



# Agenda

## **Audit & Scrutiny Committee**

Monday, 19 September 2016 at 7.00 pm  
Council Chamber - Town Hall

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### **Membership (Quorum – 3 )**

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

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<b>Agenda Item</b>	<b>Item</b>	<b>Wards(s) Affected</b>	<b>Page No</b>
1.	<b>Apologies for absence</b>		
2.	<b>Minutes from previous meeting</b>		5 - 8
3.	<b>Internal Audit Progress Report</b>	All Wards	9 - 30
4.	<b>Strategic and Operational Risks</b>		31 - 48
5.	<b>Work Programme</b>	All Wards	49 - 54
6.	<b>Urgent business</b>		

A handwritten signature in black ink, appearing to read "P. L. Russell". The signature is written in a cursive style with a large, sweeping underline.

Head of Paid Service

Town Hall  
Brentwood, Essex  
09.09.2016

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### Information for Members

#### Substitutes

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

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

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#### Rights to Attend and Speak

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

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

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

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##### Point of Order

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

##### Personal Explanation

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##### Point of Information or clarification

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

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The 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.

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



## Minutes

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### **Audit & Scrutiny Committee Wednesday, 27th July, 2016**

#### **Attendance**

Cllr Mrs Pound (Chair)  
Cllr Reed (Vice-Chair)  
Cllr Bridge  
Cllr Chilvers  
Cllr Mrs Fulcher

Cllr Hirst  
Cllr Mrs Hones  
Cllr Keeble  
Cllr Mrs Murphy

#### **Apologies**

#### **Substitute Present**

#### **Also Present**

#### **Officers Present**

Alistair Greer	-	Principal Accountant
Debbie Hanson	-	Ernst & Young, External Audit
Chris Leslie	-	Finance Director
Jean Sharp	-	Governance and Member Support Officer

#### **112. Apologies for absence**

No apologies had been received for the meeting.

#### **113. Minutes from previous meeting**

The minutes of the meeting dated 13<sup>th</sup> June 2016 were approved as a true record.

In response to a question relating to Minute 41 Members were advised that Mr Drane would attend the next meeting of the Committee on 19 September. The current meeting had been convened to consider the Statement of Accounts and Audit Results Report only.

#### **114. Audit Results Report 2015/16**

The report presented the Committee with the draft findings of the External Auditors in respect of the audit of the Council's Statement of Accounts for 2015/16.

Ms Hansen, representing the Council's External Auditors, Ernst and Young, highlighted significant parts of the Audit Results Report and advised that the report was a positive one and there were relatively few issues to address. She advised that a challenging target had been set and thanked the Council's finance team for their assistance. The audit was now substantially completed.

One significant audit risk had been identified, ie the risk of capitalisation, and this had been tested and no issues found.

Cllr Mrs Pound congratulated everyone involved for their work on the audit and **MOVED** and Cllr Bridge **SECONDED** the recommendations in the report.

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

#### **RESOLVED UNANIMOUSLY:**

1. That the draft Audit Results Report 2015/16 at Appendix A be agreed.
2. That the draft Letter of Representation in Appendix A (Appendix G) of the Audit Results Report 2015/16 be agreed.

#### **REASON FOR RECOMMENDATION**

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

#### **115. Statement of Accounts 2015/16**

The report before Members presented the Council's 2015/16 Statement of Accounts. These had been updated for changes to date which had arisen from the audit by the external auditors.

Mr Leslie, Finance Director, advised that the Council's accounts had been presented to the Committee two months early. He congratulated officers and the new audit team on their achievement.

The statement of accounts had been circulated with the agenda and was substantially audited.

Cllr Mrs Pound **MOVED** and Cllr Hirst **SECONDED** the recommendations in the report, a vote was taken on a show of hands and it was

#### **RESOLVED UNANIMOUSLY:**

1. That the Statement of Accounts for 2015/16 at Appendix A be approved.
2. That delegated authority be given to the Finance Director in consultation with the Chair of the Audit and Scrutiny Committee to agree any further changes to the Statement of Accounts 2015/16.

### **REASON FOR RECOMMENDATION**

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

#### **116. Urgent business**

There was no urgent business.

The Chair and Members thanked Mr Leslie for his work for the Council and wished him well since this was his last Committee meeting before he and his family emigrated to Australia.

The meeting ended at 19.27 hrs

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**19 September 2016**

**Audit and Scrutiny Committee**

**Internal Audit Progress Report**

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

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

1.1 This report details the progress to date against the 2015/16 and 2016/17 internal audit plans that were agreed by the Audit and Scrutiny Committee in March 2015 and March 2016 respectively.

1.2 The following reports have been completed since the last Committee and a summary of our findings are included in the progress report:

- IT security and governance (limited assurance)
- Localism (moderate assurance)
- Policy review (moderate assurance)
- Licensing (moderate assurance)

The full reports are available on request.

## **2. Recommendation**

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

## **3. Introduction and Background**

3.1 The Audit and Scrutiny Committee approved the 2015/16 and 2016/17 annual audit plans. The progress against plan is reported at every Audit and Scrutiny Committee.

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

4.1 Not applicable.

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

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

#### **6. Consultation**

6.1 Not applicable.

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

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

#### **8. Implications**

##### **Financial Implications**

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

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

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

##### **Legal Implications**

**Name & Title:** Saleem Chughtai, Legal Services Manager

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

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

#### **9. Background Papers**

9.1 None

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

Appendix A – Internal Audit Progress Report

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

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# Brentwood Borough Council

## INTERNAL AUDIT PROGRESS REPORT

Page 11  
August 2016



Appendix A

# CONTENTS

Introduction	3
Progress against 2015/16 and 2016/17 internal audit plan since previous Committee	4
Progress against 2015/16 and 2016/17 internal audit plan	5
Appendices:	
I: Definitions of assurance	11
II: Executive Summary - Information Security and Governance	12
III: Executive Summary - Localism	14
IV: Executive Summary - Policy Review	15
V: Executive Summary - Licensing	17
VI: High priority recommendations outstanding	18

# INTRODUCTION

## Internal Audit

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

## Internal Audit Methodology

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

## Work outside of the Internal Audit Plan

No additional work has taken place.

