



Agenda

Audit, Scrutiny and Transformation Committee

Monday, 7 March 2016 at 7.00 pm
Council Chamber - Town Hall

Membership (Quorum–3)

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

Agenda Item	Item	Wards(s) Affected	Page No
1.	Apologies for Absence		
2.	Minutes of the Previous Meeting		5 - 8
3.	Annual Certification Report 2014/2015	All Wards	9 - 22
4.	External Audit Plan 2015/2016 Report to follow.	All Wards	
5.	Internal Audit Progress Report	All Wards	23 - 40
6.	Internal Audit Plan 2016/2017	All Wards	41 - 54
7.	Internal Audit Charter	All Wards	55 - 62

- | | | |
|-----|--|-------------------|
| 8. | Strategic Risk Review | All Wards 63 - 70 |
| 9. | Update on Revenues and Benefits Shared Service
Report to follow. | All Wards |
| 10. | Work Programme 2015/2016 | All Wards 71 - 76 |
| 11. | Report on transformation
Report to follow. | All Wards |
| 12. | Urgent Business | |



Head of Paid Service

Town Hall
Brentwood, Essex
26.02.2016

Information for Members

Substitutes

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

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

Rights to Attend and Speak

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

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

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

Point of Order/ Personal explanation/ Point of Information

Point of Order

A member may raise a point of order at any time. The Chair 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 Chair 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 Chair 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 Chair. The Member must specify the nature of the information he/she wishes to provide and its importance to the current debate, If the Chair 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 Chair on the admissibility of a point of information or clarification will be final.

Information for Members of the Public

Access to Information and Meetings

You have the right to attend all meetings of the Council and Committees. You also have the right to see the agenda, which will be published no later than 5 working days before the meeting, and minutes once they are published. Dates of the meetings are available at www.brentwood.gov.uk.

Webcasts

All of the Council's meetings are webcast, except where it is necessary for the items of business to be considered in private session (please see below).

If you are seated in the public area of the Council Chamber, it is likely that your image will be captured by the recording cameras and this will result in your image becoming part of the broadcast. This may infringe your Human Rights and if you wish to avoid this, you can sit in the upper public gallery of the Council Chamber.

Guidelines on filming, photography, recording and use of social media at council and committee meetings

The council welcomes the filming, photography, recording and use of social media at council and committee meetings as a means of reporting on its proceedings because it helps to make the council more transparent and accountable to its local communities.

Where members of the public use a laptop, tablet device, smart phone or similar devices to make recordings, these devices must be set to 'silent' mode to avoid interrupting proceedings of the council or committee.

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

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

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

Private Session

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

modern.gov app

View upcoming public committee documents on your Apple or Android device with the free modern.gov app.

Access

There is wheelchair access to the Town Hall from the Main Entrance. There is an induction loop in the Council Chamber.

Evacuation Procedures

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



Minutes

Audit, Scrutiny and Transformation Committee Monday, 25th January, 2016

Attendance

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

Apologies

Cllr Mrs Slade

Also Present

Mr Rubins – Internal Auditor
Mr Barnes – Internal Auditor

Officers Present

Chris Leslie	- Finance Director
Jean Sharp	- Governance and Member Support Officer

312. Apologies for Absence

Apologies were received from Cllr Mrs Slade.

313. Minutes of the Previous Meeting

The Minutes of the 7 December 2015 Audit, Scrutiny and Transformation Committee were approved as a true record. Members noted that, in relation to Minute 257, the Hackney Carriage fare setting process proposed to be discussed at the current meeting had been approved at the 3 November 2015 Planning and Licensing Committee meeting (Minute 213 refers).

314. Internal Audit Progress Report

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

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

Reports on Planning (limited assurance) and Safe and Clean Environment (moderate assurance) had been completed since the last Committee meeting and a summary of the findings were included in the progress report.

Mr Rubins and Mr Barnes, internal auditors, were in attendance and responded to Members' questions.

Cllr Faragher MOVED and Cllr Mrs Murphy SECONDED the recommendation in the report and following a full discussion a vote was taken on a show of hands and it was

RESOLVED UNANIMOUSLY

To receive and note the contents of the reports.

REASON FOR RECOMMENDATION

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

315. Budget Scrutiny Feedback

The report outlined how effective scrutiny added considerable value to how the Council made decisions on the allocation of resources which had become increasingly important as the Council continued to set budgets against tough economic decisions and severe funding cuts from Central Government. The medium term financial process would need to address continued financial challenges and develop a strategic approach to address funding gaps.

The Committee agreed its work plan at the 29 June 2015 meeting which included the creation of a task and finish group to scrutinise the Council's budget proposals. The group met on 8 January 2016 to consider the initial assumptions in the Preliminary Medium Term Financial Plan agreed by the Policy, Finance and Resources Committee and the report before Members provided feedback from that meeting.

Cllr Faragher MOVED and Cllr Mrs Murphy SECONDED the recommendation in the report and following a full discussion a vote was taken on a show of hands and it was

RESOLVED UNANIMOUSLY

That the Policy, Finance and Resources Committee is requested to consider the feedback on the Preliminary Medium Term Financial Plan outlined in paragraphs 4.3. to 4.8 of the report.

REASON FOR RECOMMENDATION:

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

316. Urgent Business

There were no items of urgent business.

The meeting concluded at 19.45 hrs.

This page is intentionally left blank

7 March 2016

Audit, Scrutiny and Transformation Committee

Certification of Claims and Returns Annual Report 2014/15

Report of: *Ernst & Young*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 To present the External Auditor's annual report in respect of the Certification of Claims and Returns.

2. Recommendation(s)

- 2.1 That Members note the contents of the Certification of Claims and Returns Annual Report 2014/15 at Appendix A.

3. Introduction and Background

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

4. Issue, Options and Analysis of Options

- 4.1 Attached as Appendix A is the Certification of Claims and Returns Annual Report 2014/15.

