later in the year, the Council should consider the risks associated with the new Corporate Objectives and ensure that these feature on the Risk Register and that a clear link is documented.</p>	H	<p>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.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<p><i>Responsible Officer: Financial Services Manager (Ramesh Prashar)</i>  <i>Risk and Insurance Officer (Sue White)</i></p> <p><i>Implementation Date: 1<sup>st</sup> July 2015</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: The risks within the Risk Register are not the risks facing the Council and do not link to the Corporate Plan

Ref.	Finding	Sig.	Recommendation
1B	<p>On review of the Strategic and Operational Risk Registers and through discussions it was noted that the Strategic Risk Register has undergone a refresh with the assistance of Zurich. The Risk Register is clear and detailed and includes a target date for completion of the actions required.</p> <p>The Operational Risk Register is in need of a refresh in line with the Strategic Risk Register to ensure that it includes the likelihood and impact of each of the risks and the target date for completion of the actions required. The Council has already recognised the need for this and is already in talks with Zurich to ensure that this is completed over the coming months.</p> <p>Neither Risk Register however includes a date for review for each of the risks or details of assurances gained over the controls in place.</p> <p>Linked to recommendation 1A, as part of this process the Council should ensure that the Risk Registers show a clear link to the Corporate Plan.</p>	M	<p>The Operational Risk Register is in need of a refresh and should be updated in line with the new Strategic Risk Register to ensure that it includes the likelihood and impact of each of the risks and the target date for completion of the actions required. (Note: Zurich is planning on working with the Council to do this).</p> <p>Both Risk Registers should include a date for review for each of the risks and should note the assurances that have been gained over the controls to confirm that they are in place.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<p><i>Responsible Officer: : Financial Services Manager (Ramesh Prashar)</i>  <i>Risk and Insurance Officer (Sue White)</i></p> <p><i>Implementation Date: 1<sup>st</sup> September 2015</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Risks are not effectively identified and included on the Risk Register. Risks are not effectively monitored.			
Ref.	Finding	Sig.	Recommendation
2A	There is an Insurance and Risk Management Strategy in place and a User Guide, both of which are available for all staff to access on the shared microsite. Both documents refer to an on-line Risk Management tool which the Council no longer uses. Both documents should be updated to correctly reflect current practices. This will also help to embed the Risk Management process amongst all staff at the Council.	M	<p>Review and update the current Insurance and Risk Management Strategy and User Guide to ensure that they document the current Risk Management processes in place at the Council.</p> <p>Ensure that the guidance includes the following details:</p> <ul style="list-style-type: none"> <li>• How a risk is removed from the Risk Register</li> <li>• The definition of when an operational risk turns into a strategic risk</li> <li>• The definition of gaining 'assurance' over controls in place and the Risk Owners responsibility for this</li> <li>• Clarify the responsibilities of all staff involved with the Risk Management process.</li> </ul>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<p><i>Responsible Officer: : Financial Services Manager (Ramesh Prashar)</i> <i>Risk and Insurance Officer (Sue White)</i></p> <p><i>Implementation Date: 1 November 2015</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Risks are not effectively identified and included on the Risk Register. Risks are not effectively monitored.			
Ref.	Finding	Sig.	Recommendation
2B	Risks associated with the Council's projects are not included in the Risk Register but are instead monitored on a highlights report by the Council's Project Management team. The risks associated with major projects should be considered and included in the Council's overall Risk Registers to ensure that they are effectively monitored, especially where the Council may be subject to reputational risks.	H	Risks associated with Projects being undertaken at the Council should be included on the Risk Registers and monitored alongside all of the Council's risks.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<i>Responsible Officer: : Financial Services Manager (Ramesh Prashar) Risk and Insurance Officer (Sue White)</i>  <i>Implementation Date: 1<sup>st</sup> November 2015</i>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Risks are not effectively identified and included on the Risk Register. Risks are not effectively monitored.			
Ref.	Finding	Sig.	Recommendation
2C	<p>Heads of Departments and Managers are responsible for identifying and monitoring risks within their departments. When risks are identified they are allocated Risk Owners. The Risk and Insurance Manager emails all Risk Owners on a quarterly basis to review and update the Risk Registers.</p> <p>The Operational Risk Register is reviewed by the Corporate Leadership Board (CLB) and the Audit &amp; Scrutiny Committee every six-months.</p> <p>The Strategic Risk Register is reviewed by CLB and the Audit &amp; Scrutiny Committee on a quarterly basis. CLB also complete an annual review of the Risk Register in full.</p> <p>The Risk Registers and Risk Management are not a standing agenda item for CLB. The approach to Risk Management appears to be reactive rather than pro-active.</p> <p>There is a Senior Management Team (SMT) in place which is attended by the majority of Risk Owners at the Council. They do not however discuss Risk Management at these meetings. SMT would be a good forum to review the Operational Risk Register and to collectively consider risks on an operational basis.</p> <p>To further enhance the Risk Management culture at the Council, Risk Management should be discussed, reviewed and monitored more regularly and should feature as standing agenda items for CLB and SMT.</p>	H	<p>The review of the Strategic Risk Register and the discussion of risks should be a standing item on the agenda for CLB. This should be discussed at least bi-monthly.</p> <p>The review of the Operational Risk Register and the discussion of risks should be a standing item on the agenda for SMT. This should be discussed at least bi-monthly.</p> <p>CLB should review the Operational Risk Register on a quarterly basis.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation which has been implemented.		<p><i>Responsible Officer: : Financial Services Manager (Ramesh Prashar) Risk and Insurance Officer (Sue White)</i></p> <p><i>Implementation Date: Implemented - 1<sup>st</sup> June 2015</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: Risks are not effectively identified and included on the Risk Register. Risks are not effectively monitored.			
Ref.	Finding	Sig.	Recommendation
2D	Through discussions with a sample of Risk Owners we noted that some of the Risk Owners would benefit from having sight of the Strategic Risk Register as well as the Operational Risk Register to understand the key risks impacting on the Council as a whole. This was particularly noted with the Health and Safety Manager, who currently only sees the Operational Risk Register.	L	The Strategic Risk Register should be circulated more widely to ensure that all relevant officers (particularly the Health and Safety Officer) have sight of the key risks impacting on the Council as a whole.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation which has been implemented.		<i>Responsible Officer: : Financial Services Manager (Ramesh Prashar) Risk and Insurance Officer (Sue White)</i>  <i>Implementation Date: Implemented 1<sup>st</sup> June 2015</i>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: There is a lack of ownership of the risks at an operational and strategic level			
Ref.	Finding	Sig.	Recommendation
3A	The Risk and Insurance Manager has responsibility of ensuring that Risk Owners keep the Risk Register up to date on a quarterly basis and to provide reporting updates to the Audit and Scrutiny Committee. However there is no overall remit to ensure that actions required on the Risk Registers are promptly cleared and whether actions are dealt with on a timely basis.	M	An overall review of the Risk Registers should be completed on a regular basis. The status of the risks and the required action to be taken to mitigate the risks should be more closely monitored to ensure that the actions are dealt with promptly. Controls and assurances within the Risk Register should be challenged. This responsibility should lie with CLB.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
		<i>Responsible Officer: Risk and Insurance Officer</i> <i>Implementation Date: Implemented 1<sup>st</sup> June 2015</i>	
3B	On discussion with a sample of Risk Owners it was evident that they are not aware of the actual roles and responsibilities of the Risk and Insurance Manager, sometimes relying on the Risk and Insurance Manager to provide the overall monitoring role noted in 3A above.	M	Risk Owners should be reminded of their responsibilities in relation to Risk Management and the role of the Risk and Insurance Manager should be clarified with Risk Owners. This could be incorporated within the updated procedure notes noted in 2A above.
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<i>Responsible Officer: : Financial Services Manager (Ramesh Prashar)</i> <i>Risk and Insurance Officer (Sue White)</i>  <i>Implementation Date: 1<sup>st</sup> October 2015</i>	



# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: There is a lack of ownership of the risks at an operational and strategic level			
Ref.	Finding	Sig.	Recommendation
3C	Training on Risk Management has been provided to all members of CLB , members of the Audit and Scrutiny Committee during 2014 and some Risk Owners. This training was provided by Zurich. However it is recognised that training should be rolled out to all staff at the Council, especially Risk Owners that were not captured by the training that has already been provided.	M	<p>Training should be provided to all staff so that they are aware of the Risk Management process within the Council. This training should capture Risk Owners that did not receive the training in 2014. The Council should consider incorporating this training into any induction training provided to new staff.</p> <p>During the training staff should be reminded of their responsibilities in relation to Risk Management at the Council and the need for Risk Management processes to be pro-active.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
Agree with the recommendation.		<p><i>Responsible Officer: : Financial Services Manager (Ramesh Prashar) Risk and Insurance Officer (Sue White)</i></p> <p><i>Implementation Date: 1<sup>st</sup> February 2016</i></p>	

# DETAILED FINDINGS AND RECOMMENDATIONS

Risk: The existing controls in place to mitigate the risks in the Risk Register are inappropriate or non-existent.

Ref.	Finding	Sig.	Recommendation
4A	<p>Risk Owners are responsible for identifying controls in place that mitigate risks identified. On review of the Risk Registers the controls identified appear to be reasonable and appropriate for the risks that they are mitigating.</p> <p>However it is not clear where the Council gains its assurances over the controls that mitigate these risks. The Risk Owners are wholly responsible for ensuring that they have adequate assurances, however there is little evidence that this happens in practice.</p> <p>There is also no overall challenge on the controls in place and the assurances that have been gained.</p>		Recommendation incorporated into 3A above.
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
N/A			<p><i>Responsible Officer: N/A</i></p> <p><i>Implementation Date: N/A</i></p>

# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Sue White	Risk & Insurance Manager
Chris Leslie	Acting S151 Officer
Phil Ruck	Business Development Manager
David Wellings	Health & Safety Officer
Mark Stanbury	Environmental Health Manager
Helen Gregory	Interim Head of Housing
Steve Summers	Head of Customer Services

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BDO LLP appreciates the time provided by all the individuals involved in this review and would like to thank them for their assistance and cooperation.

# APPENDIX II - 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.  Agree with the recommendation.	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.

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND

The Council is required to effectively manage the organisational risks that it faces to ensure that its 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.

## PURPOSE OF REVIEW

The purpose of this review is to consider the design and effectiveness of the controls in place around the Risk Register and to highlight any areas where the controls might be improved.

## KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding, the key risks associated with the area under review are:

- The risks within the Risk Register are not the risks facing the Council and do not link to the Corporate Plan
- Risks are not effectively identified and included on the Risk Register
- The risks are not effectively monitored
- There is a lack of ownership of the risks at an operational and strategic level
- The existing controls in place to mitigate the risks in the Risk Register are inappropriate or non-existent.

# APPENDIX III - TERMS OF REFERENCE

## SCOPE OF REVIEW

The review will consider the following areas:

- The process for determining how the risks are entered onto the Risk Register and how they link to the Corporate Plan
- The process for how risks are identified, monitored and acted upon
- The level and understanding of risk appetite within the Council
- The ownership of risks at an operational and strategic level
- Whether the controls in place to mitigate the risks which are identified in the Risk Register are inappropriate or non-existent
- The process the Council adopts for obtaining and reporting on assurances against their risks.

## EXCLUSIONS

Our work will be restricted to the areas of consideration within our scope of review. Our focus will be on ensuring that the Council has in place a robust system for identifying, prioritising and managing its operational and strategic risks.

## APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

## MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

## LOCATIONS

Fieldwork will be performed exclusively at Brentwood Borough Council offices.

# APPENDIX III - TERMS OF REFERENCE

## DOCUMENTATION REQUEST

Please provide the following documents in advance of our review (where possible):

- The Insurance and Risk Management Strategy
- Any procedure notes in place around Risk Management
- A copy of the latest strategic and operational Risk Registers

Any documents provided will assist the timely completion of our fieldwork, however we may need to request further documentation and evidence as we progress through the review process.

## KEY CONTACTS

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BRENTWOOD BOROUGH COUNCIL		
Sue White	Risk and Insurance Officer	e: sue.white@brentwood.gov.uk t: +44 (0) 1277 312743

# APPENDIX III - TERMS OF REFERENCE

PROPOSED TIMETABLE




Audit Stage	Date
Commence fieldwork	09/03/2015
Number of audit days in plan	20
Planned date for closing meeting	w/c 30/03/2015
Planned date for issue of the draft report	w/c 06/04/2015
Planned date for receipt of management responses	20/04/2015 (note that these will be agreed in principal at the closing meeting)
Planned date for issue of proposed final report	27/04/2015
Planned Audit Committee date for presentation of report	28/07/2015

SIGN OFF



On behalf of BDO LLP:	On behalf of [Client]:
Signature: .....	Signature: .....
Title: .....	Title: .....
Date: .....	Date: .....