## Overview of 2015/16 and 2016/17 work to date

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

The 2015/16 work is now complete with the exception of one piece of work on the Corporate Plan that remains in progress.

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

# PROGRESS SINCE MAY 2016 AUDIT AND SCRUTINY COMMITTEE

Page 14

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
IT security and governance	20	Tim Huggins	Moderate	Limited		6		Appendix II
Localism	15	Kim Anderson	Moderate	Moderate		6	2	Appendix III
Policy review	10	Steve Summers	Substantial	Moderate		2		Appendix IV
Licensing	20	Gary O'Shea	Moderate	Moderate		6	2	Appendix V

# PROGRESS AGAINST 2015/16 PLAN

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

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

\*\* - delivery of awareness training

# PROGRESS AGAINST 2015/16 PLAN

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



# PROGRESS AGAINST 2015/16 PLAN

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

# PROGRESS AGAINST 2016/17 PLAN

Area	2016/17 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Environment and Housing</b>					
<b>Housing</b>	20	Q4			
	20				
<b>Community and Health</b>					
<b>No 2016/17 audits</b>					
	0				
<b>Economic Development</b>					
<b>Capital projects</b>	15	Q3			
	15				
<b>Planning and Licensing</b>					
<b>Local Development Plan</b>	15	Q4			
<b>Licensing</b>	20	Q2	Final	Moderate	Moderate
	35				

# PROGRESS AGAINST 2016/17 PLAN

Area	2015/16 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
<b>Transformation</b>					
Financial systems	40	Q4			
Risk Management and Governance	10	Q4			
Customer Services	10	Q3			
Commercialisation and cost savings	30	Q2	Work in progress		
Policy review	10	Q1	Final	Substantial	Moderate
Contract Management and Procurement	20	Q2	Work in progress		
Cyber Security	15	Q3			
IT Security and Governance	20	Q3			
Counter Fraud	20	On-going	On-going		
	175				

Page 19

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

\*\* - delivery of awareness training

# PROGRESS AGAINST 2016/17 PLAN

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

# APPENDIX I - DEFINITIONS

Page 21

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

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

# APPENDIX II - INFORMATION AND SECURITY GOVERNANCE

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

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

## SUMMARY OF RECOMMENDATIONS (SEE APPENDIX I)

High	
Medium	6
Low	
Total number of recommendations: 6	

## OVERVIEW

### Background

In accordance with the 2015/16 internal audit plan, BDO LLP performed a review of Information Security and Governance controls at Brentwood Borough Council (The Council).

The Council provides several services that are critical to the local community and holds sensitive information including housing, parking fines, licensing, construction etc, within its systems including; 'Uniform' - which holds planning, licensing, environmental health and construction information, 'e-Financials' - which is the accounting system, 'Orchard Housing' - which is an estate management system, 'Report-it' - which is a customer information system used to direct customer enquiry details to the right department and 'Civica' Revenue benefit system - which is used to process council tax and benefits. The HR and payroll functions for the council are outsourced. The Council provide some staff with corporate mobiles and supports 'bring your own device' (BYOD) so staff can access emails only.

The IT team consists of 5 staff providing helpdesk, operations, infrastructure and business analysis support.

The Council is part of the Essex Online Partnership and the IT Manager works collaboratively with the Heads of IT from the other Councils in the partnership. The Council has been able to draw material such as policy templates and assistance from knowledge sharing, through this partnership. The workgroup has produced a set of information security policy templates which form the minimum standard that partners need to comply with. The Council has set up an ICT Change Board (Change Board) consisting of the Senior management team within IT. Other members of the senior management team, members of the project management team and members of the Corporate Leadership Board (CLB) attend the Change Board meetings where required. The Change Board helps to ensure ICT resources are focused on the Council objectives, is used to drive efficiencies and also focus on providing a technological platform to allow customer centred services.

The purpose of the audit was to:

- Provide management with an assessment of the effectiveness of the information security management function
- Evaluate the scope of the information security management organisation and determine whether essential security functions are being addressed effectively.

# APPENDIX II - INFORMATION AND SECURITY GOVERNANCE

## OVERVIEW

As part of our review we noted a number of areas of good practice. Some of these are listed below:

- The ICT Manager reports to the Head of the Council's Paid Service and sits on the CLB. This provides the ICT Manager with an opportunity to understand the Council's existing and future IT considerations.
- Various policies relating to IT security have been prepared using the template developed by the Essex Online Partnership program and are made available on the intranet.
- Management have introduced a process for starters/movers and leavers.
- Projects are monitored through the project office and monthly reporting on the status of projects and new projects in the pipeline is provided to the CLB. This provides the ICT Manager with visibility of projects requiring ICT resources that are coming up as well as allows the ICT Manager to provide guidance over security considerations required by the project team.
- Network passwords are configured to meet appropriate requirements including, length, ageing, complexity, and limiting the reuse of old passwords.
- Penetration tests are carried out by the Council to identify vulnerabilities in the network.

However, the following weaknesses were identified:

- The responsibility for governance of IT security is not formally defined.
- There is no formal process for approval of policies relating to IT Security. Further, there is no process in place for periodic review of the policy.
- There is no process for periodic review of users with access to the network and the applications.
- The users access set up and deletion process is not applied consistently
- The password configurations for the Civica Revenue and Benefits system and Orchard Housing system are inadequate
- There are generic user accounts used in e-Financials, Orchard housing management system and the Civica revenue and benefits system.