5. Reasons for Recommendation

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

6. References to Corporate Plan

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

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: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@brentwood.gov.uk

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

8. Background Papers

- 8.1 None

9. Appendices to this report

Appendix A – Certification of Claims and Returns Annual Report 2014/15

Report Author Contact Details:

Name: Chris Leslie, Finance Director

Telephone: 01277 312542

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

Certification of claims and returns annual report 2014-15

Brentwood Borough Council

25 January 2015

Ernst & Young LLP



Building a better
working world

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

25 January 2015
Ref: BBC/Grant report 2013/14

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

Dear Members

Certification of claims and returns annual report 2014-15 Brentwood Borough Council

We are pleased to report on our certification work. This report summarises the results of our work on Brentwood Borough Council's 2014-15 claims.

Scope of work

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

Under section 28 of the Audit Commission Act 1998, as transitionally saved, the Audit Commission made arrangements for certifying claims and returns in respect of the 2014-15 financial year. These arrangements required only the certification of the housing benefits subsidy claim. In certifying this we followed a methodology determined by the Department for Work and Pensions and did not undertake an audit of the claim.

Statement of responsibilities

The Audit Commission's 'Statement of responsibilities of grant-paying bodies, authorities, the Audit Commission and appointed auditors in relation to claims and returns' (statement of responsibilities) applied to this work. It serves as the formal terms of engagement between ourselves as your appointed auditor and the Council as audited body.

This report is prepared in the context of the statement of responsibilities. It is addressed to those charged with governance and is prepared for the sole use of the Council. As appointed auditor we take no responsibility to any third party.

Summary

Section 1 of this report outlines the results of our 2014-15 certification work and highlights the significant issues.

We checked and certified the housing benefits subsidy claim with a total value of £16,152,923. We met the submission deadline. We issued a qualification letter for the housing benefit subsidy claim – details of the qualification matters are included in section 2. Our certification work found errors which the Council corrected. The amendments had a marginal effect on the grant due, reducing the subsidy due to the Council by £2,475.

The Council has implemented the recommendation from last year and has improved arrangements. Details are included in section 1. We have made two recommendations this year, set out in section 5.

Fees for certification work are summarised in section 2. The fees for 2014-15 were published by the Audit Commission on 27 March 2014 and are now available on the Public Sector Audit Appointments Ltd (PSAA's) website (www.psaa.co.uk).

We welcome the opportunity to discuss the contents of this report with you at the 25 January Audit, Scrutiny and Transformation Committee.

Yours faithfully

Debbie Hanson

Director
Ernst & Young LLP
Enc

Contents

1. Housing benefits subsidy claim	1
2. 2014-15 certification fees	3
3. Other assurance work.....	4
4. Looking forward	5
5. Summary of recommendations	6

1. Housing benefits subsidy claim

Scope of work	Results
Value of claim presented for certification	£16,155,398
Amended/Not amended	Amended – subsidy reduced by £2,475
Qualification letter	Yes
Fee – 2014-15	£38,087
Fee – 2013-14	£24,093
Recommendations from 2013-14	Findings in 2014-15
Training for Housing Benefit Assessors should continue and in particular cover overpayment calculation	<p>Training is ongoing, however further improvements can still be made in overpayment classification and calculation and classification and Local Housing Association (LHA) rent.</p> <p>The Council may also want to consider how it can provide resources to undertake detailed benefits testing by its own staff to reduce the impact on audit fees.</p> <p>Further details of these findings are included in section 4.</p>

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

The certification guidance requires auditors to complete more extensive '40+' or extended testing if initial testing identifies errors in the calculation of benefit or compilation of the claim. 40+ testing may also be carried out as a result of errors that have been identified in the audit of previous years claims. We found errors and carried out extended testing in several areas.

Non-HRA rent rebates were determined to be a small population and therefore in accordance with certification guidance, all cases were tested (88 cases). We also undertook additional testing on other Non-HRA cells due to issues identified on the:

- incorrect application of LHA rates; and
- misclassification of overpayments.

The claim was amended for the errors identified. They had a small net impact on the claim.

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

The main issues we reported were:

- Misclassification of rent rebate and rent allowance overpayments;
- Incorrect income classification of rent allowances; and
- Incorrect application of local housing authority rent. However, the errors identified resulted in and underpayment for which there are no subsidy implications.

In previous years, the Council has undertaken all the initial and 40+ testing, requiring only minimal re-performance of work by us. However, the Council did not have the capacity to undertake this work this year and completed only a small element of the initial testing. Also, additional work had to be undertaken on the testing which was undertaken by the Council to ensure it was of the required standard.

We discussed this with the Finance Director and agreed that, as a result, we would undertake the majority of detailed testing. Additionally, errors were identified in the testing undertaken which required further work to be undertaken. This has resulted in additional fee being charged.

2. 2014-15 certification fees

The Audit Commission determined a scale fee each year for the audit of claims and returns. For 2014-15, these scale fees were published by the Audit Commission on 27 March 2014 and are now available on the PSAA's website (www.psaa.co.uk).

Claim or return	2013-14	2014-15	2014-15
	Actual fee £	Indicative fee £	Actual fee £
Housing benefits subsidy claim	24,093	30,680	38,087 *
Pooling of housing capital receipts	1,082	n/a	n/a
Total	25,175	30,680	38,087

Fees for annual reporting and for planning, supervision and review have been allocated directly to the claims and returns.

* The proposed actual fee is significantly higher than the prior year outturn. In prior years, the Council undertook all initial and 40+ testing to high standard and minimal errors were identified. The increase in fee reflects the fact that the Council was not able to complete all of the initial testing and none of the 40+ testing required due to capacity issues. We therefore undertook this work. In addition, we identified some errors in the testing which was undertaken by the Council which required us to increase our level of re-performance. This additional fee still needs to be approved by the PSAA.

3. Other assurance work

During 2014-15 we also acted as reporting accountants in relation to the following scheme:

- ▶ Housing pooling return

We have provided a separate report to the Council in relation to this return. This work has been undertaken outside the Audit Commission/PSAA regime, and the fees for this are not included in the figures included in this report. They are referred to here for completeness to ensure to ensure Members have a full understanding of the various returns on which we provide some form of assurance. We did not identify any significant issues as part of this work that need to be brought to the attention of Members.