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# Brentwood Borough Council

## INTERNAL AUDIT REPORT

Data Security

Audit 12.2015

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LEVEL OF ASSURANCE	
Design	Operational Effectiveness
Limited	Limited



Appendix D

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REPORT STATUS	
Auditors:	Titi Junaid
Dates work performed:	February - March 2015
Closing Meeting	13 March 2015, Phil Ruck and Tim Huggins
Draft report issued:	13 April 2015
Final report issued:	12 June 2015

DISTRIBUTION LIST	
Phil Ruck	Contracts and Corporate Projects Manager
Tim Huggins	ICT Manager

## Restrictions of use

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

# EXECUTIVE SUMMARY



## CLIENT STRATEGIC RISKS

		Information Management
		<ul style="list-style-type: none"> <li>Lack of resources for IT integration.</li> </ul>
Risk	5 & 9	Lack of strategic direction <ul style="list-style-type: none"> <li>Poor performance management.</li> <li>Poor delivery of priorities.</li> <li>Failure to communicate effectively.</li> </ul>

## 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		3
Medium		4
Low		0

Total number of recommendations: 7

## OVERVIEW

Information resources are vital for the delivery of Brentwood Borough Council's services. The availability, integrity and security of its information is essential for maintenance of services and compliance with legal and regulatory requirements. Whilst information security is the responsibility of every member of staff, responsibility for all aspects of information assets and resources lies with the Council's senior management.

Our review of the adequacy and effectiveness of data security controls showed the following areas of good practice:

- Responsibilities for information security and data protection has been appropriately assigned. The information security governance and management arrangements are adequate
- Citrix technology with 2 factor authentication is deployed for remote access to the Council's network
- Data held on mobile devices is automatically encrypted with passcode protection against unauthorised access
- Physical access to council offices is restricted and controlled electronically. Access to the server room is controlled and restricted to appropriate staff
- Technical security controls such as patch management, vulnerability scanning, antivirus/antimalware, web filtering and email scanning are in place.

We found some areas for development or improvement:

- Information security and related policy documents are out of date (high priority recommendation).
- Standard IT access request forms for starters are not in use. Procedures for granting, suspending and amending user accounts for starters, leavers and role changes are not documented. Both of these points put the Council at risk to unauthorised access to its network (high priority recommendation).
- The Council does not have a regular, on-going information security awareness and staff training programme (high priority recommendation).
- The Council does not adopt best practice password configuration and controls (medium priority recommendation).
- The remote access policy is not documented. No manager authorisation is required to set up remote access accounts (medium priority recommendation)
- The incident management policy document is out of date (medium priority recommendation).
- The Council does not obtain assurance from 3<sup>rd</sup> party services providers (with access to its information assets) regarding their internal controls (medium priority recommendation).

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Failure to comply with legal and regulatory requirements due to poor information security policies and procedures

Ref.	Finding	Sig.	Recommendation
1	<p>Information Security Policies and Procedures</p> <p>The Council is in collaboration with neighbouring councils which it shares information with (essexonline) to develop generic information security and related policies. These policies are used as templates to be modified and adopted as appropriate by individual organisations. The following policies (dated April 2014) were provided for review:</p> <ul style="list-style-type: none"> <li>• Corporate information security</li> <li>• Conditions of acceptable use - Personal Commitment Statement</li> <li>• Information security policies</li> </ul> <p>We noted however that these are generic “essexonline” policy documents which were prepared in October 2012 and had not been tailored to Brentwood Council.</p> <p>We also found that the following information security related policy documents which were provided for review were out of date. All were dated and issued in February 2009:</p> <ul style="list-style-type: none"> <li>• Acceptable use policy</li> <li>• Access control policy</li> <li>• Corporate information security policy</li> <li>• Email policy</li> <li>• ICT infrastructure policy</li> <li>• Physical security policy</li> <li>• Personal commitment statement</li> </ul> <p>The risk of non-compliance is higher when policies are out of date.</p>	H	<p>The Council should review and revise the following information security and related policies to ensure that they are fit for purpose.</p> <ul style="list-style-type: none"> <li>• Corporate information security</li> <li>• Conditions of acceptable use - Personal Commitment Statement</li> <li>• Information security policies</li> <li>• Acceptable use policy</li> <li>• Access control policy</li> <li>• Corporate information security policy</li> <li>• Email policy</li> <li>• ICT infrastructure policy</li> <li>• Physical security policy</li> <li>• Personal commitment statement</li> </ul>
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
Agreed. Updated versions are being reviewed currently along with a plan to update staff electronically		<p><i>Responsible Officer: Tim Huggins</i>  <i>Implementation Date: 31 December 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Unauthorised access to sensitive information and data security breaches resulting in damage to the Council's reputation

Ref.	Finding	Sig.	Recommendation
2	<p>User Account Management</p> <p>Procedures for granting access to the Council's network require that Managers make requests through the IT service desk. Starters are also required to complete and sign "Personal Commitment forms" as evidence that they have read and understood the Council's acceptable use policy.</p> <p>A test of compliance with IT access procedures was carried out by selecting a random sample of 10 starters in the past 12 months and reviewing documents obtained and retained by the service desk. The test showed the following results:</p> <ul style="list-style-type: none"> <li>Personal commitment forms were available in 8 out of the 10 samples tested</li> <li>2 of the sample forms examined did not have the signature of the Director authorising access.</li> </ul> <p>We also noted that standard access request forms are not in use hence access requests made by Managers do not always include the department or role of the new starter.</p> <p>We were informed that leaver accounts are suspended when notification is received from line managers. HR does not routinely inform the IT department of leavers.</p> <p>Local IT procedures for granting, suspending or amending the access rights of starters, leavers and staff changing roles are yet to be documented.</p> <p>The risk of unauthorised access to the Council's network is high in light of these weaknesses.</p>	H	<p>The IT procedures for granting, suspending and changing user access rights to the Council's network should be documented and made available to all relevant staff .</p> <p>Standard IT access request forms should be prepared and made available to all Managers responsible for requesting and authorising users' IT access. The form on completion should indicate the department, role and level of access for which access has been authorised.</p> <p>The IT service desk should be reminded of the need for ensuring that personal commitment forms are appropriately authorised prior to granting access to new users. All personal commitment forms should be retained as evidence of the action taken.</p> <p>The HR department should be required to notify the IT department of leavers as soon as leaver notification is received from managers. A list of leavers should be sent to the IT department every month for review.</p>
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
<p>A procedure will be created and published.</p> <p>Form will be designed and published.</p> <p>IT Service Desk will be reminded of the importance of the personal commitment statement</p> <p>A starters and leavers process and notification system is being implemented currently.</p>		<p><i>Responsible Officer: ICT/Business Development - TBC</i></p> <p><i>Implementation Date: 31 December 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Poor information security education, training and awareness resulting in security breaches by authorised users

Ref.	Finding	Sig.	Recommendation
3	<p>Information Security Training and Awareness</p> <p>We noted that the Council does not have a regular, on-going information security education and awareness programme. Information Security and Data Protection training is not given to new staff at induction; the Information Governance e-learning tool has been discontinued.</p> <p>The risk of breaches of information security and the Data Protection Act are higher where staff with authorised access to information assets and sensitive data do not receive adequate, regular and on-going training and information.</p> <p>We are aware that data protection and information security training at staff induction is under review.</p>	H	<p>The Council should establish a training programme for Information Security, Information Governance and Data Protection for all staff. This should include training for both new and current staff.</p> <p>Arrangements should be put in place for training during staff induction. On going refresher and regular awareness training should also be established.</p> <p>The Information Governance staff e-learning tool should be re-established.</p>
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
<p>The risk is understood, and mitigation should be shared all managers.</p> <p>The Council is implementing an e-learning system for online courses which information security training and awareness training will be part of.</p> <p>The Council's induction process is currently being reviewed.</p>		<p><i>Responsible Officer: HR - TBC</i></p> <p><i>Implementation Date: 31 December 2015</i></p>	



# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Unauthorised access to sensitive information and data security breaches resulting in damage to the Council's reputation

Ref.	Finding	Sig.	Recommendation
4	<p>Password Configuration and Controls</p> <p>The domain password configuration (on Active Directory) as well as password general controls were reviewed for evidence of their adequacy and effectiveness in securing access to the Council's information assets.</p> <p>Our review highlighted the following weaknesses:</p> <ul style="list-style-type: none"> <li>• Password complexity requirement is enabled but the minimum length of password required is 7 characters. Best practice recommendation is 8 characters.</li> <li>• The system enforces password changes every 90 days. Best practice recommendation is every 30 days.</li> <li>• Session timeout is after 1440 minutes. Best practice recommendation is after 10 minutes.</li> </ul> <p>Best practice recommendations ensure that the risk of unauthorised access is further mitigated.</p>	M	<p>The Council should consider adopting best practice recommendations for password configuration in the following areas in order to further mitigate the risk of unauthorised access:</p> <ul style="list-style-type: none"> <li>• Password complexity: passwords should be a minimum of 8 characters.</li> <li>• Password expiry date: the system should force passwords to expire every 30 days.</li> <li>• Session time out: sessions should time out after 10 minutes.</li> </ul>
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
<p>Password length to be changed from 7 to 8</p> <p>Session timeout to be changed to 10 minutes</p> <p>Password expiry is debatable.</p> <p>By forcing people to change passwords more regularly will cause staff to choose easier passwords to remember or worse right down. At present I do not agree with this action.</p>		<p><i>Responsible Officer: Tim Huggins</i></p> <p><i>Implementation Date: 31 July 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Loss of information assets including exposure of sensitive corporate and personal data to the public domain

Ref.	Finding	Sig.	Recommendation
5	<p>Remote Access Policy and Authorisation</p> <p>The Council encourages mobile and flexible working. To this effect, any user who already has a domain account can make a request for remote access to the network (and their desktop). Requests are made through the IT service desk. No additional authorisation is required.</p> <p>We also noted that the Council’s policy for remote working is not documented.</p> <p>Although the technical solution deployed by the Council for enabling remote access to its network is adequate, there is a need to identify and mitigate the inherent risks to information security from authorised users. Remote network access should be subject to line manager approval.</p>	M	<p>The Council’s policy for remote network access, mobile and flexible working should be documented and made available to all relevant staff.</p> <p>Remote access to the Council network should be authorised by the users’ line managers.</p> <p>An authorisation box for line managers to indicate whether or not new users should have remote network access should be included in the new standard IT user access request form (when established). See ref 2.</p>
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
<ul style="list-style-type: none"> <li>• Is it to be made part of the information security policies</li> <li>• A policy will be written, or added into a current one if more appropriate</li> <li>• A management authorisation process will be designed and;</li> <li>• Added to new starters process</li> </ul>		<p><i>Responsible Officer: Tim Huggins</i></p> <p><i>Implementation Date: 30 September 2015</i></p>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Inadequate arrangements for minimising the impact or loss from data security breaches

Ref.	Finding	Sig.	Recommendation
6	<p>Incident Management Policy</p> <p>We found the Council's arrangements for information security incident reporting and management to be adequate. However the incident management policy document was issued in February 2009. The document is out of date.</p>	M	The information security incident management policy document should be reviewed and revised. Once updated, the document should be made available to all relevant staff.
<b>MANAGEMENT RESPONSE</b>		<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>	
Information security incident policy will be updated and relevant staff will be notified		<i>Responsible Officer: Tim Huggins</i> <i>Implementation Date: 30 September 2015</i>	

# DETAILED FINDINGS & RECOMMENDATIONS

Risk: Failure to manage the risks posed by 3rd parties and service providers with consequential reputational damage and financial loss for the Council

Ref.	Finding	Sig.	Recommendation
7	<p>3<sup>rd</sup> Party Assurance</p> <p>The Council currently has no arrangements in place for obtaining assurance from hosting service providers on the adequacy and effectiveness of their internal controls. Assurances such as Service Auditor's Reports (SARs) or Statements on Standards for Attestation Engagements 16 (SSAE 16) are neither requested nor obtained from service providers.</p> <p>The main hosted services are :</p> <ul style="list-style-type: none"> <li>• E-financials hosted by ABS</li> <li>• Revenues and Benefits system hosted by Meritec</li> <li>• Chipside -the car parking system</li> </ul> <p>There is a risk to the Council's information assets where 3<sup>rd</sup> party service providers' (with access to its network) internal controls are inadequate or ineffective.</p>	M	<p>The Council should obtain annual assurance reports such as :</p> <ul style="list-style-type: none"> <li>• Service Auditor's Reports (SARs)</li> <li>• Statements on Standards for Attestation Engagements 16 (SSAE 16) from 3<sup>rd</sup> party service providers or organisations which have access to its information assets.</li> </ul>
<b>MANAGEMENT RESPONSE</b>			<b>RESPONSIBILITY AND IMPLEMENTATION DATE</b>
3 <sup>rd</sup> party's will be engaged to obtain relevant information for information assurance			<p><i>Responsible Officer: Tim Huggins</i></p> <p><i>Implementation Date: 30 September 2015</i></p>

# APPENDIX I - STAFF INTERVIEWED

NAME	JOB TITLE
Philip Ruck	Contracts and Corporate projects Manager
Tim Huggins	ICT Manager

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

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

# APPENDIX III - TERMS OF REFERENCE

## BACKGROUND

Information security management is an integral part of the Council's IT infrastructure. It is also an essential component of governance and management which affects all aspects of its information management system. Responsibility for all aspects of the Council's information systems, including information security, lies with Senior Management.