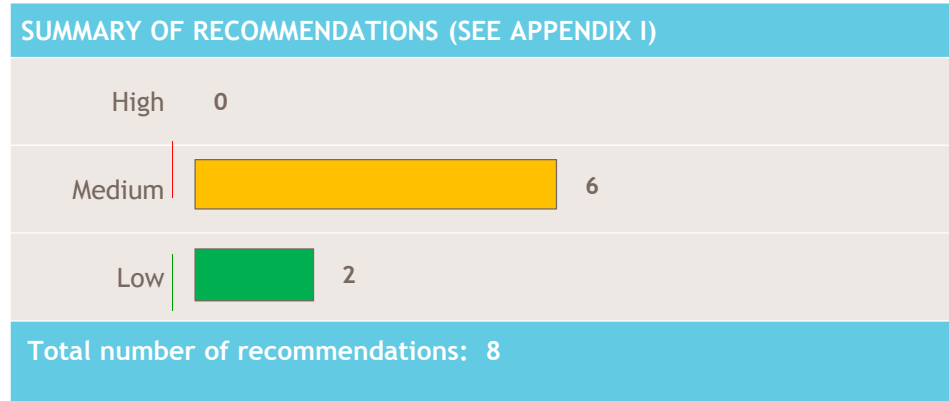
### Conclusion

The Council has the basic arrangements in place that are required for securing information electronically. However, management should consider improving the governance and security aspects to enhance security of the information.

As a result of our review, and the recommendations raised, we are able to provide moderate assurance to the control design and limited assurance over the control effectiveness in the areas reviewed.

# APPENDIX III - LOCALISM

LEVEL OF ASSURANCE (SEE APPENDIX I 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.



## OVERVIEW

Brentwood Borough Council faces significant population growth in the coming years - a recent study estimated that the population is expected to rise by 12,000 by 2030. This means an extra 870 people and a corresponding need for an additional 360 houses each year. In turn, the Council needs to respond to changing demographics by arranging service provision to be fit for purpose. The recent draft Local Development Plan has indicated that a core component of a sustainable Brentwood will be the effective use of community assets. Through the Council’s Leisure Strategy, the Council will seek to maximise the social value of existing community halls, invest in new developments, maximise the income generating opportunity of its services, and maintain services to ensure marketability. This review will outline the risks the Council faces in achieving these objectives and suggest possible steps the Council might take to mitigate these.

Our review found the following areas of good practice:

- The Council’s vision for future sustainability is well supported and articulated. A number of independent work streams are being centrally coordinated to ensure a cohesive operating model.
- The Council has proactively sought independent challenge through the use of external advisors. The continued use of these ensures assumptions are rigorously tested and the final outputs are robust.
- The Council has begun conversations with local partners to identify opportunities for joint working, although these are still in a preliminary stage.
- The Council has also carried out broader stakeholder engagement including user groups and voluntary sector organisations.



# APPENDIX III - LOCALISM

## OVERVIEW

We also found some areas for improvement and development:

- The Council has estimated £1.89m of landlord repairs and maintenance over the next 10 years. Given the constrained financial environment, the Council will need to ensure it can meet these requirements through income generation and its commissioning strategy.
- The Council should accelerate discussions with local partners, including parish councils, health partners, voluntary organisations and the commercial sector to determine an effective way of working together to achieve sustainable service delivery.
- As the Council defines and identifies its priority assets, commissioning models including repair and lease will have to be assessed to ensure certainty of resources going forward. Given the need to undertake maintenance as well as provide new opportunities, a budget must be identified to provide certainty and reduce risk.
- Current models of provision have not included adequate maintenance of existing assets. In line with the identified costs of maintenance, the Council should ensure the necessary arrangements are made during the retender of the process.

We have provided moderate assurance overall. There is a commitment to develop an effective leisure service, and a number of initiatives are underway that may mitigate a number of risks. The Council's independent advisor is well placed to source a wide range of information and intelligence to enable informed decision making.

BDO are happy to provide best practice examples around commissioning, strategy development and stakeholder engagement.

# APPENDIX IV - POLICY REVIEW

LEVEL OF ASSURANCE (SEE APPENDIX I FOR DEFINITIONS)		
Design	Substantial	Sound system of internal controls designed to achieve system objectives
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 FOR DEFINITIONS)	
High	
Medium	2
Low	
Total number of recommendations: 2	

## OVERVIEW

### Background

The Council's recently revised Corporate Plan provides a focus on the activities which will enable the Council to achieve its vision, and is underpinned by strategies, plans, objectives and targets. The adoption of sound and up to date policies and procedures is a key control contributing to the Council's ability to meet its objectives and comply with legislative requirements and good practice.

The Council's Finance Director has overall responsibility for ensuring adequate and effective policies and procedures are in place to support the Council's operations, although all managers maintain policies and procedures relating to their own areas of remit.

This review assessed whether the Council has effective arrangements to ensure relevant and up to date policies are in place

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

- Committee authorisation had been provided for key policies, plans and strategies that were operated by the Council
- The Council has policies and procedures supporting reporting of non-compliance, including a whistleblowing policy, a comments and complaints procedure, a fraud officer and fraud reporting templates
- The Council structure includes functions with responsibility for overseeing compliance with policies, strategies and plans, including Finance, Human Resources and Information Technology

However we also found the following areas for improvement:

- Some strategies policies and plans identified by the Council as key for the delivery of its Vision goals and objectives were not located, appeared to be due for review, or were in the process of being prepared or updated (finding 1 - Medium)
- Responsibility for the maintenance of some key strategies, policies or plans, as identified on the Council's intranet, had not been updated to reflect staff movements or structural change (finding 2 - Medium)

### Conclusion

We have issued 2 medium recommendations. The Council has a generally sound system of internal controls for key policies, although there were weaknesses and risks relating to the updating of policies and clarity of assigned responsibility for policies which have led us to conclude substantial assurance on the design of controls, and moderate assurance on the effectiveness of the controls.

