



Agenda

Audit Committee

Wednesday, 24 January 2018 at 7.00 pm

Brentwood County High School, Shenfield Common, Seven Arches Road,
Brentwood CM14 4JF

Membership (Quorum – 3)

Cllrs McCheyne (Chair), Ms Rowlands (Vice-Chair), Chilvers, Mrs Fulcher, Hirst, Mrs Hones, Keeble, Reed and Russell

Agenda Item	Item	Wards(s) Affected	Page No
1.	Apologies for Absence		
2.	Minutes of the Previous Meeting		5 - 8
3.	Annual Audit Letter 2016/17	All Wards	9 - 38
4.	Internal Audit Progress Report	All Wards	39 - 84
5.	Strategic and Operational Risk Review	All Wards	85 - 102
6.	Urgent Business		

A handwritten signature in black ink, appearing to read "P. L. Russell". The signature is stylized and includes a large, sweeping underline that extends to the right.

Chief Executive

Town Hall
Brentwood, Essex
16.01.2018

Information for Members

Substitutes

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

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

Rights to Attend and Speak

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

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

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

Point of Order/ Personal explanation/ Point of Information

Point of Order

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

Personal Explanation

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

Point of Information or clarification

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

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.

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.

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Access

There is wheelchair access to the meeting venue from the Main Entrance. There is an induction loop in the meeting room.

Evacuation Procedures

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



Minutes

Audit Committee

Wednesday, 27th September, 2017

Attendance

Cllr McCheyne (Chair)
Cllr Ms Rowlands (Vice-Chair)
Cllr Chilvers

Cllr Mrs Fulcher
Cllr Hirst
Cllr Russell

Apologies

Substitute Present

Cllr Bridge (substituting for Cllr Mrs Hones)
Cllr Mrs Hubbard (substituting for Cllr Keeble)
Cllr Mrs Slade (substituting for Cllr Reed)

Also Present

Officers Present

Andrew Barnes	-	BDO, Internal Audit
Zoey Foakes	-	Governance & Member Support Officer
Debbie Hanson	-	Ernst & Young, External Audit
Angela Mason-Bell	-	Internal Audit
Philip Ruck	-	Chief Executive
Jacqueline Mellaerts	Van -	Financial Services Manager

124. Apologies for Absence

Apologies were received from Cllr Mrs Hones with Cllr Bridge substituting; Cllr Keeble with Cllr Mrs Hubbard substituting; and from Cllr Reed with Cllr Mrs Slade substituting.

125. Minutes of the Previous Meeting

The minutes of the previous Audit Committee meeting held on 5th July 2017 were approved as a true record subject to an amendment on Page 7 of the agenda for the recommendation to read *“The committee recovered **received** and notes the contents of the report and review of action plan at the next committee meeting”*.

126. Regulation of Investigatory Powers Act 2000

The Office of Surveillance Commissioners (OSC) conducts periodic inspections of local authorities use of their powers under the Regulation of Investigatory Powers Act 2000 (RIPA). The purpose of these inspections was to examine the Council’s policies, procedures, operations and administration in relation to directed surveillance and Covert Human Intelligence Sources (CHIS) under RIPA.

The last inspection took place on 21 July 2014 and resulted in one recommendation: Paragraph 3.30 of the Covert Surveillance and Property Interference Code requires elected members to periodically review the use of RIPA. The report would enable members to achieve the objective by reviewing any RIPA activity in the preceding period and to consider the revised RIPA policy document in Appendix A of the report which incorporated guidance on use by local authorities of social networking sites.

A motion was **MOVED** by Cllr McCheyne and **SECONDED** by Cllr Rowlands to approve the recommendations in the report.

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

- 1. The Committee approves the amendments to the Corporate RIPA policy in order to address use of social networking sites by local authorities.**
- 2. The Committee note the statistical information relating to the use of RIPA over the preceding 3 years.**

Reason for recommendations

To comply with RIPA and to assist with Members oversight and decision making on the draft RIPA policy appended to the report.

127. Internal Audit Progress Report 2017/18

The report was intended to inform the Audit Committee of the progress made against the approved internal audit plans for 2016/17 (now completed) and 2017/18 which was approved by the Audit and Scrutiny Committee in March 2017.

The following reports had been finalised since the last Committee, and a summary of the findings was included in the progress report:

- Housing Services (now with completed action plan) (2016/17)
- Main Financial Systems (2016/17)
- Insurance (2017/18)
- Community Halls Viability (2017/18)

The full reports were available on request.