## PURPOSE OF REVIEW

The purpose of this review is to provide assurance on the adequacy of data security controls.

## KEY RISKS

Based upon the risk assessment undertaken during the development of the internal audit operational plan, through discussions with management, and our collective audit knowledge and understanding the key risks associated with the area under review are:

- Ineffective governance and management arrangements resulting in poorly defined roles and responsibilities for data security
- Failure to comply with legal and regulatory requirements due to poor information security policies and procedures
- Unauthorised access to sensitive information and data security breaches resulting in damage to the Council's reputation
- Loss of information assets including exposure of sensitive corporate and personal data to the public domain
- Inadequate arrangements for minimising the impact or loss from data security breaches
- Failure to manage the risks posed by 3<sup>rd</sup> parties and service providers with consequential reputational damage and financial loss for the Council
- Poor information security education, training and awareness resulting in security breaches by authorised users
- Exposure of sensitive data due to poor physical and technical security measures.

# APPENDIX III - TERMS OF REFERENCE

## SCOPE

The areas below will be covered as part of the review:

- Data /information security governance and management arrangements
- Information security policies and procedures
- User account management and access control
- Remote access and mobile devices
- Data security incident reporting arrangements
- Assurance received from 3<sup>rd</sup> parties and IT service providers in regard to the security of Council data
- Information security awareness and training
- Physical security measures
- Technical security controls.

## EXCLUSIONS

Our work will be restricted to the areas of consideration within our scope of the review. The review will exclude business continuity planning, detailed network security controls and the security of systems hosted by 3<sup>rd</sup> parties.

## APPROACH

Our approach will be to conduct interviews to establish the controls in operation for each of our areas of audit work. We will then seek documentary evidence that these controls are designed as described. We will evaluate these controls to identify whether they adequately address the risks.

## MANAGEMENT COMMENTS

No management comments have been raised regarding the areas under review.

## LOCATIONS

Fieldwork will be performed primarily at Council's offices but other sites will be visited if required.



# APPENDIX III - TERMS OF REFERENCE

## DOCUMENTATION REQUEST

Where available, please ensure that electronic copies of the following documents have been forwarded to us in advance of the review:

- Information security policy and procedures
- User account management procedure document
- Remote access and mobile device policies
- Incident management policy and procedures.

These documents will assist the timely completion of our fieldwork, however this list does not necessarily constitute a complete list of all documentation and evidence that we may need as part of our review

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## KEY CONTACTS

### BDO LLP

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# APPENDIX III - TERMS OF REFERENCE

## PROPOSED TIMETABLE



Audit Stage	Date
Commence fieldwork	02/02/2015
Number of audit days in plan	20
Planned date for closing meeting	27/02/15
Planned date for issue of report to Council	06/03/15
Planned date for receipt of management responses	20/03/15
Planned date for issue of proposed final report	27/03/15
Planned Audit Committee date for presentation of report	28/07/15

## SIGN OFF



On behalf of BDO LLP:	On behalf of Brentwood Borough Council:
Signature: .....	Signature: .....
Title: .....	Title: .....
Date: .....	Date: .....

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29 June 2015

## Audit & Scrutiny Committee

### Strategic & Operational Risk Review

**Report of:** *Finance Director*

**Wards Affected:** *None*

**This report is:** *Public*

#### 1. Executive Summary

- 1.1 The Strategic Risk Register and Operational Risk Registers have been reviewed and are submitted to the Committee for approval.

#### 2. Recommendation(s)

- 2.1 To agree the Strategic & Operational Risk Registers and that the risk scores recorded for each risk accurately represents the current status of each risk.**

#### 3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic risk register is attached at Appendix A and the Operational Risks attached at Appendix B. These are monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agree 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 Quarterly insurance reports are presented to the Corporate Leadership Board to identify areas for future risk control, leading to risk improvements in the areas of training, systems of working and security.

- 3.4 The Council's insurance premium is discounted by £5,000, to be used to buy Risk Management Services from Zurich Municipal.
- 3.5 A meeting was held with Matthew Hillier, Strategic Risk Consultant, Zurich Municipal to discuss the support that Zurich is currently undertaking with the Council. This will include:-
- Best Practice review of policy document
  - Recommendations for areas of enhancement or amendment
  - Guidance on calibrating risk scores and appropriate risk language and terminology
  - Provide assistance if required in building the refreshed policy documentation into the Risk Handbook

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

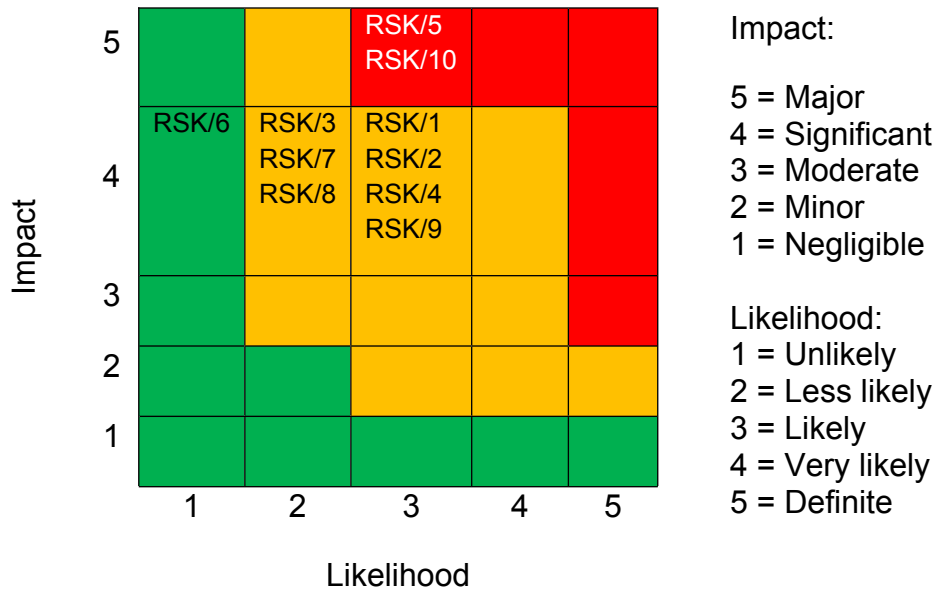
##### **Strategic Risks**

- 4.1 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores, with the results discussed and agreed at CLB on 9 June 2015.
- 4.2 Attached to this report at Appendix C 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 7 scores have remained unchanged, 2 risks has been reduced and a new risk added.
- 4.4 New Risk
- Red risk RSK10 – Failure to spend Capital Receipts (Row No. 2)  
New Strategic Risk in respect of delays in delivering the Affordable Housing programme.
- 4.5 Risk Score Reduced
- Amber risk RSK3 – Disaster Recover/Business Continuity (Row No. 7)  
This risk has been reduced as updated Business Continuity and Emergency Planning work plans have been produced, together with an over-arching Business Continuity Plan.

- Green risk RSK6 – Customer Access Strategy (Row No. 10)  
This risk has been reduced as a result of the Customer Access Strategy and Action Plan being approved by the Finance & Resources Committee on 14 January 2015. This risk will be moved to the Operational Risk Register on the next review date in August.

**Risk Matrix**

4.6 The ten risks are plotted on the risk matrix below. The current assessment identifies that two risks will remain in the red area of the risk matrix.



**Operational Risks**

4.7 The Operational Risks, attached at Appendix B, have been updated and amended where necessary to reflect the actions being taken to manage the risks. At the time of writing this report there were 42 operational risks.

<b>Risk Group</b>	<b>No. of open risks on register</b>	<b>Low Risk</b>	<b>Medium Risk</b>	<b>High Risk</b>
Environmental Health	4		4	
Governance	1		1	
ICT	1		1	
Localism	4	2	2	
Planning	5		3	2
Street Scene	7	6		1
Business Transformation	3		3	
Finance	9	2	6	1
Housing	2		1	1
Assets	6	6		

## **5. Reasons for Recommendation**

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Directors and Heads of Service 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 work with 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 support the Council to achieve its corporate priorities. The process will enable identification of risks and issues enabling informed decision making to removed or reduce them in order for the priorities to be achieved.

## **8. Implications**

### **Financial Implications**

**Name & Title: Chris Leslie, Finance Director**

**Tel & Email: 01277 312 542 christopher.leslie@brentwood.gov.uk**

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



**Legal Implications**

**Name & Title: Christopher Potter, Monitoring Officer**

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- 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

Appendix B – Operational Risk Register

Appendix C – Strategic Risk Register Summary Sheet

**Report Author Contact Details:**

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## Strategic Risk Register and Action Plan

<b>Risk Number 1</b>	<b>Risk Owner: Chris Leslie</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Finance Pressures		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Failure or significant reduction of income streams and external funding</li> <li>Significant change in priorities – influenced by either demand, political vision or legislation</li> <li>Unplanned expenditure as a result of urgent works</li> <li>Expenditure incurred where no budgetary provision exists</li> </ul> <p>Target levels for income are not achieved Target efficiency savings are not achieved</p>	<ul style="list-style-type: none"> <li>Council unable to meet budget requirements</li> <li>Staffing and service level reductions</li> <li>Greater use of reserves to maintain a balanced budget</li> <li>Working balance levels fall below the risk assessed level</li> <li>Increased Council Tax</li> <li>Increase in charges</li> </ul>	<ul style="list-style-type: none"> <li>Medium Term Financial Planning is undertaken on an annual basis</li> <li>Monthly Budget Monitoring</li> <li>Half year reports to Members</li> <li>A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels</li> <li>Healthy reserves and working balance levels held</li> </ul>	3	4	12
					Retain
					<b>Review Date</b>
					August 2015

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Savings targets will be monitored throughout the year in addition to monthly budget monitoring on the Collaborative Planning module which requires sign off from Budget Managers and Heads of Service.	Savings for 2016/17 and 2017/18 will begin to be drafted with the aim of having approval by December 2015.	<p>June - Initial Savings Developed</p> <p>August – Detailed savings plans drafted</p> <p>October – Member and public consultation</p> <p>December – Savings approved.</p>	Chris Leslie, Finance Director

Appendix A

<b>Risk Number 2</b>	<b>Risk Owner: Gordon Glenday</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Local Development Plan		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Failure of Council to adopt a Plan in line with National Planning Policy Framework (NPPF)</li> </ul> Lack of If you would like to discuss this, please do not hesitate to contact me on ext 2821. <ul style="list-style-type: none"> <li>formal agreement through Duty to Cooperate</li> <li>Failure to adopt Community Infrastructure Levy (CIL)</li> </ul> Loss/long term absence of staff Recruitment difficulties	<ul style="list-style-type: none"> <li>Planning applications judged against NPPF 'in favour of sustainable development'</li> <li>Development permitted in locations on an ad-hoc basis</li> <li>Potential appeal costs</li> <li>Staff resource implications to deal with increased applications</li> <li>Lack of necessary infrastructure funding</li> <li>Delay to Plan preparation and lack of necessary expertise &amp; experience</li> </ul>	<ul style="list-style-type: none"> <li>Meeting targets set out in the Plan timetable (Local Development Scheme)</li> <li>Ongoing discussion with neighbouring Local Planning Authorities</li> <li>Recruitment of permanent staff to fill posts in Planning Policy Team (August 2014), reduced reliance on agency &amp; temp staff</li> </ul>	3	4	12
					Reduce
					<b>Review Date</b>
					August 2105

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Current adopted Plan timetable now out of date, CIL Preliminary Charging Rates agreed by Strategy & Policy Board (19.03.14) but consultation has yet to take place	<ul style="list-style-type: none"> <li>Agreement of a new Plan timetable</li> <li>Agreement through Duty to Cooperate with neighbouring Local Planning Authorities regarding cross-boundary issues</li> <li>Agreement of key issues to inform proposed spatial strategy for quantum and locations of new development</li> <li>Completion of technical evidence to inform emerging Plan policies</li> <li>Consultation on CIL Preliminary Draft Charging Schedule and further work to enable CIL adoption by April 2016 deadline</li> </ul>	LDP – July 2017  CIL – April 2016	Gordon Glenday, Head of Planning Phil Drane, Planning Policy Team Leader



<b>Risk Number 4</b>	<b>Risk Owner: Phil Ruck</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Organisational Capacity		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Lack of capacity to effectively govern the organisation</li> <li>Loss/sickness of key staff</li> <li>Failure to focus on staff wellbeing and development</li> <li>Failure to build relationships with residents and business communities</li> </ul>	<ul style="list-style-type: none"> <li>Poor staff morale</li> <li>Poor communications</li> <li>Inability to deliver effective and efficient services</li> <li>Poor delivery of aspirations and priorities</li> <li>Inefficient use of resources</li> <li>Breakdown of Officer and Member relations</li> </ul>	<ul style="list-style-type: none"> <li>MTFP</li> <li>Communications Protocol and Strategy</li> <li>Workforce Strategy</li> <li>Staff Survey (and Action Plan)</li> <li>Peer Review (and Action Plan)</li> <li>Regular meetings between Senior Members and Officers</li> <li>Staff Bulletins and Briefings</li> <li>Review options for alternative service delivery models</li> </ul>	3	4	12
					Reduce
					<b>Review Date</b>
					August 2015