# APPENDIX V - LICENSING

LEVEL OF ASSURANCE (SEE APPENDIX I 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 FOR DEFINITIONS)	
High	
Medium	6
Low	2
Total number of recommendations: 8	

## OVERVIEW

The purpose of this review is to consider the design and effectiveness of the controls in place around licensing to highlight any areas where the controls might be improved. We identified the following key findings:

### Good Practice

- Fee structures are in line with legislative requirements and are appropriately and fully discussed and authorised by Members
- The Principal Licensing Officer maintains up to date knowledge of both legislative and case law developments within the licensing regime.

### Key areas for improvement

- Policies and Procedures do not cover all aspects of the work completed by the Licensing Team and are not updated regularly
- The Licensing Register which is required by law is not operating effectively on the Council's website
- Required documentation and evidence is not always obtained prior to issuing a licence
- Licensing awards are not formally reviewed and authorised by a senior officer. We found small errors in the length of award and amounts quoted

### Conclusion

Overall we have raised eight recommendations relating to the Council's management of licenses, including six medium level and two low level recommendations. Our review found that there is room for improving the Council's licensing controls but with no areas of significant concern, and that there were no major instances of non compliance with the current controls, leading to a final assessment of moderate assurance over the control design and moderate assurance over the control effectiveness.

# APPENDIX VI - 2014/15 high priority recommendations outstanding

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

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**19 September 2016**

**Audit & Scrutiny Committee**

**Strategic Risk Review**

**Report of:** *Ramesh Prashar, Financial Services Manager*

**Wards Affected:** *None*

**This report is:** *Public*

## **1. Executive Summary**

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

## **2. Recommendations**

- 2.1 To agree the revised Insurance & Risk Management Strategy**
- 2.2 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 and Risk Management Strategy' (Appendix A) require the Audit Committee to review the strategic risks every quarter.
- 3.2 The strategic risk registers are monitored quarterly by the Corporate Leadership Board who consider the risks, the mitigations and agrees the content. It will be the responsibility of the Audit Committee to review the strategic risks and confirm they are confident that the risks associated within this register are those which are strategic and relevant to the organisation at this point in time and the considered future.
- 3.3 Zurich Risk Engineering held a training session for Operational Risk Register owners on 5 July. This session was to discuss the new reporting structure, ways to improve the risk definitions & descriptions and highlight the requirements for the summary reporting template.

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

### **Insurance & Risk Management Strategy**

- 4.1 The annual review of the Insurance and Risk Management Strategy has been carried out and is attached at Appendix A. A clearer role has been set out for employees to ensure they are aware of the risks on the risk register for their service area and have contributed to the identification of potential risks they are aware of. This has been included under point 6 - Roles and Responsibilities.

Guidance on the procedures for escalating and de-escalating risks between the strategic and operational risk registers has been included under point 9 – Monitoring arrangements for Key Risks.

These complete all the major recommendations from the Internal Audit review.

### **Strategic Risks**

- 4.2 In accordance with the Council's Insurance and Risk Management Strategy, risk owners have reviewed their risks and risk scores. These were discussed and agreed by CLB on 22 August 2016.
- 4.3 Attached to this report at Appendix B 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.
- 4.4 As a result of the current risk review one risk has decreased and eleven scores have remained unchanged.
- 4.5 The risk where the risk score has reduced is as follows:
- Red risk RSK11 – Rollout of Universal Credit (Row No. 3)  
This risk has been reduced following control measures which have been put in place

### **Risk Matrix**

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



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

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

## 5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads discuss the top level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition the Risk & Insurance Officer will continually work with the risk managers to ensure that any new or emerging risks are identified, assessed and managed appropriately.

## **6. Consultation**

6.1 None.

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

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

## **8. Implications**

### **Financial Implications**

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

**Tel & Email: 01277 312 513 ramesh.prashar@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 – Insurance & Risk Management Strategy

Appendix B – Strategic Risk Register Summary Report

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

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## **BRENTWOOD BOROUGH COUNCIL**

### **INSURANCE AND RISK MANAGEMENT STRATEGY**

#### Contents

1. Policy Statement
2. Introduction
3. Aims and Objectives
4. Insurance Framework
5. Risk Management Framework
6. Roles and Responsibilities
7. Risk Analysis
8. Risk Ranking Table
9. Monitoring arrangements for Key Risks
10. Indicators of Success

## 1. Policy Statement

Brentwood Borough Council is committed to the effective management of risk. The Council's employees, partners, stakeholders, residents, assets and ability to deliver its objectives and services are constantly affected by risk. The Council recognises that risk can be both positive and negative. The Council accepts its legal, moral and fiduciary duties in taking informed decisions about how best to control and minimise the downside of risk, whilst still maximising opportunity and benefiting from positive risks. The Council will ensure that Members and staff understand their responsibility to identify risks and their possible consequences.

## 2. Introduction

The Council's priority is to deliver excellent, customer focused, cost effective services by ensuring that the Council's Risk Management framework is in place and operating effectively. The Council's corporate insurance arrangements form part of the overall risk management approach.

This strategy outlines the Council's overall approach to risk retention and transfer including the procurement of corporate insurance cover through relevant policies of insurance to protect against loss or damage to the Council's assets and potential liabilities.

### Risk

Risk is defined in this context as something that might have an impact on achieving the Council's objectives and its delivery of services to the community.

Risk Management can be defined as ***“the culture, processes and structures that are directed towards effective management of potential opportunities and threats to the organisation achieving its objectives”***.

We use the risk management process to identify, evaluate and control risks. Risk management need not mean risk avoidance and may involve taking steps to reduce risk to an acceptable level or transfer risk to a third party. The Council recognises that it has to deliver services in an increasingly litigious and risk-averse society. The Council will therefore use risk management to promote innovation in support of the Corporate Plan.