4. Looking forward

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

The Council's indicative certification fee for 2015-16 is £18,070. This was prescribed by PSAA in April 2015, based on no changes to the work programme for 2015-16. PSAA reduced scale audit fees and indicative certification fees for most audited bodies by 25 per cent based on the fees applicable for 2014-15.

Details of individual indicative fees are available at the following web address:
<http://www.psa.co.uk/audit-and-certification-fees/201516-work-programme-and-scales-of-fees/individual-fees-for-local-government-bodies>

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

5. Summary of recommendations

This section highlights the recommendations from our work and the actions agreed.

Recommendation	Priority	Agreed action and comment	Deadline	Responsible officer
Housing benefits subsidy claim				
Training for Housing Benefit Assessors should continue and in particular cover overpayment calculation and classification and LHA rent.	Medium			
The Council may also want to consider how it can provide resources to undertake detailed benefits testing by its own staff to reduce the impact of audit fees.	Medium			

EY | Assurance | Tax | Transactions | Advisory

Ernst & Young LLP

© Ernst & Young LLP. Published in the UK.
All Rights Reserved.

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

ey.com

This page is intentionally left blank

8 March 2016

Audit, Scrutiny and Transformation Committee

Internal Audit Progress Report

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

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

The full reports are available on request.

2. Recommendation(s)

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

3. Introduction and Background

- 3.1 The Audit and Scrutiny Committee approved the 2015/16 annual audit plan on 9 March 2015. The progress against this plan is reported at every Audit, Scrutiny and Transformation Committee.

4. Issue, Options and Analysis of Options

4.1 Not applicable.

5. Reasons for Recommendation

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

6. Consultation

6.1 Not applicable.

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: Chris Leslie, Finance Director

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

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

Legal Implications

Name & Title: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

9. Appendices to this report

Appendix A – Internal Audit Progress Report

Report Author Contact Details:

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

Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

February 2016

Page 25



Appendix A

CONTENTS

Introduction	3
Progress against 2015/16 internal audit plan since previous Committee	4
Progress against 2015/16 internal audit plan	5
Follow up on 2014/15 recommendations	8
KPIs	9

Page 26

Appendices:

I: Definitions of assurance

II: Executive Summary - Customer Services

III: High priority recommendations outstanding

INTRODUCTION

Internal Audit

This report is intended to inform the Audit, Scrutiny and Transformation Committee of progress made against the 2015/16 internal audit plan which was approved by this Committee in March 2015. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards. As part of our audit approach, we have agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Internal Audit Methodology

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

Work outside of the Internal Audit Plan

No additional work has taken place.

Changes to the 2015/16 internal audit plan

At the request of the Finance Director the following amendments have been made to the 2015/16 audit plan:

- A review of Accounts Payable as a result of a fraud that occurred earlier in the year.
- A review of the Procurement of Legal Services.
- Additional time to be spent on Counter Fraud.
- The removal of a review on Capital Projects.

These changes have been reflected on pages 5 and 6 which shows the status of our work against the audit plan.

Overview of 2015/16 work to date

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

PROGRESS SINCE JANUARY 2016 AUDIT, SCRUTINY AND TRANSFORMATION COMMITTEE

Area	No. of days	Head of Service Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Customer Services	15	Steve Summers	Moderate	Moderate	4	3	1	Appendix II

Copies of full audit reports are available on request.

PROGRESS AGAINST 2015/16 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Modern Council					
Planning	20	Q1/Q2	Final	Limited	Limited
Customer Services	15	Q3	Final	Moderate	Moderate
Corporate Plan and Priorities	20	Q4	In progress		
Financial systems	50	Q4	In progress		
Review of Accounts Payable Arrangements	12	Q1	Final	Moderate	Limited
Human Resources	25	Q4	In progress		
Risk Management	15	Q4	Planning		
IT Security and Governance	20	Q4	Planning		
Disaster Recovery and Business Continuity	15	Q4	In progress		
Procurement of Legal Services	5	Q3	Final	N/A *	N/A *
Counter Fraud	18	On-going	On-going		
	215				

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

PROGRESS AGAINST 2015/16 PLAN

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

PROGRESS AGAINST 2015/16 PLAN

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

FOLLOW UP ON RECOMMENDATIONS - 2014/15

Follow up of current year recommendations

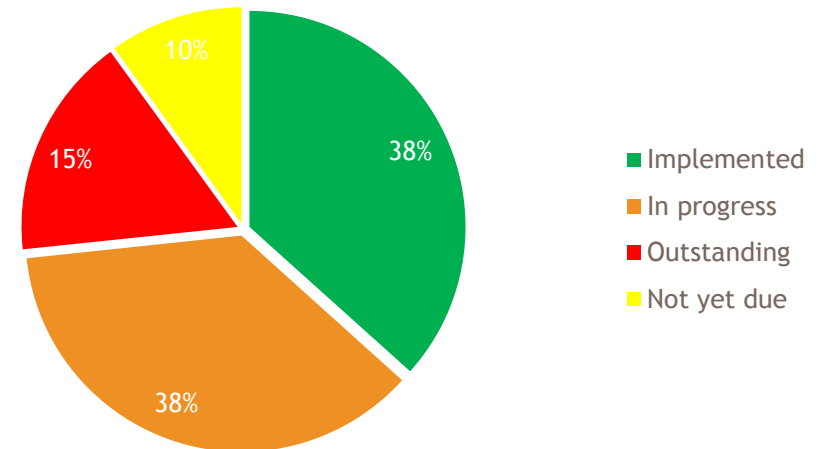
We are constantly monitoring the recommendations raised during 2014/15 and have followed up on the recommendations that have become due since the completion of our review.

The diagram below shows the status of the recommendations raised, in progress and implemented. We raised 28 high priority recommendations during 2014/15, 8 of which have been implemented, 15 of which are in progress and 3 are not yet due. The details of the 2 outstanding high priority recommendations have been included in appendix VI of this report. Note that the date of a high priority recommendation was revised and is in the process of being implemented. Details are included in appendix V1.