A motion was **MOVED** by Cllr McCheyne and **SECONDED** by Cllr Rowlands to approve the recommendations in the report.

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

1. The Committee receives and notes the contents of the reports.

Reason for recommendation

To monitor the progress of work against the internal audit plan, and highlight recommendations arising from the work of internal audit and managements actions in response to those recommendations.

128. Final Statement of Accounts 2016/17

The report presented the Committee with the findings of the External Auditors in respect of the audit of the Council's Statement of Accounts for 2016/17.

Mr Ruck along with Members praised the work of the Auditors and Finance Team for the work carried out.

Cllr Rowlands declared a pecuniary interest as a Trustee for Brentwood Leisure Trust (BLT) when this was briefly discussed.

A motion was **MOVED** by Cllr McCheyne and **SECONDED** by Cllr Rowlands to approve the recommendations in the report.

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

- 2.1 The draft Audit Results Report 2016/17 in Appendix A of the report is agreed.**
- 2.2 The Letter of Representation in Appendix B of the report is agreed.**
- 2.3 The Statement of Accounts for 2016/17 in Appendix C of the report is approved.**

Reason for recommendations

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

129. Strategic & Operational Risk Review

The report updated members of the Audit Committee on the status of the Council's 2017/18 Strategic Risk register and the progress being made across Services in delivering Operational Risk Registers.

A motion was **MOVED** by Cllr Hirst and **SECONDED** by Cllr Bridge to approve the recommendations in the report.

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

- 1. To agree the revised Insurance & Risk Management Strategy.**
- 2. To agree the amendments to the Strategic Risk Register, as shown in Appendix B of the report, and that the risk scores recorded for each risk accurately represents the current status of each risk.**
- 3. To agree the risk exposure changes and the new risks, as shown in Appendix C of the report to the Operational Risks.**

Reason for Recommendation

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

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

130. Urgent Business

There were no items of urgent business to discuss. The meeting concluded at 20:10.

24 January 2018

Audit Committee

Annual Audit Letter 2016/17

Report of: *Jacqueline Van Mellaerts, Financial Service Manager (Deputy Section 151)*

Wards Affected: *All*

This report is: *Public*

1. Executive Summary

- 1.1 This report presents the Committee with the Annual Audit Letter issued by the external auditors, Ernst & Young, following the completion of the audit of the 2016/17 accounts.

2. Recommendation

- 2.1 **It is recommended that the contents of the Annual Audit Letter are noted.**

3. Introduction and Background

- 3.1 The purpose of the Annual Audit Letter is to communicate to members, and to the public and other stakeholders, the key issues arising from the audit of the accounts, which the external auditors consider should be brought to the attention of the Council.
- 3.2 The Annual Audit Letter is attached to this report as Appendix A. It contains the following sections:-
- a) Executive Summary – results of the 2016/17 audit process
 - b) Responsibilities – of the Appointed Auditors and the Council
 - c) Financial Statements Audit – key issues identified as part of the audit
 - d) Value for Money – arrangements put in place by the Council to secure value for money

e) Other reporting issues.

4. Introduction and Background

- 4.1 The detailed findings from the audit work were contained in the Final Audit Results Report, which was issued by Ernst & Young on 27th September 2017. The 2016/17 Statement of Accounts were signed on that day under delegated authority by the Chair of the Committee and the Deputy Section 151 Officer.
- 4.2 The Annual Audit Letter identifies the findings of the Final Audit Results Report that are most significant for the Council.
- 4.3 Officers are satisfied with the contents of the Audit Letter, none of which are contentious.

5. Reasons for Recommendation

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

6. Implications

Financial Implications

Name & Title: Jacqueline Van Mellaerts, Finance Services Manager (Deputy S151 Officer)

Tel & Email: 01277 312829 jacqueline.vanmellaerts@brentwood.gov.uk

- 6.1 The Value for Money section of the Letter makes reference to the Medium Term Financial Plan and the work being carried out by officers to reduce the cumulative funding gap.

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

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

- 6.2 All relevant legal considerations have been taken into account in the compilation of this report.

7. Background Papers

- 7.1 Final Audit Results Report, located in the Finance Office.