### Insurance

Insurance is a mechanism for transferring risks to another (the insurer) for a consideration (premium). Premiums are also subject to Insurance Premium Tax (IPT) which is currently levied by the government at a rate of 9.5%. The broad principal of insurance is that the premiums collected from many policyholders pays for the claims of a few, whilst still allowing the insurer to meet their overheads, pay dividends to shareholders, purchase re-insurance to protect themselves against catastrophic losses and to build up their reserves. The Council is not required by

law to purchase insurance to cover its risks, except as set out in the next paragraph.

Under the Local Government Act 1972 it is required to have Fidelity Guarantee Insurance. This protects the Council in the event of a financial loss arising out of the fraud or dishonesty by its employees. The Council also purchases insurance and inspection services where there are other statutory requirements, for example the need, under the various Health and Safety Acts, to have boilers and lifts inspected by an independent and competent person.

Historically the Council has insured risks externally with insurance companies on a 'ground-up' basis, which means only very low levels of excess have been applied.

### **3. Aims and Objectives**

#### Aim

The aim of this Strategy is to improve the Council's ability to deliver a systematic and structured approach to identifying and managing risks across the Council. To ensure that appropriate insurance arrangements are in place to protect the Council against loss or damage to the assets and potential liabilities and to obtain the broadest cover at the best terms available.

#### Objectives

The objectives of this Strategy are:-

- Integrate and raise awareness of risk management for all those connected with the delivery of Council services
- To provide a robust and systematic framework for identifying, managing and responding to risk
- Anticipate and respond to changing social, environmental and legislative requirements.
- Enhance the attractiveness of the Council's risk profile to underwriters.
- Comply with any statutory requirements to have in place particular policies of insurance and associated inspection systems.
- Protect the Council's assets (people and property).
- Protect the reputation of the Council.

These objectives will be achieved by:

- Establishing clear roles, responsibilities and reporting lines within the Council for identifying and managing risk.
- Embedding risk management into the Council's decision making process, service delivery, project management and partnership working.
- Providing opportunities for training and shared learning on insurance and risk management across the Council.
- Maintaining documented procedures for the control of risk and the provision of suitable information, training and supervision.
- Maintaining an appropriate incident reporting and recording system, (with investigation procedures to establish cause and prevent recurrence) to provide opportunities for improved risk management across the Council.
- Ensuring robust Business Continuity arrangements are in place.
- Maintaining claims handling protocols that are in line with statutory requirements.

#### **4. Insurance Framework**

Adequate insurance cover is an essential component of effective Risk Management.

Insurance will be procured in accordance with external regulatory requirements applying at the time (e.g. OJEU procedures) and the Council's Financial Regulations. Following a tender exercise in 2013, a new contract was awarded for a five year period with an option to extend the contract for a further two years should it be identified that this provides best value for the Council.

Liability claims will be managed in accordance with the Civil Procedures Rules with strict adherence to the protocol timetable. The Insurance Officer will lead on all investigations and provide the liaison between employees, solicitors and insurers.

Analysis of claims will lead to risk improvements in the areas of training, security and systems of work.

#### **The Annual Review Process**

The annual review process requires the Council to provide the Insurer with information on changes to sums to be insured for the following insurance year, which runs from 1 April to 31 March. These sums include information on the value of the Council's property estate, computer equipment, vehicles, etc. On receipt of

this information and the Council's claims history over the year, the Insurer will then assess the Council's risk profile and present a report detailing proposed premiums for the following insurance year categorised by policy type.

On receipt of this report the Council reviews the figures for accuracy, and assesses whether the report is a fair representation of the Council's risk profile based on claims experience. A meeting is then convened between the Council and the Insurer to discuss the report.

Thereafter, should an agreement be reached the contractual relationship between the Council and the Insurer will continue until the next annual review.

## **5. Risk Management Framework**

Risk Management is a central part of the Council's strategic management. It is the process by which risks are identified, evaluated and controlled.

The risk management process will add value to the Council's decision making process and is key to the organisation's strategic development, playing a fundamental role in reducing the possibility of failure and increase the Council's successes.

In broad terms risks are split into three categories:

- Strategic – those risks relating to the long term goals of the Council
- Operational – risks related to the day-to-day operation of each individual service
- Project – consideration of the risks occurring as a result of the Council's involvement in specific initiatives

The Strategic Register is owned by the Corporate Leadership Board, with ownership for risks being assigned to individual officers and Operational Registers are maintained by the relevant Department.

The Council is committed to establishing a systematic and consistent approach to risk identification, analysis, control, monitoring and review and consists of five stages:-

- Identify Risks – this involves the identification of risks, describing and recording them.
- Evaluate Risks – the identified risks are each assessed in terms of their likelihood and potential impact and determined against a profiling matrix.
- Manage Risks – this involves the identification and implementation of control measures to mitigate the impact risk, the cost effectiveness of implementing these measures and the estimation and evaluation of residual risk. There are four basic ways of treating risk, which are:-

Retain	Accept the risk exposure as part of the risk appetite
Avoid	Stop undertaking the activity which gives rise to that risk
Transfer	Involves another party bearing or sharing the risk i.e. via insurance
Reduce	Control the risk and take action to reduce either likelihood of a risk occurring and/or the consequences if it does occur

- Report – progress in managing risks should be monitored and reported to ensure actions are carried out.
- Review – review the effectiveness of the control and to inform decision making.

## 6. Roles and Responsibilities

Everyone in the Council is involved in risk management and should be aware of their responsibilities in identifying and managing risk. However, the ultimate responsibility for managing risk lies with:

- Members of the Audit & Scrutiny Committee
- Corporate Leadership Board

To ensure the successful implementation of this policy, responsibilities for risk management are detailed below:

### Members of the Audit & Scrutiny Committee

- Approve the Council's Insurance and Risk Management Strategy
- To ensure that strategic risks are being actively managed and report any concerns to full Council

### Corporate Leadership Board (CLB)

- Ensure the Council implements and manages risk effectively through the delivery of the Insurance and Risk Management Strategy and consider risks affecting delivery of service.
- Ensure risk management is considered by CLB on a quarterly basis
- Be responsible for and monitor the Strategic and Operational Risk Registers
- Assign a responsible officer to each significant strategic risk.
- Receive and approve updates on the management action plan and on any new significant emerging risks.
- Support the embedding of risk management within the culture of the Council.