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Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
<p>As a small Authority – changes in priorities will always present a challenge in terms of flexibility and capacity to deliver.</p> <p>Financial constraints (also set out in RSK 1) places pressure on maintaining effective service delivery</p>	<ul style="list-style-type: none"> <li>Develop a clear and concrete vision for the Council in order that resource requirements can be scoped</li> <li>Continuous programme of service reviews to evaluate alternative options for service delivery</li> </ul>	<p>30/09/2015 (after consultation)</p> <p>Ongoing</p>	<p>Phil Ruck, Head of Paid Service</p> <p>Relevant Managers</p>

<b>Risk Number 5</b>	<b>Risk Owner: Chris Potter</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Information Management and Security		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Data held by the Council ends up in inappropriate hands</li> <li>Little or no awareness of data collected internally – poor information sharing</li> <li>Lack of resources for IT integration</li> </ul>	<ul style="list-style-type: none"> <li>Breach of corporate governance</li> <li>Increased costs and legal implications</li> <li>Reputation damaged</li> </ul>	<ul style="list-style-type: none"> <li>Data Protection Policy</li> </ul>	3	5	15
					Reduce
					<b>Review Date</b>
					August 2015

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Weak, arising from a lack of an integrated approach to information management across the Council.	<ul style="list-style-type: none"> <li>Review existing Data Protection Policy</li> <li>Raise awareness of the importance of information to the Council and the individual</li> <li>Produce a co-ordinated approach to information management and security</li> <li>Training is being rolled out to Members and Officers. Induction training to members was delivered on 17 June 2015.</li> </ul>	31/11/2015	Christopher Potter, Monitoring Officer and Head of Support Services

<b>Risk Number 6</b>	<b>Risk Owner: Steve Summers</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Customer Access Strategy		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>No Customer Access Strategy produced and approved by end Dec 2014</li> <li>Target efficiency savings are not achieved</li> <li>Unable to provide/meet customer service performance levels</li> </ul>	<ul style="list-style-type: none"> <li>Non realization of savings/benefits if this is not in place</li> <li>£250K of savings at risk by 31 March 2015</li> <li>Failure to provide effective Customer Service</li> <li>Lack of integration with other Council services</li> <li>Failure to align ICT and Customer Access Strategies will inhibit ability to transform Customer Services</li> </ul>	<ul style="list-style-type: none"> <li>Not in place as Customer Access Strategy not produced</li> <li>Resources now in place.</li> </ul>	1	4	4
					Retain
					August 2015

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Not applicable until Customer Access Strategy approved	<ul style="list-style-type: none"> <li>Customer Access Strategy and Action Plan approved by Finance &amp; Resources Committee on 14<sup>th</sup> January 2015</li> </ul>	31/01/2015	Steve Summers, Head of Customer Services



<b>Risk Number 7</b>	<b>Risk Owner: Phil Ruck</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Commercial Activities		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Business plans not agreed</li> <li>Individual service income not realised or income generation below projections</li> <li>Business models reveal poor market prospects or fail</li> <li>Income not realized due to weak commercial company arrangements (including poor Governance)</li> </ul>	<ul style="list-style-type: none"> <li>Council unable to meet budget requirements</li> <li>Staffing and service level reductions</li> <li>Spending/service cutbacks</li> <li>Greater use of reserves if required net savings are not achieved</li> <li>Increased Council Tax</li> <li>Increase in charges</li> <li>Ineffective application of business model and company fails (services move back in-house)</li> </ul>	<ul style="list-style-type: none"> <li>Medium Term Financial Planning is undertaken on an annual basis with monitoring arrangements</li> <li>Monthly Budget Monitoring</li> <li>Quarterly monitoring arrangements</li> <li>Regular reports to Asset and Enterprise committee to provide close monitoring</li> <li>Robust business modeling and financial projections</li> </ul>	2	4	8
					Reduce
					<b>Review Date</b>
					August 2015

Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
In early stages but all aspects of this are being closely monitored by all parties (senior officers and Members)	<ul style="list-style-type: none"> <li>More reporting on progress</li> <li>Services to include updates within their service plans</li> <li>Sound legal and financial advice to support the creation of a commercial company</li> <li>Agree commercial vehicle requirements for the Council</li> <li>Develop a business case to support the commercial activity</li> <li>Monitoring activities via a Task Force</li> </ul>	Sept 2015  31/01/2016  31/12/2015	Phil Ruck, Head of Paid Service  Phil Ruck, Head of Paid Service & Steve Summers, Head of Customer Services

<b>Risk Number 8</b>	<b>Risk Owner: Phil Ruck</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Contract/Partnership Failure		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Key partnership fails or services provided via arrangements lacking adequate governance</li> </ul>	<ul style="list-style-type: none"> <li>Lack of accountability</li> <li>Resources wasted</li> <li>Financial losses</li> <li>Objectives not met</li> </ul>	<ul style="list-style-type: none"> <li>SLA's embedded within contract and penalties in place for non performance</li> <li>Regular reporting on contract performance</li> <li>Escalation and governance in place</li> </ul>	2	4	8
					Reduce
					<b>Review Date</b>
					August 2015

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Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Controls are governed by contract and are in a good situation	<ul style="list-style-type: none"> <li>Continue to fine tune reporting</li> <li>Hold regular meetings with suppliers</li> <li>Engage relevant HoS (where applicable)</li> <li>New performance reports established and submitted to F&amp;R Committee</li> <li>Continue to challenge existing performance indicators</li> </ul>	Ongoing	Phil Ruck, Head of Paid Service

<b>Risk Number 9</b>	<b>Risk Owner: Phil Ruck</b>	<b>DATE: June 2015</b>
<b>Business Risk Description:</b> Lack of Strategic Direction		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date
<ul style="list-style-type: none"> <li>Lack of long term strategic planning</li> <li>Lack of relationship with residents, business communities and partners</li> </ul>	<ul style="list-style-type: none"> <li>Failure to adapt to policy/legislative changes</li> <li>Poor performance management</li> <li>Poor morale</li> <li>Poor delivery of priorities/aspirations</li> <li>Inefficient use of resources</li> <li>Reputation undermined</li> <li>Failure to communicate effectively</li> <li>Lack of community engagement</li> </ul>	<ul style="list-style-type: none"> <li>Corporate Plan</li> <li>Training and Development for Officers and Members</li> <li>Code of Conduct</li> <li>Consultation/Surveys</li> <li>Project and Performance Management Framework</li> </ul>	3	4	12
					Reduce
					<b>Review Date</b>
					August 2015

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Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
Some improvements required	<ul style="list-style-type: none"> <li>Develop a clear and concrete vision for the Council in order that resource requirements can be scoped and the vision can be communicated internally and externally</li> </ul>	30/09/2015	Phil Ruck, Head of Paid Service

<b>Risk Number 10</b>	<b>Risk Owner: Helen Gregory</b>	<b>DATE: June 2015</b>
<b>Business Risk Description: Failure to spend Capital Receipts</b>		

Trigger	Consequences	Existing Controls	Likelihood	Impact	Risk Rating to date		
<ul style="list-style-type: none"> <li>Delays in delivering Affordable Housing programme</li> </ul>	<ul style="list-style-type: none"> <li>In the event that the Receipts are not spent then all or the outstanding balance of the specific identified sums has to be paid to DCLG with interest at 4% above Base Rate from receipt.</li> <li>Reputation damage externally with HCA/EHOG and press coverage.</li> </ul>	<ul style="list-style-type: none"> <li>Monitored by finance team</li> <li>Affordable housing programme</li> </ul>	3	5	15		
					Reduce		
			Reduce likelihood to 2 following control measures issued to purchase properties			<b>Review Date</b>	
			August 2015				

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Effectiveness of controls	Further Action Required	Target Date for completion	Officer(s) Responsible
<ul style="list-style-type: none"> <li>Improve monitoring arrangements to CLB level</li> <li>Immediate action has been implemented to mitigate risk of delays to affordable housing development programme by instructing the asset management team to purchase 2 x 3 bedroom properties</li> </ul>	<ul style="list-style-type: none"> <li>Capital receipts placed on strategic risk register and monitored at CLB meetings</li> </ul>	Sep -15 £168,347.77  Dec-15 £940,485.57  Mar-16 £446,052.23	Helen Gregory, Head of Housing

OPERATIONAL RISK REGISTER

SERVICE: ENVIRONMENTAL HEALTH

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions / controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Protection of Front Line staff	Corporate Health & Safety Advisor	Injury to member of staff in or outside the Council offices	20	Lone working and Cautionary Contacts procedures have been provided on the Council's Health and Safety Microsite	20	Awaiting funding agreement for Trial and subsequent use of Lone Working electronic devices for designated staff where required.	12	Jan-15	Funding agreed for pilot of Lone Worker devices and pilot currently being undertaken.	8	Jun-15
RSK/2	Health and Safety at the Town Hall and Depot Buildings	Corporate Health & Safety Advisor	Injury to member of staff, customer or visitor at a Council Building	16	All divisions have received training in risk assessment and health and safety management. The microsite provides all information and formwork relating to risk assessments/safe systems of work and how to complete them	16	Continue with current strategy of engaging with HoS and Line Managers and supporting them to have good H&S in place to manage their risks.	16	Jan-15	Continue with current strategy of engaging with HoS and Line Managers and supporting them to have good H&S in place to manage their risks. This is now bearing fruit & improvement in H&S culture but more work to be done.	8	Jun-15
RSK/3	Ability to act upon 24/7 basis to serious foreseen noise complaints	Environmental Health Manager	Residents may need to wait until normal office hours until officers can respond	10	There is no out of hours noise service except during bank holidays and at Christmas	10	No further action required.	10	Jan-15	No further action required.	6	Jan-15

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions / controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/4	Loss of life from an event identified as an emergency (where the Council has a legal responsibility)	Senior Environmental Health Officer	<ul style="list-style-type: none"> <li>&gt; Reputational damage</li> <li>&gt; Financial penalties</li> <li>&gt; Failure to comply with the civil contingencies Act 2004</li> <li>&gt; Impact on staff and services</li> </ul>	15	<ul style="list-style-type: none"> <li>&gt; Emergency Plan in Place</li> <li>&gt; Reviewed annually</li> <li>&gt; Rest centre staff trained and ready for deployment</li> <li>&gt; Close liaison with Essex Emergency Planning Services</li> </ul>	10	No further action required other than that already identified.	10	Jan-15	No further action required other than that already identified.	10	Jun-15

OPERATIONAL RISK REGISTER

SERVICE: GOVERNANCE

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Last Review Date	Last Review Date
RSK/1	Illegal encampments	Head of Legal Services	<ul style="list-style-type: none"> <li>&gt; Financial cost to the Council legally</li> <li>&gt; Reputational impact</li> <li>&gt; Clear up costs</li> </ul>	10	Out of hours processes in place to take swift action should encroachment occur	10	Review cost effectiveness of current system	3	Legal action should be taken to obtain pre-emptive borough wide injunctions of known vulnerable sights to prohibit future incursions. Use of Civil & Magistrates court procedure, the latter to be preferred as have sanctions for reincursions within 3 months of magistrate order.	Jan-15	Jun-15

OPERATIONAL RISK REGISTER

SERVICE: ICT

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Last Review Date	Last Review Date
RSK/1	Breach of security by members	Head of Customer Service	<ul style="list-style-type: none"> <li>&gt; Loss of data</li> <li>&gt; Financial fines to the Council</li> <li>&gt; Reputational loss</li> </ul>	12	Training for members	8	Data loss prevention tools are in place i.e. firewalls, antivirus, data backups, Information security policies	8	Further training for new members	Jan-15	Jun-15



OPERATIONAL RISK REGISTER

SERVICE: LOCALISM

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Failure to deliver BBC Events	Partnership, Leisure & Funding Manager	> Reputational impact > Financial impact > Loss of life or injury	20	> Information, processes and procedures in place > Experienced staff in place to oversee events	12	No further action required as Event Management Plans are updated for each event	12	Jan-15	No further action required as Event Management Plans are updated for each event	12	Jun-15
RSK/2	Failure to meet safeguarding requirements; staff unaware of their responsibilities	Partnership, Leisure & Funding Manager	Single point of failure	4	> Safe guarding micro site in place > Ensure periods of absence are covered	2	Updated Safeguarding and Procedures agreed at 17 December 2014 Community Committee. Updated staff training to be delivered in 2015.	2	Jan-15	Updated webpages and safeguarding microsite. 6 staff safeguarding training already delivered. E-learning module currently being updated. However the e-learning corporate induction module does need to be revised urgently. Date of member safeguarding training tbc.	2	Jun-15
RSK/3	Failure to manage and deliver partnership opportunities	Partnership, Leisure & Funding Manager	Partnerships not managed, not deliver what they were intended to do and resulting in loss of service and reputational damage	8	Funding strategy to be implemented	4	In Kind Policy is before F & R Committee on 13 January 2015. Separate Community Let Policy/Room Hire going to Asset & Enterprise Committee. Commissioning Prospectus launched 9 January 2014 for tenders for services.	4	Jan-15	No further action required, other than that already identified	4	Jun-15