8. Appendices to this report

- Appendix A – Annual Audit Letter 2016/17

Report Author Contact Details:

Name: Alistair Greer, Principal Accountant (Financial Reporting)

Telephone: 01277 312685

E-mail: alistair.greer@brentwood.gov.uk

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Brentwood Borough Council

Annual Audit Letter for the year ended 31 March 2017

October 2017

Ernst & Young LLP

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Appendix A

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Public Sector Audit Appointments Ltd (PSAA) have issued a "Statement of responsibilities of auditors and audited bodies". It is available from the Chief Executive of each audited body and via the PSAA website (www.psaa.co.uk)

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

The "Terms of Appointment (updated 23 February 2017)" issued by PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and statute, and covers matters of practice and procedure which are of a recurring nature.

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

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

Executive Summary

Executive Summary

We are required to issue an annual audit letter to Brentwood Borough Council (the Council) following completion of our audit procedures for the year ended 31 March 2017.

Below are the results and conclusions on the significant areas of the audit process.

Area of Work	Conclusion
Opinion on the Council's: ▶ Financial statements	Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2017 and of its expenditure and income for the year then ended
▶ Consistency of other information published with the financial statements	Other information published with the financial statements was consistent with the Annual Accounts
Concluding on the Council's arrangements for securing economy, efficiency and effectiveness	We concluded that you have put in place proper arrangements to secure value for money in your use of resources

Area of Work	Conclusion
Reports by exception: ▶ Consistency of Governance Statement	The Governance Statement was consistent with our understanding of the Council
▶ Public interest report	We had no matters to report in the public interest.
▶ Written recommendations to the Council, which should be copied to the Secretary of State	We had no matters to report.
▶ Other actions taken in relation to our responsibilities under the Local Audit and Accountability Act 2014	We had no matters to report.

Area of Work	Conclusion
Reporting to the National Audit Office (NAO) on our review of the Council's Whole of Government Accounts return (WGA).	The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the consolidation pack

As a result of the above we have also:

Area of Work	Conclusion
Issued a report to those charged with governance of the Council communicating significant findings resulting from our audit.	Our Audit Results Report was presented to the Audit Committee meeting on 27 September 2017
Issued a certificate that we have completed the audit in accordance with the requirements of the Local Audit and Accountability Act 2014 and the National Audit Office's 2015 Code of Audit Practice.	Our certificate was issued on 28 September 2017

In January 2018, we will also issue a report to those charged with governance of the Council summarising the certification work we have undertaken.

We would like to take this opportunity to thank the Council's staff for their assistance during the course of our work.

Debbie Hanson

Associate Partner
For and on behalf of Ernst & Young LLP

Purpose



Purpose

The Purpose of this Letter

The purpose of this Annual Audit Letter is to communicate to Members and external stakeholders, including members of the public, the key issues arising from our work, which we consider should be brought to the attention of the Council.

We have already reported the detailed findings from our audit work in our 2016/17 Audit Results Report to the Audit Committee, representing those charged with governance. We do not repeat those detailed findings in this letter. The matters reported here are the most significant for the Council.



Responsibilities

Responsibilities

Responsibilities of the Appointed Auditor

Our 2016/17 audit work has been undertaken in accordance with the Audit Plan that we issued on 13 March 2017 and is conducted in accordance with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office.

As auditors we are responsible for:

- ▶ Expressing an opinion:
 - ▶ On the 2016/17 financial statements; and
 - ▶ On the consistency of other information published with the financial statements.
- ▶ Forming a conclusion on the arrangements the Council has to secure economy, efficiency and effectiveness in its use of resources.
- ▶ Reporting by exception:
 - ▶ If the annual governance statement is misleading or not consistent with our understanding of the Council;
 - ▶ Any significant matters that are in the public interest;
 - ▶ Any written recommendations to the Council, which should be copied to the Secretary of State; and
 - ▶ If we have discharged our duties and responsibilities as established by thy Local Audit and Accountability Act 2014 and Code of Audit Practice.

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on you Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Responsibilities of the Council

The Council is responsible for preparing and publishing its statement of accounts accompanied by an Annual Governance Statement. In the Annual Governance Statement, the Council reports publicly each year on how far it complies with its own code of governance, including how it has monitored and evaluated the effectiveness of its governance arrangements in year, and any changes planned in the coming period.

The Council is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Financial Statement Audit

Financial Statement Audit

Key Issues

The Council's Statement of Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

We audited the Council's Statement of Accounts in line with the National Audit Office's 2015 Code of Audit Practice, International Standards on Auditing (UK and Ireland), and other guidance issued by the National Audit Office and issued an unqualified audit report on 28 September 2017.