### Senior Management Team (SMT)

- Take responsibility for the promotion of the Insurance & Risk Management Strategy within their area.
- Ensure that operational risk registers are managed, monitored, responded to and communicated effectively in their areas and reported quarterly at SMT.



### Finance Director

- Ensure risk forms part of the overall performance management framework
- Contribute to the formulation and future development of the overall Insurance and Risk Management Strategy
- Provide updates to CLB and Members on significant risks identified and emerging from the risk register and other sources.

### Managers

- Identify, evaluate and control risks facing the Council in achieving its objectives
- Include staff without direct responsibility for owning and managing risk in risk discussions to ensure teams identify potential risks associated with service delivery as necessary.
- Identify resources to address the highest priority risks and make requests to CLB for funds to avoid, transfer or reduce risk

### Employees

- To ensure they are aware of the risks on the risk register for their service area and have contributed to the identification of potential risks they are aware of.

### Internal Audit

- Maintain an independent role in line with guidance from the Institute of Internal Auditors and others and ensure compliance with the CIPFA Audit Code of Practice.
- Ensuring that internal controls are robust and operating correctly

## **7. Risk Analysis**

Once risks have been identified they need to be assessed systematically and accurately. The process requires managers to assess the level of risk by considering:

The probability of an event occurring – ‘likelihood’ and the potential outcome of the consequences should such an event occur – ‘impact’. Managers will assess each element of the judgement and determine the score. The table below gives the scores and indicative definitions for each element of the risk ranking process:-

Score	Likelihood	Description
1	Unlikely/rarely happens	I would be very surprised to see this happen, but cannot entirely rule out the possibility
2	Less likely/moderate	I would be mildly surprised if this occurred, but cannot entirely rule out the possibility
3	Likely/possible	I think this could maybe occur at some point, but not necessarily in the immediate future
4	Very likely/high	I think this could occur sometime in the coming year or so
5	Definite/very high	I would not be at all surprised if this happened within the next few months

Score	Impact	Description
1	Negligible Impact	<ul style="list-style-type: none"> <li>• Very minor service disruption/little inconvenience</li> <li>• None injury</li> <li>• Financial loss under £5,000</li> </ul>
2	Minor Impact	<ul style="list-style-type: none"> <li>• Minor service disruption/short term inconvenience</li> <li>• Minor injury</li> <li>• Financial loss under £10,000</li> <li>• Isolated service user complaints</li> <li>• Breach of regulations/standards</li> </ul>
3	Moderate Impact	<ul style="list-style-type: none"> <li>• Service disruption</li> <li>• Loss time injury</li> <li>• Financial loss under £50,000</li> <li>• Adverse local media coverage/lots of service user complaints</li> <li>• Breach of law punishable by fines only</li> <li>• Failure to achieve a Service Plan objective</li> </ul>
4	Significant Impact	<ul style="list-style-type: none"> <li>• Significant service disruption</li> <li>• Major/disabling injury</li> <li>• Financial loss under £100,000</li> <li>• Adverse national media coverage</li> <li>• Breach of law punishable by fines or possible imprisonment</li> <li>• Failure to achieve one or more Strategic Plan objective</li> </ul>
5	Major Impact	<ul style="list-style-type: none"> <li>• Total service loss for a significant period</li> <li>• Fatality to employee, service user or other</li> <li>• Financial loss in excess of £100,000</li> <li>• Ministerial intervention in running service</li> <li>• Breach of law punishable by imprisonment</li> <li>• Failure to achieve a major corporate objective in the Strategic Plan</li> </ul>

The risk ratings for each part of the assessment are then combined to give an overall ranking for each risk. The ratings can be plotted onto the risk matrix, see below, which assists in determining the risk priority.

## 8. Risk Ranking Table

Brentwood Council has introduced a best practice five stage approach to Risk Management.

Likelihood / Probability	5	10	15	20	25
	4	8	12	16	20
	3	6	9	12	15
	2	4	6	8	10
	1	2	3	4	5
	Negligible	Minor	Moderate	Significant	Major
Negative Impact / Severity					

Risk Tolerance		
Red (High Risk)	20 – 25	Must be managed down as a priority
Amber (Medium Risk)	12 - 16	Seek to influence medium term/monitor
Yellow (Accept Risk)	6 - 10	Acceptable, but continue to monitor
Green (Low Risk)	1 - 5	Continue to monitor

## **9. Monitoring arrangements for Key Risks**

The reason for monitoring key risks is to create an early warning system for any movement in risk. Key risks, 12 or above, will be individually reported to CLB, who will review whether it is appropriate for the risk to be escalated to the Strategic Risk Register. Any risks below 6 will be reviewed at an appropriate level as to whether it is appropriate for the risk to be removed from the risk registers or de-escalated.

Risk registers are living documents and therefore must be regularly reviewed and amended. The Insurance and Risk Management Strategy requires risks recorded on the Strategic Risk Register and Operational Risk Registers to be monitored on a quarterly basis by the relevant risk owner.

Monitoring reports are presented for approval to the Corporate Leadership Board prior to final ratification by the Audit Committee.