None of the recommendations raised for 2015/16 are yet due. All of the recommendations for 2013/14 have been implemented, are no longer relevant or have been re-recommended in 2014/15 and 2015/16.

Page 32

	High	Medium	Low	Total
Implemented	8	28	9	45
In progress	15	28	2	45
Outstanding	2	13	3	18
Not yet due	3	7	2	12
Total Recommendations raised	28	76	16	120



KEY PERFORMANCE INDICATORS

Performance measures for internal audit

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

KEY PERFORMANCE INDICATORS

Performance measures for management and staff

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

Page 34

APPENDIX I - DEFINITIONS

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

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

APPENDIX II - CUSTOMER SERVICES




CLIENT STRATEGIC RISKS

Risk	13	<p>Failure to deliver key Corporate Projects, including the Transformation Agenda</p> <ul style="list-style-type: none"> • Failure to deliver an effective Customer Access transformation, resulting in poor customer services. • Failure to create streamlined back office services. • Failure to realise savings targets, and manage customer contact to avoid increasing costs.
------	----	---

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	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II)

High		4
Medium		3
Low		1
Total number of recommendations: 8		

OVERVIEW

In April 2014 Brentwood Council launched their new Corporate Contact Centre. The Centre is aimed at consolidating staff who deal with service specific enquiries into one central hub. The hub fields phone and face to face enquiries on behalf of services across the Council with the aim of achieving 80% resolution at the first point of contact. Our review of these areas carried out in the prior year year identified a number of risks in relation to the Contact Centre, and a subsequent Customer Access Strategy was produced. Our review in the current year covered some of the risks highlighted in the prior year as well as risks that have emerged since our previous review.

Our review found the following areas of good practice:

- The leadership within the Customer Services team has enabled a functional and effective department with a clear vision of the type of customer contact they want to enable. They have a good understanding of the technologies and resources needed to achieve the transformation.
- Senior leadership within the Council support the need for transformation, and have worked to build consensus at a political and operational level. The paper presented to the Audit Committee in September 2015, and 'A Better Place to Be' are important steps in enabling the transformation.
- The Council has acted on a number of recommendations from the prior year. In particular, they have developed a Customer Access strategy, supplemented by a detailed channel shift plan. They have also held the first of a series of workshops with Heads of Service to generate and maintain buy-in, and have organised the second.
- The streamlined services should have integrated and seamless processes. These plans are in the process of being developed through a series of workshops.
- The Contact Centre produce reports on a monthly basis which provide a valuable insight into the volume, reasons and outcomes of customer contact. The data is broken down by service line, which should enable services to drive evidence-based improvements.
- Savings of £100k projected for the year are expected to be realised.

APPENDIX II - CUSTOMER SERVICES

OVERVIEW

We also found some areas for improvement and development:

- There is a lack of visibility around the current cost of customer contact, and the possible financial benefits that may be realised as a result of transformation. Financial modelling to properly cost processes will be necessary to facilitate change and incentivise services. (2 high priority recommendations)
- There are some concerns within Customer Services around whether there is adequate engagement at service level. (1 high priority recommendation)
- The £100k savings projected for 2015/16 are realised through staff efficiencies. Whilst these will be achieved, the Council have been unable to realise any through shifting demand to lower cost channels, which will support efficiency targets going forward. This is partly attributable to the lack of information around cost and benefits. The Council should seek to further understand the financial implications of the way they currently work, and the potential benefits should they undertake a transformation designed to manage demand towards lower cost channels. This will form an integral part of the business case for a transformation programme, as there are concerns around the Council's appetite to undertake an invest to save programme that will entail increased immediate costs. (1 high priority recommendation)
- Whilst the recommendations set out in the prior year's review around developing a Customer Access Strategy have been actioned, there are some critical areas that still remain. The Council has not yet committed to an investment in Customer Relationship Management (CRM) or alternative software that would enable significant parts of the transformation, although discussions are taking place.
- The Business Case developed in 2014 should be built upon and updated to meet current resources and needs, in turn allowing Brentwood to build a customer access model that meets its citizens needs and is cost-effective.
- The plans to streamline services and develop new processes for customer contact, whilst being established, will need to be developed in line with procurement timescales. They should also set out the case for change, and form part of a larger business case for customer access transformation.

Despite a number of recommendations being a high priority, we have provided moderate assurance overall. There is an awareness within the Customer Service team of the types of initiatives that should be undertaken to facilitate transformation, and the team remains confident that, should resources be in place, these can be achieved. Importantly, there is also support at a leadership level to drive the transformation.

BDO are happy to share best practice examples.

APPENDIX III - 2014/15 high priority recommendations outstanding

Audit	Recommendation made	Priority Level	Manager Responsible	Due Date
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	Helen Gregory	31 March 2015
Repairs & 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	Steve Chapman	31 January 2015
Risk Management	The Risk Registers (both strategic and operational) should be linked to the Corporate Plan. The Risk Registers should be set out to show the risks associated with each Corporate Objective. For example, showing the risks under each Corporate Objective rather than by Department.	High	Ramesh Prashar/ Sue White	1 July 2015 (due date revised to 31 March 2016 due to new Corporate Plan being developed)

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.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2016 BDO LLP. All rights reserved.

www.bdo.co.uk

This page is intentionally left blank

8 March 2016

Audit, Scrutiny and Transformation Committee

Internal Audit Plan 2016/17

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

Wards Affected: *All*

This report is: *This report is public*

1. Executive Summary

- 1.1 This report outlines the proposed work programme for Internal Audit for 2014/17, including the operational plan for 2016/17.

2. Recommendation(s)

- 2.1 That the Committee approves the Internal Audit Plan for 2014/17 and the operational plan for 2016/17.**

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 Plan sets out the proposed work to be undertaken and is attached as Appendix A to this report.