Our detailed findings were reported to the 27 September 2017 Audit Committee.

The key issues identified as part of our audit were as follows:

Significant Risk	Conclusion
<p>Management override of controls</p> <p>A risk present on all audits is that management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly, and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.</p> <p>Auditing standards require us to respond to this risk by testing the appropriateness of journals, testing accounting estimates for possible management bias and obtaining an understanding of the business rationale for any significant unusual transactions.</p> <p>For local authorities the potential for the incorrect classification of revenue spend as capital is a particular area where there is a risk of management override. We therefore review capital expenditure on property, plant and equipment to ensure it meets the relevant accounting</p>	<p>We obtained a full list of journals posted to the general ledger during the year, and analysed these journals using criteria we set to identify any unusual journal types or amounts. We then tested journals that met our criteria and tested these to supporting documentation.</p> <p>The most significant accounting estimates in the financial statements relate to the net pension liability and property valuations. We challenged the significant movement in the actuarial valuation and found no indication of management bias in this estimate. Our work on the property valuations focused on verifying and critically challenging the basis of valuation adopted by the Council's valuers, particularly for specialist assets which are valued on a depreciated replacement costs basis. We gained sufficient assurance that the values reported in the financial statements were not materially misstated..</p> <p>We have not identified any material weaknesses in controls or evidence of material management override.</p>

<p>requirements to be capitalised.</p>	<p>We have not identified any instances of inappropriate judgements being applied.</p> <p>We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.</p> <p>Our testing did not identify any expenditure which had been inappropriately capitalised.</p>
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Other Key Findings	Conclusion
<p>Valuations - reliance on experts</p> <p>We identified two areas in our Audit Plan where we place reliance on experts; pensions and property valuations. These areas are both highly material balances in the Council's accounts which are based on estimates and professional judgement.</p> <p>In accordance with Auditing Standards, we have evaluated each specialist's professional competence and objectivity, considering their qualifications, experience and available resources, together with the independence of the individuals performing the work.</p> <p>We have also considered the work performed by the specialist in light of our knowledge of the Council's environment and processes and our assessment of audit risk in the particular area.</p>	<p>We are satisfied that the Council's valuers have the necessary qualifications and experience. We reviewed and critically challenged the basis and method of valuation adopted for a sample of assets, including particularly specialised assets which are valued on a depreciated replacement costs basis. We have concluded that for the properties we reviewed the values have been determined on an appropriate basis and the overall valuation estimate is not unreasonable.</p>
<p>Financial statement presentation - CIES and EFA</p> <p>Amendments have been made to the Code of Practice on Local Authority Accounting in the United Kingdom 2016-17 changing the way the financial statements are presented. The new reporting requirements impact on the Comprehensive Income and Expenditure Statement (CIES) and the Movement in Reserves Statement (MIRS), and include the introduction of the new 'Expenditure and Funding Analysis' note as a result of the 'Telling the Story'</p>	<p>Our testing focussed on:</p> <ul style="list-style-type: none"> • Reviewing the Expenditure and Funding Analysis, the restated CIES and new notes to ensure disclosures are in line with the code of practice; • Reviewing the analysis of how these figures are derived, how the ledger system has been re-mapped to reflect the Council's organisational structure and how overheads are apportioned across the service areas reported; and • Agreeing the restated comparative figures back to the Council's segmental analysis and supporting working papers.

review of the presentation of local authority financial statements.

We have not identified any material misstatements from our work on the CIES and Expenditure and Funding Analysis. The disclosures are compliant with the Code of Practice and reflect the Council's organisational structure.

As a result of these changes, the service analysis should be based on the organisational structure under which the Council operates. This change in the Code required a new structure for the primary statements, new notes and a full retrospective restatement of impacted primary statements.

Our application of materiality

When establishing our overall audit strategy, we determined a magnitude of uncorrected misstatements that we judged would be material for the financial statements as a whole.