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/4	Hutton Community Centre	Partnership, Leisure & Funding Manager	Reputational and financial risk due to lack of use of the centre	12	Active working group, developing processes for future lease. Renovation of building nearing completion.	6	Invitation for a Community organisation to take over the running of the building is being advertised through Assets January 2015	6	Jan-15	Heads of terms of lease to be agreed with community organisation and agreed by Members. Date report comes to committee to be confirmed.	6	Jun-15

OPERATIONAL RISK REGISTER

SERVICE: PLANNING

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Error in making a Planning decision	Development Management Team Leader	> Financial implications - judicial review, legal costs & compensation > Reputation undermined	15	> Duplicate checks of weekly list > Review of weekly list to take place	8	No further action required.	8	Jan-15	Implement principles of the 'Modern Planning' agenda	8	Jun-15
RSK/2	Lose Planning Appeal decision	Development Management Team Leader	If costs awarded maybe financial implications	15	> Ongoing monitoring and review of appeal decisions to learn > Planning training	15	No further action required.	15	Jan-15	Develop a training programme for staff linked to Appraisals	15	Jun-15
RSK/3	Error or delay in undertaking planning enforcement	Development Management Team Leader	> Reputation undermined > Financial compensation	15	> Review of enforcement procedures > Backlog cleared	8	No further action required.	8	Jan-15	Implement the recently adopted Enforcement Plan	8	Jun-15
RSK/4	Increased workload due to:- > increase in applications > changes in legislation > failure to have files sorted & uploaded	Head of Planning	> Inability to do the work	20	> Manage staff resources	20	No further action required.	8	Jan-15	Implement principles of the 'Modern Planning' agenda	8	Jun-15
RSK/5	Loss of key staff	Head of Planning	> Inability to do the work	20	> Use of agency staff > Recruitment of new staff	20	No further action required other than that already identified.	15	Jan-15	Contribute to development of Corporate staff retention programme.	15	Jun-15

OPERATIONAL RISK REGISTER

SERVICE: STREET SCENE

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Last Review Date	Last Review Date	Revised Risk Score
RSK/1	Unable to collect waste due to: > shortage of vehicles > weather > strike action > pandemic > Theft or vandalism of vehicle fleet at the Depot	Operations Manager	> Piles of rubbish on street > Health risks > Financial impact > Reputation undermined > Delivery of services affected	5	> Winter Plan adopted > CCTV equipment linked to 24hr attended control room > Alarms and immobilisers fitted to vehicles > utilise staff from other services and contract with national agencies	3	No further action required	3	No further action required	Jan-15	Jun-15	3
RSK/2	Depot's diesel/petrol supply suspended	Operations Manager	> Delivery of services affected > Reputation undermined	4	Discuss as priority area with national agencies	3	No further action required	3	No further action required	Jan-15	Jun-15	3
RSK/3	Total loss of the Vehicle Maintenance workshop	Operations Manager	> Delivery of services affected > Reputation undermined	4	> Restricted Access > Trained Staff > Storage of combustibles > contract with local hire company & other authorities > Routine equipment safety checks	2	No further action required	3	No further action required	Jan-15	Jun-15	3
RSK/4	Public injury/death whilst using Council Services > Playgrounds > Sports Pitches > Public Open Spaces > Golf	Service Coordinator Parks & Open Spaces	> Financial loss > Reputation > Corporate Manslaughter charge	3	> Regular evidenced inspections carried > Proactive works maintenance programme	2	No further action required other than that already identified	2	No further action required other than that already identified	Jan-15	Jun-15	2
RSK/5	Deficiencies in Health & Safety Policies/Procedures > injury or death to employee	Operations Manager	> Financial loss > Reputation	3	> Risk assessments completed in > Appropriate training for staff	2	Ongoing review from D Wellings	2	Ongoing review from D Wellings	Jan-15	Jun-15	2
RSK/6	Risk of unmaintained trees wholly or partly falling on persons/property and other infrastructure	Service Coordinator Parks & Open Spaces	> Harm or injury to member of public > Reputational damage > Corporate Manslaughter charge	15	An assessment has been carried out on all of the Council's sites regarding the state of the trees and footfall & prioritised accordingly	15	No further action required other than that already identified	15	No further action required other than that already identified	Jan-15	Jun-15	15
RSK/7	Inability to provide statutory burial service	Service Coordinator Parks & Open Spaces	> Build up of burials waiting to take place > Reputational risk and damage > Loss of income > Failure to provide statutory service	4	> Liaison with contractors to provide back up service if > Open communication with funeral directors and hospitals	4	No further action required other than that already identified	4	No further action required other than that already identified	Jan-15	Jun-15	4

OPERATIONAL RISK REGISTER

SERVICE: Business Transformation

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Key objectives not delivered due to capacity issue (e.g. insufficient HR)	Contract & Corporate Project Manager	<ul style="list-style-type: none"> <li>&gt; Slippage on key projects/initiatives</li> <li>&gt; Deadlines and targets not met</li> <li>&gt; Lack of focus</li> <li>&gt; Workloads increase</li> <li>&gt; staff de-motivated</li> </ul>	10	<ul style="list-style-type: none"> <li>&gt; Monitor recruitment process</li> <li>&gt; Review the external market</li> <li>&gt; Sickness levels monitored</li> </ul>	10	<ul style="list-style-type: none"> <li>1) Continue to review structure of ICT delivery</li> <li>2) Develop partnerships to resolve key resource/skill set shortages</li> </ul>	10	<ul style="list-style-type: none"> <li>1) Confirm governance and reporting structure on all key projects</li> <li>2) Develop partnerships to resolve key resource/skill set shortages</li> </ul>	10	Jun-15
RSK/2	Loss or theft of data >Data held by the Council ends up in inappropriate hands	Contract & Corporate Project Manager	<ul style="list-style-type: none"> <li>&gt; Breach of corporate governance</li> <li>&gt; Increased costs and legal implications</li> <li>&gt; Reputation damage</li> </ul>	20	<ul style="list-style-type: none"> <li>&gt; Data compliance policies in place</li> <li>&gt; E-learning courses available</li> <li>&gt; Technology to stop breaches are in place</li> </ul>	12	<ul style="list-style-type: none"> <li>Continue to promote hosted systems ensuring that effective and reliable controls are in place (and defined in relevant contracts)</li> </ul>	12	<ul style="list-style-type: none"> <li>Continue to promote hosted systems ensuring that effective and reliable controls are in place (and defined in relevant contracts)</li> </ul>	10	Jun-15
RSK/3	ICT Strategy cannot be implemented due to lack of funding	Contract & Corporate Project Manager	<ul style="list-style-type: none"> <li>&gt; System fails</li> <li>&gt; Lack of service delivery</li> </ul>		<ul style="list-style-type: none"> <li>&gt; Review strategy with HoS</li> <li>&gt; Clear budget parameters</li> </ul>		<ul style="list-style-type: none"> <li>Ensure that all projects (and services) incorporate clear funding sources and ongoing maintenance costs - this to be extended to any shared service offering</li> </ul>		<ul style="list-style-type: none"> <li>1) Update ICT strategy</li> <li>2) Review delivery and control mechanisms within ICT</li> </ul>	10	Jan-15

OPERATIONAL RISK REGISTER

SERVICE: FINANCE

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Last Review Date	Last Review Date	Revised Risk Score
RSK/1	Treasury Management > Reduction in investment interest > Transactions undertaken which are outside the terms of the Treasury Management Policy	Financial Services Manager	Negative impact on the budget Higher risk transactions e.g. Unapproved Counterparty	16	> Treasury Management Policy that is reviewed yearly and monitored regularly > Ensure staff are well trained and adequate cover in place	9	No change - money on call accounts.	4	No further action require other than that already identified	Jan-15	Jun-15	4
RSK/2	Changes in legislation which jeopardize the Council's financial reporting position	Financial Services Manager	> Failure to produce accounts > Accounts not signed off by the External Auditors > Staff time and costs > Reputational damage	15	> Regular liaison with our External Auditors and attendance at relevant training seminars	8	The risk is less about changes in legislation now but having the knowledge and resources to prepare the SoA. Closure plan to be put in place	8	No further action require other than that already identified	Jan-15	Jun-15	8
RSK/3	Insufficient development of the Financial Management System	Financial Services Manager	> Delay to realising system benefits resulting in inefficient use of staff time and lack of realised savings	12	> Effective project management and regular monitoring	6	No Further action required	4	CP training giving to all budget holders	Jan-15	Jun-15	4
RSK/4	Loss of key staff	Financial Services Manager	> Reduced quality of output > Errors/omissions > Additional costs incurred for Interim cover > Negative impact on remaining staff	8	> Good communications > Succession planning	6	> Interim resources in place for Maternity Cover	5	Interim resources in place for Maternity Cover. Recruitment in progress for Principal Accountant, Financial Accounting	Jan-15	Jun-15	8
RSK/5	Uninsured properties/risks	Financial Services Manager	> Financial and reputational implications in the event of any loss/damages	12	> Regular monitoring and robust annual renewals process	12	Robust annual renewals completed. Risk assessments completed to manage its activities and regular inspections.	6	Reviewing RM Handbook and providing training on Risk Management in consultation with Zurich	Jan-15	Jun-15	6

OPERATIONAL RISK REGISTER

SERVICE: FINANCE

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Further required actions/controls	Last Review Date	Revised Risk Score	Last Review Date
RSK/6	Failure to maintain adequate internal controls	Financial Services Manager	<ul style="list-style-type: none"> <li>&gt; Increased risk of fraud activity</li> <li>&gt; Inappropriate use of Council resources</li> </ul>	8	<ul style="list-style-type: none"> <li>&gt; Effective Internal Audit arrangements</li> <li>&gt; Staff training</li> </ul>	6	Resource issue to be addressed with further recruitment	6	Procedures updated. Staff training provided. Internal Audit review in progress	Jan-15	6	Jun-15
RSK/7	Failure to implement changes to Benefit rules and regulations in a timely manner	Revenues & Benefits Manager	<ul style="list-style-type: none"> <li>&gt; Incorrect levels of Benefits paid to customers</li> <li>&gt; Subsidy claims not signed off</li> <li>&gt; Reputational damage</li> <li>&gt; Claimants could suffer financial hardship/loss</li> </ul>	15	<ul style="list-style-type: none"> <li>&gt; Regular review and implementation of updates from DWP</li> <li>&gt; Robust testing of software changes</li> </ul>	15	No Further action required	10	No further action require other than that already identified	Jan-15	10	Jun-15
RSK/8	Failure to meet income collection targets in respect of Council Tax & Business Rates	Revenues & Benefits Manager	<ul style="list-style-type: none"> <li>&gt; Lower than anticipated income will impact on the Council's Medium Term Financial Plan</li> </ul>	12	<ul style="list-style-type: none"> <li>&gt; Regular monitoring</li> <li>&gt; Robust debt recovery procedures</li> </ul>	8	Additional temporary ICT and financial management support now in place	10	No further action require other than that already identified	Jan-15	10	Jun-15
RSK/9	Revenues & Benefits Software Conversion	Revenues & Benefits Manager	<ul style="list-style-type: none"> <li>&gt; Unable to pay benefit/support to customers</li> <li>&gt; Unable to bill Crax &amp; NNDR</li> <li>&gt; Impact on the LA's income</li> <li>&gt; Rev's &amp; Ben's BAU impacted reputational damage</li> <li>&gt; Customers could suffer financial hardship/loss</li> </ul>	15	<ul style="list-style-type: none"> <li>&gt; Robust testing of software changes</li> <li>&gt; Effective project management &amp; regular monitoring</li> <li>&gt; Ensure staff are included, trained and on board and additional resources can be obtained if required</li> <li>&gt; Effective resource planning in place. additional resources are planned &amp; available from Civica &amp; Basilidon BC</li> </ul>	15		15	Ongoing conversion process, lead time of 10 months, due to complete mid Jan 16		15	Jun-15