5. Reasons for Recommendation

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

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: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

9. Appendices to this report

Appendix A – Internal Audit Plan 2014-17

Report Author Contact Details:

Name: Greg Rubins - BDO

Telephone: 023 8088 1892

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

Brentwood Borough Council

INTERNAL AUDIT PLAN

2014 - 2017 STRATEGIC

2016- 2017 OPERATIONAL

Page 43



Appendix A

CONTENTS

Internal audit approach	3
Audit risk assessment	4
Proposed resources and outputs	5
Indicative Internal Audit Strategic Plan 2014-17	6
Indicative Internal Audit Operational Plan 2016-17	9

Restrictions of use

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

INTERNAL AUDIT APPROACH

Introduction

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

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

Internal Audit at Brentwood Borough Council

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

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

In producing the internal audit plan for 2014-17 we have sought to further clarify our initial understanding of the business of Brentwood Borough Council together with its risk profile in the context of:

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

AUDIT RISK ASSESSMENT

Background

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

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

Planned approach to internal audit 2014-17

The indicative Internal Audit programme for 2014-17 is shown from page 6, with an indicative plan for 2016-17 shown from page 9 . We will meet with the Corporate Leadership Board and the Audit Chair in order to bring together a full plan which will be presented at the March Audit and Scrutiny Committee. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risk would be looked at over a three year audit cycle. Our aim is also to bring the planned days closer to the norm for a District Council of your size and risk level. This is reflected in the strategic plan but is dependent on the control environment being generally sound and no major new risks.

Individual audits

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

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

Variations to the Plan

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

PROPOSED RESOURCES AND OUTPUTS

Staffing

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

Name	Grade	Telephone	Email
Greg Rubins	Partner	0238 0881892	Greg.Rubins@bdo.co.uk
Andrew Barnes	Audit Manager	01473 320745	Andrew.Barnes@bdo.co.uk
Ryan Barlow	Assistant Manager	0203 219 4066	Ryan.Barlow@bdo.co.uk

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

Our indicative staff mix to deliver the programme for 2016/17 is shown below:

Grade	Annual days	Grade Mix (%)
Partner	30	10
Audit Manager	60	20
Team Leader	60	20
Auditors (including Qualified) & Specialist Staff	150	50
Total	300	100

Reporting to the Audit, Scrutiny and Transformation Committee

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

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

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

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

Area	2014/15	2015/16	2016/17	Description of the Review
Core audits				
Main Financial Systems	95	50	40	Detailed review to include GL controls, system interfaces, journals etc as well as cyclical audits of debtors, creditors , payroll, budgetary control, treasury management, council tax and NNDR.
Housing	30	15	20	This will encompass a number of areas over the span of the contract including rents, benefits , fraud arrangements , property maintenance.
Risk Management and Governance Arrangements	20	15	10	Review the process in place for risk management, including risk appetite, identification, mitigation .
Localism and building community capacity		15		Review effectiveness of approach to localism issues such as CT benefits, local budgets, planning, social enterprise.
Licensing			20	Review of effectiveness of licensing policies and arrangements in place to ensure public safety.
Local Development Plan/Regeneration	20	20	15	Review the strategy for regeneration of the local economy, including attracting inward investment and arrangements in place for joint strategic needs assessments .
Customer service	20	15	10	Focus on areas such as effectiveness of customer service centre, customer feedback and complaints , telephony.
Transformation programme	20		30	Review of the process in place for ensuring objectives are achieved, eg identification and project management of savings .
Performance Management	20			Review of the performance management processes, eg strength of business planning, use of data, governance, follow up of areas not meeting targets .
Corporate Plan and Priorities		20		Review of the Council's Corporate Plan, including development and ownership. This review will also include a follow up on Contract and Performance Management and how these areas feed into the Corporate Plan.
Policy Review			10	Review of the Council's policies to ensure that relevant policies are in place and up to date.
Capital projects	25		15	Review of capital projects, to include the Town Hall remodelling and William Hunter Way.
Counter fraud	15	18	20	Fraud risk management assessment and preventative measures, eg presentations and advice on fraud.
Total	265	168	190	

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Area	2014/15	2015/16	2016/17	Description of the Review
Other Key Areas				
Human Resources		25		Review of internal processes for HR, including recruitment and appraisals, workforce planning, sickness absence, training and recruitment.
Safe and clean environment		15		Reviews of waste collection arrangements, recycling, carbon footprint .
Management of Property	20			Review the system in place for ensuring property is managed effectively and efficiently.
Repairs and maintenance	20			Review the processes and arrangements in place for managing repairs and maintenance of the Council's housing stock.
Affordable housing		15		Review of how effectively the Council is managing its strategy around provision of social housing and developing the private rented sector.
Contract Management and procurement			20	Review the process in place for contract management and procurement to ensure it is robust and transparent.
Planning		20		Review of the arrangements in place for responding to the modernising planning agenda.
Car Parking and Golf Club income	15			Review of the financial controls in place in these two areas, particularly around the collection and banking of income.
Revenues Shared Service Arrangement		15		A review of the shared service arrangement for Revenues and Benefits, including the testing of data migration.
Review of Accounts Payable Arrangements		12		Review of the arrangements in place in relation to the changing of supplier details as a result of a fraud that occurred at the Council.
Procurement of Legal Services		5		Review of the procurement of legal services through the contract in place with London Borough of Barking, Dagenham and Thurrock Borough Council.
Total	55	107	20	

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Page 50

Area	2014/15	2015/16	2016/17	Description of the Review
IT Audit				
Disaster recovery and business continuity		15	15	Audit of plans in place, to ensure they are comprehensive and effective, and are tested .
IT Transformation	20			Review of arrangements are in place for the delivery of the Council's IT Transformation Programme.
IT Strategy and Governance		20		Detailed review of strategy year one, including benchmarking of efficiency.
Data Security and PCI DSS	20		20	Review to include information governance, customer data security, adherence to Caldicott and cyber security.
Total	40	35	35	
Audit Management				
Follow Up Work	10	10	10	Rolling programme of follow up, including testing of high and medium risk recommendations.
Audit Management	20	20	20	
Contingency (additional audits to be agreed with the Finance Director)	10	10	25	
Total	40	40	55	
Grand Total	400	350	300	