Item	Thresholds applied
Planning materiality	<p>We determined planning materiality to be £932 380 (2016: £959 000), which is 2% of Gross Expenditure reported in the accounts.</p> <p>We consider Gross Expenditure to be one of the principal considerations for stakeholders in assessing the financial performance of the Council.</p>
Reporting threshold	<p>We agreed with the Audit Committee that we would report to the Committee all uncorrected audit differences in excess of £46 600 (2016: £48 000)</p>

We also identified the following areas where misstatement at a level lower than our overall materiality level might influence the reader. For these areas we developed an audit strategy specific to these areas. The areas identified and audit strategy applied include:

- Remuneration disclosures including any severance payments, exit packages and termination benefits:
- Related party transactions;
- Councillors' allowances.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

A close-up, shallow depth-of-field photograph of a stack of coins. The coins are stacked vertically, with the edges of several coins visible. The edges of the coins are embossed with various letters and numbers, including 'I M C', 'Y F', 'S', 'W Y F', and 'E'. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Value for Money'.

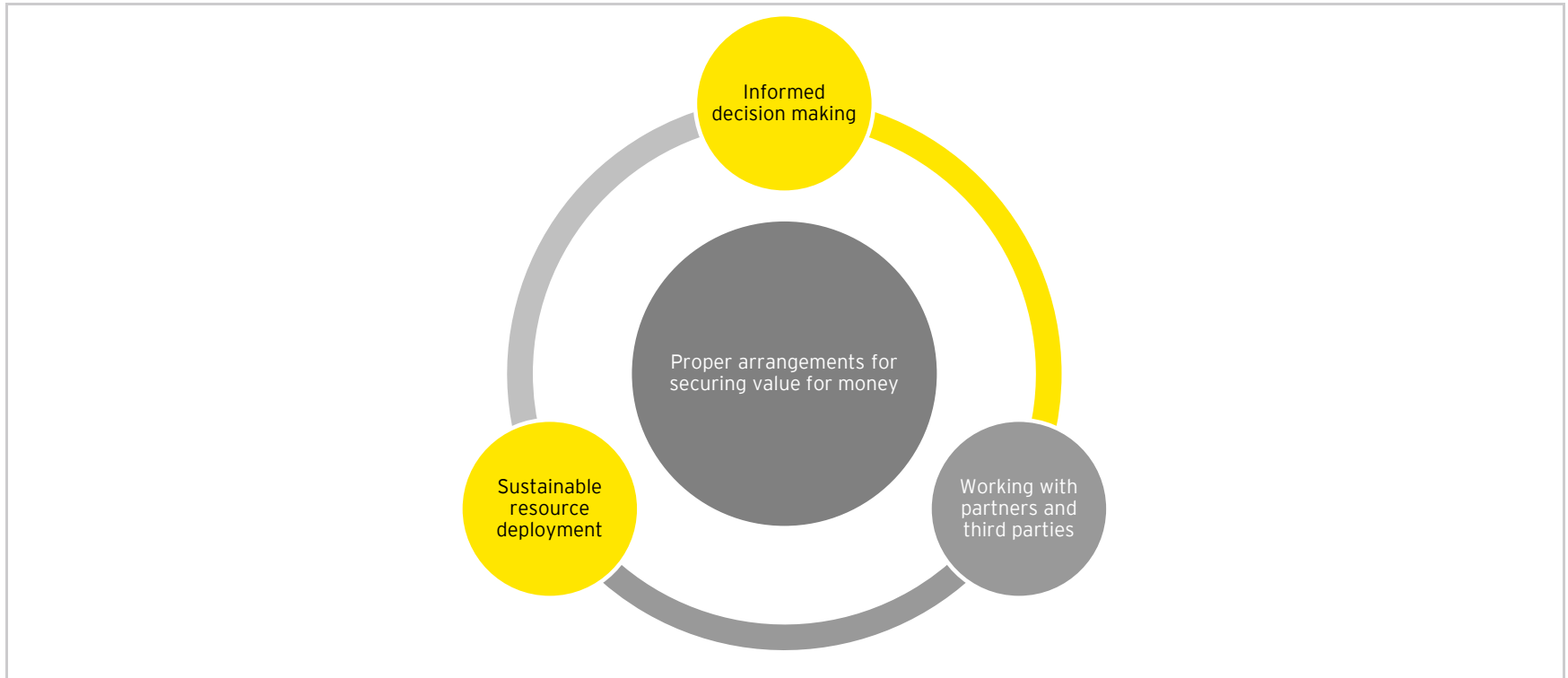
Value for Money

Value for Money

We are required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. This is known as our value for money conclusion.

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

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



We identified two significant risks in relation to these arrangements. The tables below present the findings of our work in response to the risks identified.

We have performed the procedures outlined in our Audit Plan and communicated to management. We did not identify any significant weaknesses in the Council's arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

We therefore issued an unqualified value for money conclusion on 28 September 2017.