OPERATIONAL RISK REGISTER

SERVICE: HOUSING

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Further required actions/controls	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Defective gas installations	Head of Housing	Gas leaks, explosions Reputational impact Financial impact	10	Annual inspection regime - 100% access. Servicing operate on a 10 month cycle to ensure opportunity to take action where access becomes an issue. Legal action taken as necessary to ensure access.	5	New KPI, monitored at Hsg Cttee. Meeting with Corporate Health & Safety Advisor last week to produce/review procedures and processes	5	Jan-15	We have reviewed out gas servicing procedure and processes during Q4 2015/16. we are now 100% compliant. The revised risk score is a 2 - impact remains high.	10	Jun-15
RSK/2	Fire in residential or community areas	Head of Housing	Possible death or injury. Residents would have to be relocated Re-homing costs Reputational impact	15	Fire risk assessment programme currently being revised. In certain areas where there are static caretakers and particularly high rise, issues and breaches are recorded and referred to Estates Management.	10	Programme set for next 12 months and advertised in Newsletter. Monitored regularly by Estates Team.	10	Jan-15	HG/SC have reviewed the progress on the Fire Risk Assessments. New temp surveyor employed will inspect all blocks wk commencing 15 June 2015. action plan and costings will be worked through with our Wates contractor. Tenant consultaion will take place. Plan to invite the Fire service to attend resident consultation.	15	Jun-15



OPERATIONAL RISK REGISTER

SERVICE: ASSETS

Risk Ref	Description of Risk	Risk Owner	Potential Impact	Initial Risk Score	Control Measures	Revised Risk Score	Last Review Date	Further required actions/controls	Revised Risk Score	Last Review Date
RSK/1	Defective gas installations	Strategic Asset Manager	Gas leaks, explosions Reputational impact Financial impact	10	Annual proactive preventative maintenance and servicing to all gas installations.	4	Jan-15	No further action required	4	Jan-15
RSK/2	Fire in Corporate buildings	Strategic Asset Manager	Possible death or injury. Members of the public or staff would have to be relocated Relocation costs Reputational impact	15	Fire risk assessments and are due to be revised.	4	Jun-14	Risk assessment programme ongoing	4	Jan-15
RSK/3	Legionella outbreak in corporate buildings	Strategic Asset Manager	Possible death or serious illness Reputational impact	15	Monthly water monitoring contract in place. Records kept in each building	4	Jun-14	No further action required	4	Jan-15
RSK/4	Asbestos contamination in corporate buildings	Strategic Asset Manager	Possible death or serious illness Reputational impact	15	Asbestos surveys completed and remedial measures completed	4	Jun-13	Yearly review due	4	Jan-15
RSK/5	5 yearly Circuit testing in corporate buildings	Strategic Asset Manager	Possible death or serious injury Reputational impact	15	5 yearly circuit testing completed 2012/13 and remedial measures completed	4	Jun-13	5 Yearly review due 2017	4	Jan-15
RSK/6	Missed rental payments on existing leases and licenses	Strategic Asset Manager	Loss of income and reputational impact	12	Programme of renewing leases and licenses in place	9	Jun-15	Ongoing work to reduce backlog underway	2	Jan-15

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BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Aug-14			Nov-14			Jan-15			Jun-15					
			*L	*I		*L	*I		*L	*I		*L	*I				
1	RSK5	Information Management and Security	3	5	15	3	5	15	3	5	15	3	5	15	↔	COMMENT NOV 14: Limited move forward. COMMENT JAN 15: Contact made with ICO to renew data protection registration (on going) and training due to be prepared and rolled out. <b>COMMENT JUNE 15: Data protection registration has been renewed, expiring 8 February 2016. Training prepared and being rolled out.</b>	Chris Potter
2	RSK10	Failure to spend Capital Receipts										3	5	15		NEW RISK <b>COMMENT JUNE 15: Immediate action has been implemented to mitigate risk of delays to affordable housing development programme by instructing the asset management team to purchase 2 x 3 bedroom properties.</b>	Helen Gregory
3	RSK1	Finance Pressures	3	4	12	3	4	12	3	4	12	3	4	12	↔	COMMENT NOV 14: Savings/Income Strategy required to underpin the MTFP. COMMENT JAN 15: Work is underway on the MTFP and will be concluded in March 2015. <b>COMMENT JUNE 15: Savings options for 2016/17 and 2017/18 are being developed.</b>	Chris Leslie
4	RSK2	Local Development Plan	3	4	12	3	4	12	3	4	12	3	4	12	↔	COMMENT NOV 14: Subject to Council approving the LDP consultation documents in December, the LDP is on track. COMMENT JAN 15: Consultation taking place, timetable on track. CIL timetable has been amended to co-incide with LDP. LDP timetable will need to be amended once the outcome of current consultation is known, particularly joint working with Basildon BC. <b>COMMENT JUNE 15: Delivery dates for CIL and LDP changed in the light of further consultation on planning policies and a review of Council priorities.</b>	Gordon Glenday
5	RSK4	Organisational Capacity	3	4	12	3	4	12	3	4	12	3	4	12	↔	COMMENT NOV 14: Develop a programme of service reviews. COMMENT JAN 15: Work has started within Housing, Revenues and Benefits. <b>COMMENT JUNE 15: Work has commenced on the refreshed Corporate Plan. This will lead in turn to service plans which will clearly identify resource/capability issues.</b>	Philip Ruck
6	RSK9	Lack of Strategic Direction	3	4	12	3	4	12	3	4	12	3	4	12	↔	COMMENT NOV 14: No change. COMMENT JAN 15: The long term vision will need to be developed alongside the MTFP. <b>COMMENT JUNE 15: Work has commenced on the refreshed Corporate Plan. After consultation this will be presented to Full Council in Sept 2015.</b>	Philip Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET

Row No	Risk No	Risk Description	Residual Risk Rating Aug-14			Residual Risk Rating Nov-14			Residual Risk Rating Jan-15			Current Risk Rating Jun-15		Movement	Risk Response/Update on action required	Risk Owner	
			*L	*I		*L	*I		*L	*I		*L	*I				
7	RSK3	Disaster Recover/Business Continuity	2	5	10	2	5	10	2	5	10	2	4	8	↓	COMMENT NOV 14: Updated BC and EP Workplans have been produced to identify all the arrangements needed to be put in place to mitigate failure in critical services. Over-arching and Service specific recovery plans are in development with all HoS. Resilience will be tested through planned scenarios. Business Continuity will be extended out to external businesses through the provision of key information. COMMENT JAN 15: An over-arching Business Continuity Plan has been produced for the Council as well as a Business Continuity template for all Services to prepare their own. These will be delivered by 31/03/2015. Resilience is to be tested through planned scenarios again by 31/03/2015. Battleboxes have been provided to all Services and there are back-ups at the depot. Business Continuity Plans contain information about what all battleboxes should contain. <b>COMMENT JUNE 15: Updated BC and EP Workplans have been produced to identify all the arrangements needed to be put in place to mitigate failure in critical services. An Over-arching Business Continuity Plan has now been issued covering all Servicers and Service specific recovery plans are almost complete for all divisions except ICT and Parking which are in development. Resilience will be tested through planned scenarios once all Business Continuity Plans have been produced. Business Continuity will be extended out to external businesses through the provision of key information. Battleboxes have been provided to all Services and there are back-ups at the depot. Business Continuity Plans contain information about what all battleboxes should contain. Both staff and managers have been trained on Business Continuity and what their roles are. All staff have also been introduced to the Business Continuity Plans template.</b>	Ashley Culverwell
8	RSK7	Commercial Activities	2	4	8	2	4	8	2	4	8	2	4	8	↔	COMMENT NOV 14: A task force group has been formed to review activities and address potential risks. COMMENT JAN 15: No change. <b>COMMENT JUNE 15: Budegt approval has been granted for formation and work has commenced on the business case - the justification for the LATCO.</b>	Philip Ruck
9	RSK8	Contract/Partnership Failure	2	4	8	2	4	8	2	4	8	2	4	8	↔	COMMENT NOV 14: New performance reports established and submitted to F&R committee. Continue to review approach and metrics. COMMENT JAN 15: No change. <b>COMMENT JUNE 15: Metrics continue to be improved and SLAs introduced.</b>	Philip Ruck
10	RSK6	Customer Access Strategy	2	5	10	2	5	10	2	5	10	1	4	4	↓	COMMENT NOV 14: Draft Customer Access Strategy to be reported to Finance & Resources Committee on 14 January 2015. COMMENT JAN 15: No change. <b>COMMENT JUNE 15: Customer Access Strategy and Action Plan Approved by the Finance &amp; Resources Committee on 14 January 2015.</b>	Steve Summers

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

1 Chris Leslie



2 Chris Potter





3 Steve Summers

4 Gordon Glenday

5 Ashley Culverwell

3 Philip Ruck  
Helen Gregory

29 June 2015

## Audit, Scrutiny & Transformation Committee

### Corporate Complaints Monitoring and Freedom of Information Requests

**Report of:** Steve Summers, Head of Customer 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 to date. It is intended through the future introduction of a Customer Relationship Management (CRM) system the council will be able to understand, monitor and manage better customer's complaints and requests.

#### 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.**

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

3.1 The Council has a two stage complaints process which has provided a very successful route 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 process itself has two stages. In the first instance, the complaint is forwarded to the Head of Service for the department concerned for a full investigation into the complaint. If the complainant is not satisfied with the response from the Head of Services they can request the Complaints Co-ordinator to conduct a second stage investigation into the matter. At both stages, the Council aims to respond fully following the investigation within 20 working days. The Council is currently reviewing its Complaints procedure and the information it presents to Members.

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

4.1 During 2013/2014 financial year there were 33 complaints for first stage investigation, 10 complaints have been received so far this year.

4.2 The table below shows the breakdown for the financial year 2012/13 to 2014/15. Since the last report to the Audit & Scrutiny Committee on the 27.01.15 there has been twelve further Stage One complaints received.

##### Stage One

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

4.3 Details of the 23 complaints included

- Works to trees
- Housing repair issues
- General housing issues
- Non payment of business rates

4.4 Six complaints have progressed to the second stage for the financial year 2014/2015. The table below shows a comparison for previous years.

##### Stage Two

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



- 4.5 There continue to be no particular trends or themes to the complaints made so far this year which would result in concern about a process failure or service delivery breakdown in any service areas.
- 4.6 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 2 response, it would be appropriate for them to approach the Local Government Ombudsman should they choose to do so.
- 4.7 In 2014/15 three complaints had progressed to the Local Government Ombudsman. A comparison with previous years is included in the table below.

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

## **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. This information is available for public viewing on the Council's website. As set out in the Executive Summary of this report future monitoring of requests through a CRM will enable the Council to review and offer appropriate access to resident's and businesses.

<b>Department</b>	<b>2014/15</b>
Revenues and Benefits	164
ICT	31
Corporate Services	103
Environmental Health	73
Housing	49
Streetscene	86
Finance Services	47
Built Environment	44
Community Services	18
Democratic Services	7
Total	622

## **6. 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: Christopher Potter, Monitoring Officer**

**Tel & Email: 01277 212743/christopher.potter@brentwood.gov.uk**

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

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

7.1 None.

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

8.1 None.

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

**Name:** Steve Summers

**Telephone:** 01277 312629

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

**29 June 2015**

## **Audit, Scrutiny & Transformation Committee**

### **Fraud Statistics**

**Report of:** *Rick Steels, Revenues & Benefits Manager*

**Wards Affected:** *None*

**This report is:** *Public*

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

- 1.1 This report provides Members with details of the work of the Fraud Investigation team for the period January 2015 through to May 2015. The number of completed investigations and the subsequent sanctions applied to offenders bears no relation to the number of investigations opened during the same period.
- 1.2 174 referrals of potential fraud were reported between January 2015 and May 2015. With the exception of 2 potential housing tenancy frauds, 172 of the referrals were for suspected Housing Benefit (HB) and/or Local Council Tax Support (LCTS) fraud.
- 1.3 25 cases were successfully investigated during this period, all for benefit fraud. The Fraud Investigation team applied sanctions to all 25 cases.

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

- 2.1 That Members note the contents of this report.

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

- 3.1 The Council is committed to providing a proactive approach to the prevention and detection of Housing Benefit, Local Council Tax Support and Housing Tenancy fraud.
- 3.2 The Fraud Investigation team will also investigate potential cases of fraud that are referred to it from a variety of sources, to ensure public funds are protected.
- 3.3 Not all referrals however are investigated as the information provided may not be sufficient or robust enough for an investigation to be opened

- 3.4 The following table provides Members with details of the number of referrals of potential Housing Benefit and/or Local Council Tax Support fraud and potential Housing Tenancy Fraud received for the period 1<sup>st</sup> January 2015 to 31<sup>st</sup> May 2015 as well as the number of those referrals that were opened for investigation.

<b>Description</b>	<b>Jan15/May 15</b>
Number of HB/LCTS referrals received	172
Number of Housing Tenancy referrals received	2
<b>Total number of referrals received</b>	<b>174</b>
Number of cases closed during the period	112
<b>Number of referrals opened for investigation</b>	<b>149</b>
Number of opened investigations referred by the DWP data matching exercise	73
Number of opened investigations referred by an internal source e.g. staff/members	40
Number of opened investigations referred by an external source e.g. the public	36

- 3.5 The length of a fraud investigation can vary significantly depending upon the type of alleged fraud that is being committed. A case where a single claimant is suspected of having a partner resident in their household they have not told us about could take many months.
- 3.6 The process of evidence gathering, interviewing the claimant/tenant and preparing a case for Court has to follow strict legal guidelines and any failure to follow these guidelines will almost certainly render the case useless.
- 3.7 Where an investigation concludes that a fraud has been committed the Fraud Investigation team will apply a sanction. The type of sanction will depend on the seriousness of the crime, the level of benefit overpaid and also whether the claimant has committed an offence for the first time.
- 3.8 The following table provides Members with details of cases that were opened some months ago but have successfully been completed with a sanction applied during the period 1<sup>st</sup> January 2015 to 31<sup>st</sup> May 2015.