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017

Area	No of days	Risk Register Reference	Timing	Description of the Review
Environment and Housing				
Housing	20	Risk 12	Qtr 4	This review will cover general arrangements for Housing Stock as well as the Council's arrangements in place for right to buy properties.
Total	20			
Community and Health				
Localism review covered in 2015/16.				
Total				
Economic Development				
Capital Projects	15	Risk 10,13	Qtr 3	Review of progress with current capital projects.
Total	15			
Planning and Licensing				
Local Development Plan	15	Risk 2,13	Qtr 4	Follow up of progress made with the Local Development Plan including the adoption of the Community Infrastructure Levy.
Licensing	20	Risk 2	Qtr 2	Review of effectiveness of licensing policies and arrangements in place to ensure public safety.
Total	35			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017

Area	No of Days	Risk register reference	Timing	Description of the Review
Transformation				
Financial Systems	40	Risk 1, 7	Qtr 4	Systems audit of key financial systems, exact scope of work to be discussed and agreed with external audit and the Council - to include council tax and NNDR.
Risk management and governance	10	All risks	Qtr 4	Review the process in place for risk management, including risk appetite, identification, mitigation.
Customer service	10	Risk 1	Qtr 3	Review using specialists from our Advisory team on the Council's progress with implementing the Customer Access Strategy.
Commercialisation and Cost Savings	30	Risk 1, 7	Qtr 2	Review focused on the Council's savings plans and commercial activities to deliver a 'transformed' Council.
Policy Review	10	All risks	Qtr1	Review of the Council's policies to ensure that relevant policies are in place and up to date.
Contract Management and Procurement	20	Risk 8	Qtr 2	Review the process in place for contract management and procurement to ensure it is robust and transparent, including relationships with key partners.
Cyber Security	15	Risk 3	Qtr 3	Review of the Council's arrangements for Cyber Security.
IT Security and Governance	20	Risk 5	Qtr3	Detailed review of IT data security and governance arrangements, including benchmarking of efficiency.
Counter fraud	20	All risks	On-going	Fraud risk management assessment and preventative measures.
Total	175			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017

Planning, Reporting, Follow-up and Contingency	
Planning/ liaison/ management	20
Recommendation follow up	10
Contingency (additional audits to be agreed with the Finance Director)	25
Total	55
Overall Total	300

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.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2013 BDO LLP. All rights reserved.

www.bdo.co.uk

8 March 2016

Audit and Scrutiny Committee

Internal Audit Charter

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

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This Charter is a requirement of Public Sector Internal Audit Standards (PSIAS). It formally defines internal audit's purpose, authority and responsibility. It also establishes internal audit's position within Brentwood Borough Council and defines the scope of internal audit activities.
- 1.2 The Charter was presented to the Committee in March 2015 and has been updated for 2016/17.

2. Recommendation(s)

- 2.1 That the Committee note and approve the Internal Audit Charter for 2016/17.**

3. Introduction and Background

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

4. Issue, Options and Analysis of Options

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

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

5. Reasons for Recommendation

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

6. Consultation

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

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: Chris Leslie, Finance Director

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

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

Legal Implications

Name & Title: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@brentwood.gov.uk

8.2 There are no direct legal implications arising from this report

9. Appendices to this report

Appendix A – Internal Audit Charter

Report Author Contact Details:

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

BRENTWOOD BOROUGH COUNCIL

Internal Audit Charter

February 2016

Page 57



Appendix A



THE INTERNAL AUDIT TEAM

GREG RUBINS

Engagement Partner and Head of
Internal Audit

Greg.rubins@bdo.co.uk

0238 088 1892



ANDREW BARNES

Audit Manager

Andrew.barnes@bdo.co.uk

01473 320745



RYAN BARLOW

Assistant Audit Manager

Ryan.barlow@bdo.co.uk

0203 219 4066



RICKY SHAH

Local Government Advisory

Ricky.shah@bdo.co.uk

0203 219 4220



Internal Audit Charter- Role and Scope of Internal Audit

Purpose of this Charter

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

Internal audit's purpose

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

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

Standards of internal audit practice

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

Internal audit's scope

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

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

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

Independence and internal audit's position within the Council

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

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

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

Internal audit charter - internal audit commitments

Internal audit’s commitments to the Council

Internal audit commits to the following:

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

Internal audit performance measures and indicators

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

Table One: Performance measures for internal audit

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

Internal audit charter - management and staff commitments

Management and staff commitments to Internal Audit

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

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

Management and staff performance measures and indicators

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

Table Two: Performance measures for management and staff

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

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.

BDO LLP, a UK limited liability partnership registered in England and Wales under number OC305127, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms. A list of members' names is open to inspection at our registered office, 55 Baker Street, London W1U 7EU. BDO LLP is authorised and regulated by the Financial Conduct Authority to conduct investment business.

BDO is the brand name of the BDO network and for each of the BDO Member Firms.

BDO Northern Ireland, a partnership formed in and under the laws of Northern Ireland, is licensed to operate within the international BDO network of independent member firms.

Copyright ©2016 BDO LLP. All rights reserved.

www.bdo.co.uk

7 March 2016

Audit & Scrutiny Committee

Strategic & Operational Risk Review

Report of: Chris Leslie, Finance Director

Wards Affected: None

This report is: Public

1. Executive Summary

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

2. Recommendation(s)

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

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.
- 3.2 The strategic risk register is 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 The Council's insurance premium is discounted by £5,000, which is used to buy Risk Management Services from Zurich Municipal.

3.4 A meeting was held with Matthew Hillier, Strategic Risk Consultant, Zurich Municipal to discuss the support that Zurich will undertake with the Council in the next financial year. This will include:-

- Strategic and Operational Risk Reporting Review
- Business Continuity Planning – Scenario Test

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 15 February 2016.

4.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.

4.3 As a result of the current risk review one risk has increased, one decreased and ten scores have remained unchanged.

4.4 Risk Score Increased

- Red risk RSK1 – Financial Pressures (Row No. 1)
This risk has been increased to the highest risk rating following the Provisional Local Government Finance Settlement 2016/17.

4.5 Risk Score Reduced

- Green risk RSK9 – Lack of Strategic Direction (Row No. 12)
This risk has been reduced with the approval of the Corporate Plan 2016-2019 at the Ordinary Council Committee meeting on 18 November 2015.