Significant Risk	Conclusion
<p>Sustainable resource deployment:</p> <p>The impact of continuing reductions in funding from central government is particularly challenging for the Council.</p> <p>The Council's medium-term financial strategy (MTFS) highlights the need to identify and deliver significant savings totalling £5.7 million over the three years from 2017/18. At the time of our planning, the MFTS included the use of reserves to bridge this gap. The use of this level of reserves would reduce the Council's working balance to nil by the end of 2018/19. The minimum level of working balance recommended by the Council's Finance Director is £2.2 million.</p> <p>The Council recognises that reliance on reserves to support the base budget is not financially sustainable and is developing a detailed strategy to reduce costs and generate income in order to bridge the significant funding gap. As part of this, the Council is considering a greater level of partnerships, collaboration and commercial development activities.</p>	<p>To date the Council has responded well to the financial pressure facing public sector bodies, but continues to face significant financial challenges over the next three years, with uncertainty in the levels of future funding it will receive.</p> <p>The Council has a good track record of financial management and achieved break even at year end for 2016/17, despite the previously identified budget gap, thus demonstrating its ability to close such gaps.</p> <p>The Council's most recent Medium Term Financial Strategy identifies budget gaps of just over £2 million at the end of 2019/20. The MTFS previously indicated that the Council planned to use general fund reserves to bridge these gaps. The update to the MTFS developed in March 2017 includes details of savings, income generation and other efficiencies which have been identified to bridge the £2 million gap. As part of its plans to address the future financial challenges, the Council is also putting in place a number of initiatives including the development of the Town Hall, Town Centre redevelopment, as well as review of the leisure strategy and repairs and maintenance contracts.</p> <p>It is important that the Council puts in place robust project management arrangements to ensure the timely delivery of these various project streams. We have therefore considered the arrangements being put in place as part of our work. We have concluded that the Council has put in place appropriate project management arrangements and has commissioned external support to ensure it has the appropriate skills to deliver this programme of work.</p>

Taking informed decisions:

Internal audit identified weaknesses in contract management and procurement as well as risk management and governance, resulting in moderate assurance audit reports.

Our own review of the contract register also identified a number of inadequacies

Some of the issues identified included:

- Contracts are not held in a central location and contract managers not always aware of the details of contracts.
- Procurement documentation is not always retained and contracts are not always in place for services provided despite payments being made
- Improvements required to operational risk registers and reporting of risks to committee, including a need to more clearly define risks and controls and assign responsibility for managing risks.

The Council has accepted the recommendations made by internal audit and is taking action to strengthen arrangements in these areas.

In light of the weaknesses noted by internal audit and the importance of sound procurement and risk management in the delivery of the Council's plans to meet the future financial challenge, we reviewed the procurement and risk management arrangements that had been put in place for these initiatives. On the basis of the work we have undertaken we are satisfied that the arrangements the Council has put in place are adequate.

Other Reporting Issues

Other Reporting Issues

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office (NAO) on your Whole of Government Accounts return. The Council is below the specified audit threshold of £350 million. Therefore, we did not perform any audit procedures on the return.

Annual Governance Statement

We are required to consider the completeness of disclosures in the Council's annual governance statement, identify any inconsistencies with the other information of which we are aware from our work, and consider whether it is misleading.

We completed this work and did not identify any areas of concern

Report in the Public Interest

We have a duty under the Local Audit and Accountability Act 2014 to consider whether, in the public interest, to report on any matter that comes to our attention in the course of the audit in order for it to be considered by the Council or brought to the attention of the public.

We did not identify any issues which required us to issue a report in the public interest.

Written Recommendations

We have a duty under the Local Audit and Accountability Act 2014 to designate any audit recommendation as one that requires the Council to consider it at a public meeting and to decide what action to take in response.

We did not identify any issues which required us to issue a written recommendation.

Objections Received

We did not receive any objections to the 2016/17 financial statements from member of the public.

Other Powers and Duties

We identified no issues during our audit that required us to use our additional powers under the Local Audit and Accountability Act 2014.

Independence

We communicated our assessment of independence in our Audit Results Report to the Audit Committee on 27 September 2017. In our professional judgement the firm is independent and the objectivity of the audit engagement partner and audit staff has not been compromised within the meaning regulatory and professional requirements.

Control Themes and Observations

As part of our work, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. Although our audit was not designed to express an opinion on the effectiveness of internal control, we are required to communicate to you significant deficiencies in internal control identified during our audit.