The questions asked during monitoring are:-

- Is the risk still relevant?
- Is there any movement in the risk score?
- Are there controls still in place and operating effectively?
- Has anything occurred which might change its impact and/or likelihood?
- Have any significant control failures or weaknesses occurred since the last monitoring exercise?
- If so, does this indicate whether the risk is increasing or decreasing?
- If the risk is increasing do I need to devise more controls or think of other ways of mitigating the risk?
- If the risk is decreasing can I relax some existing controls?
- Are controls/actions built into appropriate documented action plans?
- Are there any new or emerging risks?
- Have any of the existing risks ceased to be an issue (and can therefore be archived)?

## **10. Indicators of Success**

- Strategic and Operational Risk Registers monitored on a quarterly basis and report presented to Audit Committee
- Annual review of the Insurance and Risk Management Strategy
- Adhoc reports provided to the Corporate Leadership Board when new, significant risk issues arise

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16					
			*L	*I		*L	*I		*L	*I				
1	RSK1	Finance Pressures	5	5	25	5	5	25	5	5	25	↕	COMMENT JAN 2016: Increased to highest risk following the Provisional Local Government Finance Settlement 2016/17. COMMENT MAY 2016: The significantly challenging financial climate continues to place pressures on the Council. <b>COMMENT AUG 2016: The impact of Brexit places further uncertainty on Local Government funding.</b>	Chris Leslie
2	RSK12	Extension of Right To Buy to registered provider tenants	4	5	20	4	5	20	4	5	20	↕	COMMENT JAN 2016: We are waiting for further announcements from Government; HG to attend a GLA/DCLG briefing in February 2016. COMMENT MAY 2016: HG attended DCLG briefing. There was no update on how the Government intends to implement. HG will continue to monitor. <b>COMMENT AUG 2016: We have received no further information from DCLG. Will continue to monitor.</b>	Helen Gregory
3	RSK11	Rollout of Universal Credit	5	5	25	4	5	20	4	4	16	↓	COMMENT JAN 2016: The implementation of universal credit will also put pressures on the private sector tenants and the risk of them becoming homeless is increased. A new income collection policy/procedure has been approved/implemented. A new pre tenancy service is being worked on by Officers and was implemented on April 2016. Internal audit will be conducting a review over the next couple of months and will make recommendations. COMMENT MAY 2016: We have reduced the impact from 25 to 20 to take into account the control measures put in place to date - new rent collection policy/procedure, pre tenancy service to be implemented June 2016; new performance data has been produced to show 'priority areas'. We have moved temporary accommodation properties arrears management to the estates team to manage. Working more closely with colleagues in Revenues & Benefits to discuss vulnerable clients. We have also improved working relationships with CAB and have regular meetings to discuss tenants who need help with debt/money advice. Training for staff to be booked with CAB in June 2016. More work is planned on communicating with residents and raising the profile of Universal credit to help tenants deal with DWP's plan to roll out Universal Credit from April 2017. <b>COMMENT AUG 2016: The roll out of Universal Credit is currently moving extremely slowly and we are still awaiting a date for the second stage roll out in Brentwood. We are preparing residents for a 'payment up front culture' with the introduction of 1st week rent up front on the 18th July 2016 which is currently working effectively to reduce the number of tenants going into immediate arrears when they take on a tenancy. We continue to develop the pre-tenancy service to better prepare residents to manage their own money in line with the impending roll out of Universal Credit.</b>	Helen Gregory

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16					
			*L	*I		*L	*I		*L	*I				
4	RSK2	Local Development Plan	3	5	15	3	5	15	3	5	15	↕	COMMENT JAN 2016: Draft Local Plan approved for consultation at Ordinary Council on 27 January 2016. Consultation runs from 10 Feb for a statutory six week period. COMMENT MAY 2016: Draft Local Plan consultation completed. Processing and assessment of comments and issues now being undertaken for next version of Plan. <b>COMMENT AUG 2016: Processing of comments completed, assessment of issues raised is ongoing; to be published in a Consultation Statement document once complete and to go to committee in autumn 2016. This will inform revisions to the next stage of LDP preparation.</b>	Phil Drane
5	RSK10	Failure to spend Capital Receipts	3	5	15	3	5	15	3	5	15	↕	COMMENT JAN 2016: 4 property purchases completed, 3 x 3 bed houses, 1 x 2 bed bungalow , 1 further property purchase progressing with completion due before March deadline, 1 x 3 bed house. This will ensure the 31 March 2016 deadline is achieved. Going forward we are planning to align expenditure with our affordable housing development programme. COMMENT MAY 2016: The 31 March 2016 deadline was achieved through the purchase of 5 properties on the open market. The next deadline of 30 December 2016, will also be achieved with the Council's new housing development programme of garage sites. <b>COMMENT AUG 2016: We have achieved the May 2016 deadline though the purchase of an additional property and pre construction costs of new development sites at Fawters Close and Magdalen Gardens</b>	Helen Gregory
6	RSK5	Information Management and Security	3	5	15	3	4	12	3	4	12	↕	COMMENT JAN 2016: Information Management Training (FOI/DPA) to be delivered by Lee Henley in February/March. The Council's Certificate of Registration with the Information Commissioner's Office has now been renewed. COMMENT MAY 2016: Lee Henley has provided an options paper regarding Information Governance issues. <b>COMMENT AUG 2016: Review of Data Protection Policy to occur in Sept-Dec 2016. Training for Officers and Members is to be delivered by Lee Henley in October - November 2016.</b>	Daniel Toohey
7	RSK4	Organisational Capacity	3	4	12	3	4	12	3	4	12	↕	COMMENT JAN 2016: This is a key part of the alignment between the Transformation Agenda and the budget. COMMENT MAY 2016: This continues to be reviewed. <b>COMMENT AUG 2016: A new corporate structure is being proposed, that brings service delivery, corporate goals and budgetary constraints into greater alignment.</b>	Phil Ruck