Risk Matrix

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

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

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

5. Reasons for Recommendation

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

Tel & Email: 01277 312 860 daniel.toohey@brentwood.gov.uk

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

9. Appendices to this report

Appendix A – Strategic Risk Register Summary Sheet

Report Author Contact Details:

Name: Sue White
Telephone: 01277 312821
E-mail: sue.white@brentwood.gov.uk

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET

Row No	Risk No	Risk Description	Residual Risk Rating Jun-15			Residual Risk Rating Aug-15			Residual Risk Rating Oct-15			Current Risk Rating Jan-16			Movement	Risk Response/Update on action required	Risk Owner
			*L	*I		*L	*I		*L	*I		*L	*I				
1	RSK1	Finance Pressures	3	4	12	4	5	20	4	5	20	5	5	25	↑	COMMENT JUNE 15: Savings options for 2016/17 and 2017/18 are being developed. COMMENT AUG 15: Increased risk due to recent announcements from central government and challenging savings targets. COMMENT OCT 15: MFTP for next two years drafted with budget setting deadline of 2 March 2016. COMMENT JAN 2016: Increased to highest risk following the Provisional Local Government Finance Settlement 2016/17.	Chris Leslie
2	RSK11	Rollout of Universal Credit							4	5	20	4	5	20	↕	COMMENT OCT 15: Approximately 50% of HRA Housing tenants will be affected by Universal Credit as they are in receipt of Housing Benefit. This will result in a loss of income to the HRA account. COMMENT JAN 2016: The implementation of universal credit will also put pressures on the private sector tenants and the risk of them becoming homeless is increased. A new income collection policy/procedure has been approved/implemented. A new pre tenancy service is being worked on by Officers and implemented April 2016. Internal audit will be conducting a review over next couple of months and will make recommendations. 21/01/16	Helen Gregory
3	RSK12	Extension of Right To Buy to registered provider tenants							4	5	20	4	5	20	↕	COMMENT OCT 15: RTB is being extended to Housing Association tenants. It is proposed that funding will be provided by the Local Authority from the sale of high value Council houses when they become vacant. COMMENT JAN 2016: We are waiting for further announcements to be made by Government; HG to attend a GLA/DCLG briefing in February 2016.	Helen Gregory
4	RSK2	Local Development Plan	3	4	12	3	4	12	3	5	15	3	5	15	↕	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. COMMENT AUG 15: New Local Plan timetable agreed by Planning & Licencing Committee on 21 July 2015. COMMENT OCT 15: In light of increased Govt pressure to build more new homes, the need for an adopted Local Plan has become even more of a priority. COMMENT JAN 2016: Draft Local Plan approved for consultation at Ordinary Council on 27 January 2016. Consultation runs from 10 Feb for a statutory six week period.	Gordon Glenday
5	RSK5	Information Management and Security	3	5	15	3	5	15	3	5	15	3	5	15	↕	COMMENT AUG 15: Induction training to new members was delivered on 17 June 2015. Further training being rolled out. Diarised dates in place for renewal of Council's Certificate of Registration & individual Councillor notification with ICO. COMMENT OCT 15: Officer training on 27 October 2015 on FOI. Further training planned. Reviewed FOI protocols. COMMENT JAN 2016: Information Management Training (FOI/DPA) to be delivered by Lee Henley in February/March. The Council's Certificate of Registration with the Information Commissioner's Office has now been renewed.	Daniel Toohey

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET

Row No	Risk No	Risk Description	Residual Risk Rating Jun-15			Residual Risk Rating Aug-15			Residual Risk Rating Oct-15			Current Risk Rating Jan-16			Movement	Risk Response/Update on action required	Risk Owner
			*L	*I		*L	*I		*L	*I		*L	*I				
6	RSK10	Failure to spend Capital Receipts	3	5	15	3	5	15	3	5	15	3	5	15	↕	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. COMMENT AUG 15: Delegated authority granted at 17 June 2015 Housing Committee for Officers to purchase two properties on the open market to meet the first expenditure deadline of the 15 September 2015. The properties should exchange/complete on the 11 September 2015. COMMENT OCT 15: Previous purchases were successful. Further acquisitions have been identified to meet the deadline. COMMENT JAN 2016: 4 property purchases completed, 3 x 3 bed houses, 1 x 2 bed bungalow , 1 further property purchase progressing with completion due before March deadline, 1 x 3 bed house. This will ensure the 31 March 2016 deadline is achieved. Going forward we are planning to align expenditure with our affordable housing development programme.	Helen Gregory
7	RSK4	Organisational Capacity	3	4	12	3	4	12	3	4	12	3	4	12	↕	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. COMMENT AUG 15: The Corporate Plan is being refreshed with a public consultation. A restructure of CLB is currently underway. More regular sessions are being held with all teams to understand pressures. COMMENT OCT 15: With the agreement of the Council's Corporate Plan 2016-19, officers are now in a position to develop Service Plans which will incorporate detailed resource/structure plans. COMMENT JAN 2016: This is a key part of the alignment between the Transformation Agenda and the budget.	Philip Ruck
8	RSK13	Failure to deliver key Corporate Projects							2	5	10	2	5	10	↕	COMMENT JAN 2016: Tight project controls have been introduced to assist in the control of this. Regular reporting and links to the Transformation agenda will aid clarity and transparency.	Phil Ruck
9	RSK3	Disaster Recovery/Business Continuity	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT AUG 15: ICT to provide a Disaster Recovery Plan, once this has been produced testing will take place. Exercises to test resilience of Gold Command & Emergency Planning arranged for 22/10/2015. COMMENT OCT 15: Gold Officer Training took place on 22/10/2015. Five officers also attended the ERF Strategic Briefing on 08/10/2015 & 09/11/2015 at Essex Fire & Rescue Services HQ. ICT still need to provide a Disaster Recovery Plan. COMMENT JAN 2016: The Over-arching plan will be reviewed to ensure it is robust. Staff details in the plans are to be improved. ICT will provide an updated BC plan to reflect current arrangements.	Mark Stanbury