We have adopted a fully substantive approach and have therefore not tested the operation of controls.

Our audit did not identify any controls issues to bring to the attention of the Audit Committee

A close-up photograph of a person's face as they look through a pair of black binoculars. The person's eyes are focused on the lenses, and their hands are visible holding the device. A bright yellow rectangular box is overlaid on the left side of the image, containing the text 'Focused on your future'. The background is a soft, out-of-focus white.

Focused on your
future

Focused on your future

Area	Issue	Impact
<p><i>Earlier deadline for production and audit of the financial statements from 2017/18</i></p>	<p>The Accounts and Audit Regulations 2015 introduced a significant change in statutory deadlines from the 2017/18 financial year. From that year the timetable for the preparation and approval of accounts will be brought forward with draft accounts needing to be prepared by 31 May and the publication of the audited accounts by 31 July.</p>	<p>These changes provide challenges for both the preparers and the auditors of the financial statements.</p> <p>To prepare for this change the Council has taken some steps in 2016/17. For example it has started to critically review and amend the closedown process to achieve earlier draft accounts production.</p> <p>As auditors, nationally we have:</p> <ul style="list-style-type: none"> ▶ Issued a thought piece on early closedown ▶ As part of the strategic Alliance with CIPFA jointly presented accounts closedown workshops across England, Scotland and Wales ▶ Presented at CIPFA early closedown events and on the subject at the Local Government Accounting Conferences in July 2017. <p>Locally we have:</p> <ul style="list-style-type: none"> ▶ Set up a forum for chief accountants to meet with us to share ideas on how procedures can be streamlined. This will meet for the first time in October 2017. ▶ Agreed with the Council to engage early, following the completion of the 2016/17 audit, to facilitate early substantive testing for 2017/18 and also to consider steps the Council can take. Some of the areas we have identified include: <ul style="list-style-type: none"> ▶ Streamlining the Statement of Accounts removing all non-material disclosure notes ▶ Bringing forward the commissioning and production of key externally provided information such as IAS 19 pension information and asset valuations ▶ Providing training to departmental finance staff regarding the requirements and implications of earlier closedown ▶ Re-ordering tasks from year-end to monthly/quarterly timing, reducing year-end pressure ▶ Establishing and agreeing working materiality amounts.

Appendix A

Audit Fees



Appendix A Audit Fees

Our fee for 2016/17 is in line with the scale fee set by the PSAA and reported in our 13 March 2017 Audit Plan.

Description	Final Fee 2016/17 £	Planned Fee 2016/17 £	Scale Fee 2016/17 £	Final Fee 2015/16 £
Total Audit Fee - Code work	69,326	68,006	68,006	79,977
Total Audit Fee - Certification of claims and returns	To be confirmed	28,565	28,565	33,606

In 2015/16 a scale fee variation of £11,971 was agreed with officers. This related to additional work arising from dealing with a whistleblowing issue, late working papers to support the final accounts audit and the change of revenues system during the year, all of which impacted on the 2015/16 final accounts audit.

In 2015/16 a scale fee variation of £15,536 was also agreed with officers for the certification work. This related to additional work on the 2015/16 housing benefit subsidy claim as a result of changes in the housing benefit system part way through the year and resulting data conversion issues which impacted on the audit. This is subject to final agreement with management and approval by PSAA

In 2016/17 we are proposing an additional fee of £1,320 in respect additional work in response to the significant risks identified for our value for money conclusion. This scale fee variation is subject to PSAA approval.

We confirm we have not undertaken any non-audit work outside of the PSAA's requirements.

EY | Assurance | Tax | Transactions | Advisory

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ED None

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24 January 2018

Audit 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 is intended to inform the Audit Committee of progress made against the approved internal audit plan for 2017/18, which was approved by the Audit and Scrutiny Committee in March 2017.

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

- Housing Services (Limited / Moderate Assurance)
- Financial Management (Moderate / Substantial Assurance)
- Minimum Reserve Levels (Substantial / Moderate Assurance)
- Partnerships (Moderate / Limited 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 2017/18 annual audit plan. The progress against plan will be reported to every Audit 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, and highlight recommendations arising from the work of internal audit and management's actions in response to those recommendations.

6. Consultation

6.1 Not applicable.

7. References to Corporate Plan

7.1 Good financial management, risk management and internal control underpin all priorities within the Corporate Plan.

8. Implications

Financial Implications

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

Legal Implications

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

Other Implications.