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2016-2017

Row No	Risk No	Risk Description	Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
			Jan-16			May-16			Aug-16					
			*L	*I		*L	*I		*L	*I				
8	RSK13	Failure to deliver key Corporate Projects	2	5	10	2	5	10	2	5	10	↕	COMMENT JAN 2016: Tight project controls have been introduced to assist in the control of this. Regular reporting and links to the Transformation agenda will aid clarity and transparency. COMMENT MAY 2016: New project and programme reporting now in place. <b>COMMENT AUG 2016: A new project dashboard and reporting structure has been introduced to closely monitor the progress and dependencies of corporate projects.</b>	Phil Ruck
9	RSK3	Disaster Recovery/Business Continuity	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: The over-arching plan will be reviewed to ensure it is robust. Staff details in the plans are to be improved. ICT will provide an updated BC plan to reflect current arrangements. COMMENT MAY 2016: The BC function was audited in January 2016. The Over-arching plan is currently being reviewed and will be reissued in 2016. Staff details in the plans are to be improved on all BC Plans which are also being revised in 2016. Once complete, the plan will be tested by Zurich Municipal. ICT will provide an updated BC plan to reflect current arrangements. <b>COMMENT AUG 2016: All matters reported on in May remain the same and are in progress and on target.</b>	Mark Stanbury
10	RSK7	Commercial Activities	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: This is an area under constant review and will become clearer once key business cases have been prepared and agreed. COMMENT MAY 2016: Business cases and income generation under constant review to support commercial activities. <b>COMMENT AUG 2016: We are identifying the business cases that will take priority and are reviewing governance and structures with external advisors who specialise in this area.</b>	Phil Ruck
11	RSK8	Contract/Partnership Failure	2	4	8	2	4	8	2	4	8	↕	COMMENT JAN 2016: This is ongoing and there are no changes to report. COMMENT MAY 2016: No change. <b>COMMENT AUG 2016: There is no change to this. However greater emphasis is being placed upon contract management and we have engaged with procurement specialists with EELGA to ensure this work does not lose momentum.</b>	Phil Ruck
12	RSK9	Lack of Strategic Direction	1	4	4	1	4	4	1	4	4	↕	COMMENT JAN 2016: We are now implementing the "Brentwood a better place to be ..." programme as a way of implementing the approved Vision. COMMENT MAY 2016: No change. <b>COMMENT AUG 2016: The vision is being rolled out by a variety of key projects that are supported by strong project governance and controls.</b>	Phil Ruck
			* L = Likelihood Rating (1 = Low, 5 = High)											
			* I = Impact Rating (1 = Low, 5 = High)											
			Maximum Score 5 x 5 = 25											

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**19 September 2016**

**Audit and Scrutiny Committee**

**Work Programme 2016/17**

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

**Wards Affected:** *All*

**This report is:** *Public*

## **1. Executive Summary**

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

## **2. Recommendation**

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

## **3. Introduction and Background**

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

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

4.1 The Scrutiny function works best when the committee undertakes its work both in member groups and by receiving formal committee reports. It is proposed that in 2016/17, where possible, member working groups be set up as Task and Finish Groups under the terms of reference of the Audit and Scrutiny Committee.

4.2 The advantages of this approach include:

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

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

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

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

## **6. Consultation**

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

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

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

## **8. Implications**

### **Financial Implications**

**Name & Title: Ramesh Prashar, Interim S151 Officer**

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

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

### **Legal Implications**

**Name & Title: 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 – Amended Work Programme 2016/17

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

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(As amended 19.09.16 following A&S Committee 13.06.16)

Topic	Committee Date	Lead Members	Commentary (19.09.16)
Annual Work Programme	19 Sept 2016	Councillors Pound & Reed	
Member/Officer Communications / Members Casework Cross Party Working Group	19 Sept 2016	Councillors Reed Mynott Morrissey	<u>Agreed:</u> Officers to request that Cllrs Reed, Mynott and Morrissey meet and report to the next Audit & Scrutiny Committee.
Working group to Review of the Arrangements for Members' appointed to Outside organisations	19 Sept 2016	Councillors Bridge Murphy Wiles Aspinell Keeble	A first meeting date of the working group has been set for the 27 September 2016. An update from the working group will be provided to the Audit & Scrutiny Committee on the 12 <sup>th</sup> December 2016.
Budget Scrutiny	19 Sept 2016	Councillors Reed Bridge Tumbridge Keeble Fulcher	Meeting held on 23 <sup>rd</sup> August and agreed that the Council's budget breakdown will be circulated to all members of the working group who attended the meeting.
Hackney Carriage Fare Setting Process	TBC	Councillors Chilvers, McCheyne, Newbury, Reed & Russell	The Licensing Committee of 13 January 2015 recommended that a cross party Task and Finish Group be established in order to review the process for setting of tariffs in respect of Hackney Carriage fares. Once proposals from the taxi trade are received the review can commence. To date no firm proposals have been received.

Topic	Committee Date	Lead Members	Commentary (19.09.16)
Formal Complaints received in 2015/16.	19 Sept 2016	Councillors Pound Farragher Poppy Chilvers Barrett	A first meeting date of the working group has been set for the 6 <sup>th</sup> September 2016. An update from the working group will be provided to the Audit & Scrutiny Committee on the 12 <sup>th</sup> December 2016.
Review of outstanding Internal Audit Recommendations.	19 Sept 2016	Councillors Pound Middlehurst Wiles Keeble Mynott	Meeting held on 23 <sup>rd</sup> August 2016 and it was agreed that an update on the outstanding Internal Audit Recommendations will be given at the next meeting arranged for 27 <sup>th</sup> October 2016.

## **Members Interests**

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

- **What are pecuniary interests?**

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

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

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

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

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

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

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

- **Other Pecuniary Interests**

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

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

- **Non-Pecuniary Interests**

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

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

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



## **Audit, and Scrutiny Committee**

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

### Audit Activity

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

### Regulatory Framework

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

Insurance and Risk Management  
Emergency Planning  
Business Continuity

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

Accounts

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

Scrutiny

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

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

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