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET

Row No	Risk No	Risk Description	Residual Risk Rating Jun-15			Residual Risk Rating Aug-15			Residual Risk Rating Oct-15			Current Risk Rating Jan-16			Movement	Risk Response/Update on action required	Risk Owner
			*L	*I		*L	*I		*L	*I		*L	*I				
10	RSK7	Commercial Activities	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT JUNE 15: Budget approval has been granted for formation and work has commenced on the business case - the justification for the LATCO. COMMENT AUG 15: The focus on commercial activities continues with a review of alternative delivery models that might not necessitate the formation of a LATCo. COMMENT OCT 15: The organisation is currently identifying key areas of involvement. COMMENT JAN 2016: This is an area that is under constant review and will become clearer once key business cases have been prepared and agreed.	Philip Ruck
11	RSK8	Contract/Partnership Failure	2	4	8	2	4	8	2	4	8	2	4	8	↕	COMMENT JUNE 15: Metrics continue to be improved and SLAs introduced. COMMENT AUG 15: As per previous report we continue to re-inforce metrics and understanding of key drivers for BBC. COMMENT OCT 15: This is ongoing and there are no changes to report. COMMENT JAN 2016: This is ongoing and there are no changes to report.	Philip Ruck
12	RSK9	Lack of Strategic Direction	3	4	12	3	4	12	3	4	12	1	4	4	↓	COMMENT JUNE 15: Work has commenced on the refreshed Corporate Plan. After consultation this will be presented to Full Council in Sept 2015. COMMENT AUG 15: The refreshed Corporate Plan is in the latter stages of development. The HoPS is visiting all teams to advise on strategic roadmap. COMMENT OCT 15: The approval of the Corporate Plan 2016-2019 will vastly reduce this risk. COMMENT JAN 2016: We are now implementing the "brentwood a better place to be ..." programme as a way of implementing the approved Vision.	Philip Ruck

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

This page is intentionally left blank

7 March 2016

Audit, Scrutiny and Transformation Committee

Work Programme 2015/16

Report of: *Chris Leslie, Finance Director*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 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, Scrutiny and Transformation Committee will make recommendations to decision making committees and Council as necessary. The Audit, Scrutiny and Transformation Committee are invited to consider its 2015/16 work programme.

2. Recommendation(s)

- 2.1 That the Audit, Scrutiny and Transformation work programme 2015/16 at appendix A be approved.**

3. Introduction and Background

- 3.1 At the beginning of the municipal year, the Audit, Scrutiny and Transformation Committee agreed its work programme.
- 3.2 Committee members are invited by the Chair and Vice-Chair to propose topics for inclusion on the work programme.
- 3.3 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.
- 3.4 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. The benefits of a Task and Finish approach were outlined at the 29 June 2015 meeting of the Committee.
- 4.2 During its meeting on 29 June 2015 in addition to the proposed work programme the Committee agreed to add the following:
- Training for Members in relation to IT transformation and data security to be added to the agenda for September 2015;
 - Review of the Members Code of Conduct with specific reference to, but not limited to member engagement with the media.
- 4.3 On 16 September 2015 Council agreed that progress against the peer review action plan should be monitored by the Audit, Scrutiny and Transformation Committee.
- 4.4 At the 29 September 2015 Committee the work programme was updated, requesting that the Member/Officer Communications / Members Casework Task and Finish Group report back to the Committee in December 2015 as to the feasibility of achieving their objectives. In addition the Committee agreed that future updates be received on Transformation and New Ways of Working.
- 4.5 Following discussion by the Committee on 7 December 2015 the Member/Officer Communications / Members Casework task and finish group became a cross party working group.
- 4.6 The current work programme for the Committee is 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 agrees its work programme at each meeting of the Committee.

6. Consultation

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

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: Chris Leslie, Finance Director

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

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

Legal Implications

Name & Title: Saleem Chughtai, Legal Services Manager

Tel & Email: 01277 312500 / saleem.chughtai@brentwood.gov.uk

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

9. Background Papers

- 9.1 None

10. Appendices to this report

Appendix A – Work Programme 2015/16

Report Author Contact Details:

Name: Chris Leslie, Finance Director

Telephone: 01277 312542

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

This page is intentionally left blank

Topic	Committee Date	Lead Members	Commentary
Annual Work Programme	29 June 2015	Councillors Kerslake & Murphy	Complete – The Chair and Vice-Chair consult the Committee on the scrutiny work programme 2015/16. This will be review at each Committee.
Transformation and New Ways of Working	29 Sep 2015	Officer Report	Complete – A report was presented to the Committee.
Training for Members in relation to IT transformation and data security	29 Sep 2015	Officer Report	Complete – A report was presented to the Committee.
Member/Officer Communications / Members Casework Cross Party Working Group	7 Dec 2015	TBC	This is now a cross party working group.
Budget Scrutiny	25 Jan 2016	Councillors Barrett, Clark, Faragher, Kerslake & Murphy	Complete – Feedback from the group was presented to the Committee on 25 January 2016.
Hackney Carriage Fare Setting Process	7 Mar 2016	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	The Licensing Committee of 13 January 2015 recommended that a cross party Task and Finish Group be established in order to review the process for setting of tariffs in respect of Hackney Carriage fares. Once Proposal form the taxi trade are received the review can commence.
Review of the Members Code of Conduct with specific reference to, but not limited to member engagement with the media	7 Mar 2016	TBC	Added to the work programme agenda at the meeting on 29 June 2015.
Revenues and Benefits shared service	7 Mar 2016	Officer Report	Officer report on the Revenues and Benefits shared service.
Annual Report of the Audit, Scrutiny and Transformation Committee	June 2016	Councillors Faragher & 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	Officer Report	A follow up report to that presented on 28/10/14 should be taken to the Committee in October 2016.
Peer Review Action Plan Monitoring	On-Going	Officer Report	Council agreed in September 2015 that progress against the peer review action plan should be reviewed by the Committee.
Transformation and New Ways of Working	On-Going	Officer Report	It was agreed at Committee on 29 September 2015 to receive further progress reports.

This page is intentionally left blank

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.