<b>Description</b>	<b>Jan15/May15</b>
--------------------	--------------------

Number of HB/CTB sanctions applied during the period	25
Number of Housing Tenancy sanctions applied during the period	0
<b>Total number of sanctions applied during the period</b>	<b>25</b>

- 3.9 There are three types of sanction that the Fraud Investigation team can impose on the claimant.
- a) Local Authority Caution
  - b) Administrative Penalty
  - c) Prosecution
- 3.10 A Local Authority Caution is usually applied to first time offenders and where the offence is not deemed to be of sufficient seriousness to go straight for a prosecution.
- 3.11 An Administrative Penalty which is equal to 30% or 50% (depending on when the overpayment commenced) of the value of the overpaid benefit is usually applied to first time offenders who have failed to disclose savings or the commencement of employment in a well paid job. Only those offenders who could reasonably be expected to repay any overpaid benefit promptly would be offered this sanction.
- 3.12 In all other cases the Fraud Investigation team would seek to prosecute offenders in a Court of Law. Additionally if an offender refuses to accept the offer of a Local Authority caution or an administrative penalty the offender will be prosecuted
- 3.13 The following table provides Members with a list of the sanctions applied during the period 1<sup>st</sup> January 2015 to 31<sup>st</sup> May 2015 and the amount of benefit identified which the claimants had fraudulently claimed.

No.	Description	Amount
50025203	A Local Authority Formal Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 6 <sup>th</sup> January 2014 to 3 <sup>rd</sup> August 2014 to which she was not entitled.	£1,209.14
50026531	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in his income. The claimant was overpaid Housing Benefit for the period 6 <sup>th</sup> May 2013 to 7 <sup>th</sup>	£2,896.96

	December 2014 to which he was not entitled.	
50026740	An Administrative Penalty of £3,452.38 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 22 <sup>nd</sup> April 2013 to 12 <sup>th</sup> January 2014 to which she was not entitled.	£5,813.64
50025271	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act after the claimant's failure to declare his employment. The claimant has been overpaid Housing Benefit for the period 1 <sup>st</sup> April 2011 to 27 <sup>th</sup> April 2014. He was sentenced to a Community Work Order.	£19,514.37
50024223	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in his income. The claimant was overpaid Housing Benefit for the period 31 <sup>st</sup> March 2014 to 16 <sup>th</sup> November 2014 to which he was not entitled.	£789.39
50026371	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 7 <sup>th</sup> April 2014 to 9 <sup>th</sup> November 2014 to which she was not entitled.	£1,059.29
50026388	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in her income. The claimant was overpaid £2,700.46 Housing Benefit for the period 1 <sup>st</sup> April 2013 to 17 <sup>th</sup> August 2014 to which she was not entitled.	£2,700.46
50023791	An Administrative Penalty of £1,146.12 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare her inheritance. The claimant was overpaid £2,169.09 Housing Benefit for the period 14 <sup>th</sup> July 2014 to 28 <sup>th</sup> September 2014 to which she was not entitled.	£2,169.09
50025968	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act after the claimant's failure to declare an increase in his income. The claimant has been overpaid Housing Benefit for the period 3 <sup>rd</sup> December 2012 to 14 <sup>th</sup> September 2014. He was sentenced to a 3 month	£6,446.25

	community order of a curfew and ordered to pay a £60 victim surcharge	
C34077162	An Administrative Penalty of £666.36 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her non dependant's income. The claimant was overpaid Housing Benefit for the period 23 <sup>rd</sup> April 2012 to 20 <sup>th</sup> July 2014 to which she was not entitled.	£1,733.93
50024310	An Administrative Penalty of £1,539.19 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her income. The claimant was overpaid Housing Benefit for the period 22 <sup>nd</sup> October 2012 to 14 <sup>th</sup> September 2014 to which she was not entitled.	£4,101.23
50020453	An Administrative Penalty of £484.18 was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare changes to her income. The claimant was overpaid Housing Benefit for the period 7 <sup>th</sup> April 2014 to 8 <sup>th</sup> December 2014 to which she was not entitled.	£968.36
50027276	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in her income. The claimant was overpaid Housing Benefit for the period 1 <sup>st</sup> April 2013 to 18 <sup>th</sup> January 2015 to which she was not entitled.	£1,872.88
50024311	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 2 <sup>nd</sup> December 2013 to 12 <sup>th</sup> October 2014 to which she was not entitled.	£1,904.82
50025103	A Local Authority Administrative Penalty of £1,337.36 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare her employment. The claimant was overpaid Housing Benefit for the period 3 <sup>rd</sup> March 2014 to 5 <sup>th</sup> October 2014 to which she was not entitled. She accepted the Administrative Penalty.	£2,674.72
50027757	A Local Authority Administrative Penalty of £1,277.28 was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his change of	£2,554.56

	address. The claimant was overpaid Housing Benefit for the period 12 <sup>th</sup> May 2014 to 31 <sup>st</sup> August 2014 to which he was not entitled. He accepted the Administrative Penalty	
50018576	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare a change in her income. The claimant was overpaid Housing Benefit for the period 8 <sup>th</sup> July 2013 to 27 <sup>th</sup> April 2014 to which she was not entitled. The claimant did not attend Court and was found Guilty in her absence. A warrant has been issued for her arrest so that she can be brought before the court for sentencing.	£3,659.47
50021054	A Local Authority Formal Caution was offered under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her partner's employment and income. The claimant was overpaid Housing Benefit for the period 28 <sup>th</sup> April 2014 to 7 <sup>th</sup> December 2014 to which she was not entitled. She accepted the Formal Caution	£2,345.57
50020913	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 18 <sup>th</sup> March 2013 to 8 <sup>th</sup> March 2015 to which she was not entitled.	£1,886.58
50027729	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 7 <sup>th</sup> April 2014 to 5 <sup>th</sup> April 2015 to which she was not entitled.	£2,348.93
50025237	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing Benefit for the period 7 <sup>th</sup> July 2014 to 8 <sup>th</sup> March 2015 to which she was not entitled. She accepted the caution.	£1,113.47
50020588	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in her income. The claimant was overpaid Housing	£4,172.98



	Benefit for the period 1 <sup>st</sup> April 2013 to 13 <sup>th</sup> October 2014 to which she was not entitled. She accepted the caution.	
50028227	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare an increase in his income. The claimant was overpaid Housing Benefit for the period 29 <sup>th</sup> September 2014 to 1 <sup>st</sup> February 2015 to which he was not entitled. He accepted the caution.	£1,129.86
50026565	This case was successfully prosecuted in Court under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare his employment. The claimant was overpaid Housing Benefit for the period 7 <sup>th</sup> May 2012 to 9 <sup>th</sup> November 2014 to which he was not entitled. He pleaded 'Guilty' to the offence and was sentenced to pay a £500.00 fine and ordered to pay costs of £200.00 and a £50.00 victim surcharge.	£10,801.26
50028033	A Local Authority Caution was offered and accepted under Section 112 (1A) of the Social Security Administration Act 1992 after the claimant's failure to declare ownership of a property. The claimant was overpaid Housing Benefit for the period 5 <sup>th</sup> May 2014 to 26 <sup>th</sup> October 2014 to which she was not entitled	£3,726.62
	Total amount of benefit fraudulently claimed and identified during the period 1 <sup>st</sup> January 2015 to 31 <sup>st</sup> May 2015.	£89,593.83

#### 4. Single Fraud Investigation Service (SFIS)

- 4.1 The formation of a Single Fraud Investigation Service (SFIS), covering all welfare benefit fraud (including Housing Benefit) was announced in the Autumn Statement by the Chancellor of the Exchequer on 5 December 2013.
- 4.2 This announcement confirmed that SFIS will be launched solely within DWP as a single organisation and will operate to a single set of policies and procedures and will provide a nationally flexible service to tackle all welfare benefit fraud currently undertaken by DWP, local authorities and HMRC.
- 4.3 The roll out schedule of SFIS includes the transfer of Brentwood Borough Council's fraud investigation team from 1<sup>st</sup> September 2015.
- 4.4 Staff will be transferred on similar terms and conditions and will be undertaking a wider range of fraud investigation duties including potential tax credit fraud.

- 4.5 Although the responsibility for Housing Benefit fraud investigation will transfer to DWP responsibility for protecting the Council Tax base remains with the Council and therefore a new compliance team has been created.
- 4.6 The role of the Compliance Officers will include targeted and regular reviews of discounts, exemptions and reliefs, using a variety of software tools, to ensure that only residents with legitimate entitlement will continue to receive+ them.

## **5. Corporate Fraud**

- 5.1 At a previous meeting of this Committee, Members were made aware of an Audit Commission report entitled 'Protecting the Public Purse' that included details of each local authority's annual fraud detection activities and how this compared to the performance of similar authorities.
- 5.2 The report indicated that performance for this authority compared very favourably in the detection of benefit fraud compared to our neighbours across the County but that there are a number of other corporate frauds where the authority has not detected any cases which does not compare favourably with the rest of the County. This is because we do not currently investigate any other corporate frauds.
- 5.3 Officers subsequently commissioned our Internal Audit providers BDO to conduct a fraud risk assessment to identify potential areas of risk within key services and if necessary to develop strategies to mitigate these risks.
- 5.4 A draft report with recommendations has been received and officers are now studying the report to agree further actions.

## **6. Reasons for Recommendation**

- 6.1 Not applicable

## **7. Consultation**

- 7.1 None

## **8. References to Corporate Plan**

- 8.1 None

## **9. Implications**

### **Financial Implications**

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

**Tel & Email:** 01277 312 513 ramesh.prashar@brentwood.gov.uk

- 9.1 The financial implications are set out in the report

**Legal Implications****Name & Title:** Chris Potter, Monitoring Officer**Tel & Email:** 01277 312 860 christopher.potter@brentwood.gov.uk

9.2 None

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

10.1 Background papers are held by the Revenues & Benefits service.

**Report Author Contact Details:****Name:** Rick Steels – Revenues & Benefits Manager**Telephone:** 01277 312855**E-mail:** rick.steels@brentwood.gov.uk

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29 June 2015

**Audit, Scrutiny and Transformation Committee**

**Annual Audit and Certification Fees 2015/16**

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

**Wards Affected:** *N/A*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 This report sets out the proposed Audit and Certification work proposed for 2015/16, together with the fees.
- 1.2 The proposed Audit Fee for 2015/16 is a reduction from 2014/15 following a retendering of contracts in March 2014.

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

- 2.1 That the proposed fees for 2015/16 of £68,006 for audit work and £18,070 for certification work be approved.

## **3. Introduction and Background**

- 3.1 Following the disbanding of the Audit Commission's audit function, Ernst & Young were appointed as the new external auditors for the Council until 2017.
- 3.2 The 2015/16 audit will be the first overseen by Public Sector Audit Appointments Ltd (PSAA) following the closure of the Audit Commission's remaining functions.

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

- 4.1 The letter from Ernst & Young at Appendix A provides details on the fees for 2015/16 and a comparison of the fees for the last two years.

## **5. Reasons for Recommendation**

- 5.1 For Members to receive information on the indicative Audit Fees for 2015/16.

## **6. Implications**

### **Financial Implications**

**Name & Title:** Chris Leslie, Finance Director

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

6.1 The fees will be met from the existing budget provision.

### **Legal Implications**

**Name & Title:** Chris Potter, Monitoring Officer

**Tel & Email** 01277 312860 / christopher.potter@brentwood.gov.uk

6.2 None.

## **7. Appendices to this report**

Appendix A – Annual Audit and Certification Fees Letter 2015/16

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

**Name:** Chris Leslie, Finance Director

**Telephone:** 01277 312542

**E-mail:** christopher.leslie@brentwood.gov.uk

Graham Farrant  
Chief Executive  
Brentwood Borough Council  
Town Hall  
Ingrave road  
Brentwood  
Essex CM15 8AY

20 April 2015

Ref: DH/15BBC

Direct line: 01582 643008

Email: dhanson@uk.ey.com

Dear Graham

## Annual Audit and Certification Fees 2015/16

We are writing to confirm the audit and certification work that we propose to undertake for the 2015/16 financial year at Brentwood Borough Council.

Our 2015/16 audit is the first that we will undertake following the closure of the Audit Commission on 31 March 2015. Our contract will now be overseen by Public Sector Audit Appointments Ltd (PSAA), an independent company set up by the Local Government Association, until it ends in 2017 (or 2020 if extended by the Department of Communities and Local Government).

The responsibility for publishing the statutory Code of Audit Practice, under which we will conduct our audit work, has transferred to the National Audit Office.

### Indicative audit fee

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies, applying from 2015/16 audits.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For the 2015/16 financial year the Audit Commission has set the scale fee for each audited body prior to its closure. The scale fee is based on the fee initially set in the Audit Commission's 2012 procurement exercise, reduced by 25% following the further tendering of contracts in March 2014. It is not liable to increase during the remainder of our contract without a change in the scope of our audit responsibilities.

The 2015/16 scale fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year;

- We are able to place reliance on the work of internal audit to the maximum extent possible under auditing standards;
- The financial statements will be available to us in line with the agreed timetable;
- Working papers and records provided to us in support of the financial statements are of a good quality and are provided in line with our agreed timetable; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

For Brentwood Borough Council this fee is set at the scale fee level as the overall level of audit risk is not significantly different from that of the prior year.

As we have not yet completed our audit for 2014/15, our audit planning process for 2015/16 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

#### Certification fee

The Audit Commission has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2013/14 benefit certification fees and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2015/16 relates to work on the housing benefit subsidy claim for the year ended 31 March 2016. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2014/15 benefit certification work, and to reflect any further changes in the certification arrangements.

#### Summary of fees

	Indicative fee 2015/16 £	Planned fee 2014/15 £	Actual fee 2013/14 £
Total Code audit fee	68,006	90,675	90,675
Certification of housing benefit subsidy claim	18,070	30,680	24,093

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.



## Billing

The indicative audit fee will be billed in 4 quarterly instalments of £21,519.

## Audit plan

Our plan is expected to be issued in March 2016. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Section 151 Officer and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit & Scrutiny Committee.

## Audit team

The key members of the audit team for the 2015/16 financial year are:

Debbie Hanson  
Director

[dhanson@uk.ey.com](mailto:dhanson@uk.ey.com)

Tel: 01582 643008

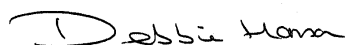
Christine Connolly  
Senior Manager

[cconnolly@uk.ey.com](mailto:cconnolly@uk.ey.com)

Tel: 07967 623438

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully



Debbie Hanson  
Director  
Ernst & Young LLP  
United Kingdom

cc. Chris Leslie, Section 151 Officer  
Councillor Graeme Clark, Chair of the Audit & Scrutiny Committee

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29 June 2015

## Audit, Scrutiny and Transformation Committee

### Scrutiny Work Programme 2015/16

**Report of:** Chris Leslie, Finance Director

**Wards Affected:** All

**This report is:** Public

#### 1. Executive Summary

- 1.1 The Audit and Scrutiny Committee will develop an annual work programme to guide its work for 2015/16. The work of the Audit, Scrutiny and Transformation 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.

#### 2. Recommendation(s)

##### 2.1 That the scrutiny work programme 2015/16 includes:

- Review of the annual work programme
- Hackney carriage fare setting process
- Member/Officer communications and casework management
- Budget Scrutiny
- Revenues and Benefits shared service
- Annual Report of the Audit, Scrutiny and Transformation Committee
- William Hunter Way lessons learned Task and Finish Group

##### 2.2 That the Transformation and New Ways of Working Programme include:

- Contact Centre performance and the progression of the Customer Access Strategy/ the integration of further service areas into the Contact Centre
- The progress and implementation of the New Ways of Working programme, highlighting major milestones achieved and to follow
- A review of the ICT work programme that supports both of the above

- **Liaison with other Chairs (to ensure co-ordination particularly re any work to be undertaken pre-scrutiny)**

**2.3 That the following from the 2014/15 work programme be removed for 2015/16:**

- **An officer report on the Appointment of an Interim Chief Executive**
- **The creation of a task and finish group to consider member engagement with the press**

**2.4 That the work programme be reviewed and updated at each meeting of the Committee.**

**2.5 That the Annual Report of the Committee at Appendix C be taken to the next meeting of Ordinary Council.**

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

3.1 Changes to the governance structure were agreed at Annual Council on 20 May 2015, merging the audit and scrutiny functions with Transformation. The scrutiny work programme 2015/16 will be guided by part 4.4 of the constitution which sets out the Overview and Scrutiny Procedure Rules.

3.2 At the beginning of the municipal year, the Audit, Scrutiny and Transformation Committee will be responsible for agreeing its own work programme which should be based on the established PICKET criteria (attached as Appendix B).

3.3 Committee members are invited by the Chair and Vice-Chair to propose topics for inclusion on the work programme. The Committee will be asked to agree to the inclusion of topics after considering PICKET and its resource implications.

3.4 The Audit, Scrutiny and Transformation 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.

3.5 The work programme of the Audit, Scrutiny and Transformation 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 2015/16, 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 It is proposed that the Audit, Scrutiny and Transformation Committee agree its scrutiny work programme 2015/16 at Appendix A.

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

5.1 To enact the provisions of Part 4.4 of the Constitution that the Audit and Scrutiny Committee prepare an annual scrutiny work programme.

## **6. Consultation**

- 6.1 The Chair of the Audit, Scrutiny and Transformation Committee were consulted about the work programme for the Committee.
- 6.2 This report seeks to consult with the Audit and Scrutiny Committee on its work programme.

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

- 7.1 The priority area A Modern Council 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:** Christopher Potter, Monitoring Officer and Head of Support Services

**Tel & Email:** 01277 312860 / christopher.potter@brentwood.gov.uk

- 8.2 There are no legal implications at present.

## **9. Background Papers**

- 9.1 None

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

Appendix A – Scrutiny Work Programme 2015/16

Appendix B – PICKET scoring criteria

Appendix C – Annual Report of the Committee

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

**Name:** Chris Leslie, Finance Director

**Telephone:** 01277 312542

**E-mail:** christopher.leslie@brentwood.gov.uk

**Scrutiny Work Programme 2015-16**

<b>Topic</b>	<b>Committee Date</b>	<b>Lead Members</b>	<b>Commentary</b>
Annual Work Programme	29 June 2015	Councillors Kerslake & Murphy	The Chair and Vice-Chair consult the Committee on the scrutiny work programme 2015/16.
Hackney Carriage Fare Setting Process	29 June 2015	TBC	The Licensing Committee of 13 January 2015 recommended to the Audit and Scrutiny Committee 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 and advise on a future programme for tariff setting.
Transformation and New Ways of Working	29 Sep 2015	TBC	This is a vital piece of work and will support and make evident the change that is happening within the Council. The review will focus on : <ul style="list-style-type: none"> <li>➤ Contact Centre performance and the progression of the Customer Access Strategy/ the integration of further service areas into the Contact Centre.</li> <li>➤ The progress and implementation of the New Ways of Working programme, highlighting major milestones achieved and to follow.</li> <li>➤ A review of the ICT work programme that supports both of the above.</li> <li>➤ Liaison with other Chairs (to ensure co-ordination particularly re any work to be undertaken pre-scrutiny).</li> </ul>
Member/Officer Communications/ Members Casework Task and Finish Group	29 Sep 2015	TBC	That Member/Officer communications and casework management be reviewed.
Budget Scrutiny	29 Sep 2015	TBC	Creation of a task and finish group to carry out budget Scrutiny work and start with a service review of existing budgets.
Revenues and Benefits shared service	29 Sep 2015	N/A	Officer report on the Revenues and Benefits shared service.
Annual Report of the Audit, Scrutiny and Transformation Committee	June 2016	Councillors Kerslake & Murphy	The constitution requires an annual report on the work programme of overview and scrutiny function be prepared for Council.
William Hunter Way lessons learned Task and Finish Group	Oct 2016	TBC	A follow up report to that presented on 28/10/14 should be taken to the Committee in October 2016.

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## Appendix B

### Explanation of PICKET

PICKET is the preferred criteria for prioritising topics suggested to be included for the Overview and Scrutiny Committee to consider and this criteria is set out below.

<b>Public interest</b>	What level of public interest and demand is there? 1= low interest, 2= medium interest, 3=high interest
<b>Impact</b>	What impact could a scrutiny review have? Is there an opportunity to influence? 1= little impact / opportunity, 2= medium impact/opportunity, 3= high impact possible
<b>Council performance</b>	How well does the council perform in this area? 1= high performing, 2= medium performance, 3= poorly performing
<b>Keep in context</b>	How relevant is the topic to the local area and context? 1= little relevance, 2= medium relevance, 3= high relevance
<b>Executive request</b>	Have the administration requested scrutiny do this? 1= no request, 2= request but not urgent, 3= urgent request
<b>Timescale</b>	Is there a deadline that means the scrutiny has to be done now rather than later? 1= no urgency/ deadline, 2= medium level of urgency, 3= urgent, must be done now

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**16 September 2015**

**Ordinary Council**

**Annual Report of the Audit, Scrutiny and Transformation Committee**

**Report of:** *Audit, Scrutiny and Transformation Committee*

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

- 1.1 This report provides details of the 2015/16 scrutiny work plan for the Audit, Scrutiny and Transformation Committee. The Constitution requires that Council receives an annual report from the Audit, Scrutiny and Transformation Committee on their scrutiny work programme and invites them to make recommendations for the future work programme.

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

- 2.1 To make recommendation for the future scrutiny work programme.**

## **3. Introduction and Background**

- 3.1 On 29 June 2015 the Audit, Scrutiny and Transformation Committee agreed its work programme for 2015/16. The approved work plan is at Appendix A.

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

- 4.1 Council are invited to make recommendations for future scrutiny work programmes in accordance with the Constitution.
- 4.2 The work programme of the Audit, Scrutiny and Transformation Committee should not include management or staffing issues which are the responsibility of the Head of Paid Service.
- 4.3 At the Audit & Scrutiny Committee on 1 July 2014 the scrutiny work programme 2014/15 include the following:

- William Hunter Way Lessons Learned
  - Crossrail
  - Member/Officer Communications/ Members Casework
  - Local Council Tax Support Scheme
  - IT Resilience and Business Continuity
  - Budget Scrutiny
  - Community Safety Partnership Annual Review
- 4.4 Post the Audit & Scrutiny Committee 1 July 2014, the work programme was updated under Overview and Scrutiny procedure rule 5.4 to include a Hutton Community Centre Scrutiny Review
- 4.5 At its meeting on 30 September 2014, the Committee prioritised *IT Resilience and Business Continuity* as its next review. Due to the technical nature of the subject matter, the Committee would consider this as an officer report, rather than a task and finish group.
- 4.6 Minute 154 of the Audit and Scrutiny Committee 30 September 2014, *Internal Audit Progress Report* required that an officer report on the Customer Contact Centre be added to the Committee work programme for its meeting of 26 November 2014.
- 4.7 Minute 220 of the Audit and Scrutiny Committee 28 October 2014 amended the work programme of the committee to include a new task and finish group on *William Hunter Way Procurement*.
- 4.8 The Licensing Committee of 13 January 2015 recommended to the Audit and Scrutiny Committee 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 and advise on a future programme for tariff setting.
- 4.9 On 9 March 2015 the Committee agreed to request officer reports on the appointment of the interim Chief Executive and the Revenues and Benefits Shared Services Partnership. The creation of a task and finish group to consider member engagement with the press with regard to the Member Code of Conduct and the reputation of the Council was also approved.
- 4.10 As at 9 March 2015, the Committee had received reports on, or have completed the following reviews of:
- Section 106 Agreements (from 2013/14) work programme

- Local Council Tax Support Scheme
- William Hunter Way Lessons Learned
- Hutton Community Centre Review
- Customer Contact Centre Review
- IT and Business Continuity Review (Follow up site visit)
- William Hunter Way Procurement Review
- Community Safety Partnership Annual Review
- Budget Scrutiny Review

## **5. Reasons for Recommendation**

- 5.1 To enact the provisions of Article 6 paragraph 6.3.3 of the Constitution that the Council receives an annual report on the scrutiny work programme and makes recommendation for future work programmes.

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

- 6.1 The priority area *A Modern Council* 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.

## **7. Implications**

### **Financial Implications**

**Name & Title:** Chris Leslie, Finance Director

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

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

### **Legal Implications**

**Name & Title:** Chris Potter, Monitoring Officer and Head of Support Services

**Tel & Email:** 01277 312860 / christopher.potter@brentwood.gov.uk

- 7.2 The Committee exercises the functions of an overview and scrutiny committee under the Local Authorities (Committee System) (England) Regulations 2012 and exercises the functions under section 19 of the Police and Justice Act 2006 (local authority scrutiny of health matters). It acts proactively and reactively and looks inwards and outwards. Any work programme therefore must take these matters into account as well as the fact that resources are finite.

## **8. Background Papers**

8.1 None

**9. Appendices to this report**

Appendix A – Scrutiny Work Programme 2015/16

**Report Author Contact Details:**

**Name:** Chris Leslie, Finance Director  
**Telephone:** 01277 312542  
**E-mail:** christopher.leslie@brentwood.gov.uk

## **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, Scrutiny and Transformation Committee**

The Audit, Scrutiny and Transformation 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.

### **Transformation**

To review and facilitate the transformation of delivery of services.