8.3 Not applicable

9. Background Papers

9.1 Not applicable

10. Appendices to this report

- Appendix A – Internal Audit Progress Report January 2018

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Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

January 2018

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Appendix A

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INTRODUCTION

Internal Audit

This report is intended to inform the Audit Committee of progress made against the approved internal audit plans for 2017/18, which was approved by the Audit and Scrutiny Committee in March 2017. 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.

Overview of work completed

The executive summaries and agreed management actions for the following audits are included in the appendices to this report:

- Housing Services
- Financial Management
- Minimum Reserve Levels
- Partnerships

The status of the plan for 2017/18 is summarised on pages 4 to 7.

One additional audit of Taxi driver Licensing has been undertaken at the request of management, with the contingency allowance within the internal audit budget used to complete this work. The report will be presented to the next meeting of the Audit Committee on 14 March 2018.

Follow up

We are currently in the process of following up all recommendations made by BDO and the former internal auditors. A follow up report will be included in the papers presented to the Audit Committee on 14 March 2018.

Work outside of the Internal Audit Plan

No non-internal audit work has been undertaken.

REPORTS FINALISED SINCE AUDIT COMMITTEE ON 13 SEPTEMBER 2017

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
Housing Services	20	Angela Williams	Limited	Moderate	2	6	1	Appendix II
Financial Planning and Budget Monitoring	15	Jacqueline Van Mellaerts	Moderate	Substantial	0	2	0	Appendix III
Minimum Reserve Levels	10	Jacqueline Van Mellaerts	Substantial	Moderate	0	1	0	Appendix IV
Partnerships	20	Kim Anderson	Moderate	Limited	0	7	1	Appendix V

Copies of full audit reports are available on request.

PROGRESS AGAINST 2017/18 PLAN

Area	2017/18 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Transformation					
Main Financial Systems	40	Q4	Draft Terms of Reference issued, due to commence 29 January 2018		
Risk Management and Governance Arrangements	10	Q4	Draft Terms of Reference issued, due to commence 5 March 2018		
Housing Benefits - shared service	10	Q3	Draft Report issued 12 January 2018		
Financial planning and budget monitoring	15	Q2	FINAL REPORT	Moderate	Substantial
Customer service	10	Q4	Draft Terms of Reference issued, due to commence 1 March 2018		
Minimum Reserve Levels	10	Q2	FINAL REPORT		
Insurance	10	Q1	FINAL REPORT	Moderate	Moderate
Disaster recovery, business continuity & IT Transformation	25	Q4	Planning		
Cyber Security	15	Q3	Fieldwork in progress	-	-
IT Security and Governance	20	Q3	Fieldwork in progress	-	-
Counter fraud	20	Q3	In progress - fraud risk assessment being developed		
	185				

PROGRESS AGAINST 2017/18 PLAN

Area	2017/18 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Community and Health					
Partnerships	20	Q2	FINAL REPORT	Moderate	Limited
Parking strategy & Payment Collection	20	Q4	Planning		
Community Halls Viability	15	Q2 - August / September 2017	FINAL REPORT	Limited	Limited
	55				

Area	2017/18 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Environment and Housing					
Housing Services	20	Q2	FINAL REPORT	Limited	Moderate
Environment	15	Q3	Draft Report issued 12 January 2018		
	35				

Area	2017/18 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Economic Development					
Capital Projects	15	Q3	Fieldwork completed		
	15				

PROGRESS AGAINST 2017/18 PLAN

Area	2017/18 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Planning, Reporting, Follow-up and Contingency					
Follow up work	10	Q3/Q4	Follow up currently in progress		
Audit Management	20	As required	Ongoing arrangement of audits and liaison with management		
Contingency - Taxi Driver Licensing	10	Q3	FINAL REPORT, to be presented to the Audit Committee meeting on 14 March 2018		
Total	40				
Total	330*				

* The original total approved plan was for 295 days, this revised total includes 35 days for the deferred audits of Cyber Security and IT Security and Governance

APPENDIX I - DEFINITIONS

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

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

APPENDIX II - HOUSING SERVICES




BRENTWOOD BOROUGH COUNCIL VISION

Work to ensure our Housing stock is managed so that it delivers comfortable and safe homes for our tenants that are efficient and sustainable

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved
Effectiveness	Moderate	Non-compliance with some controls which may place some system objectives at risk

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)

High	 2
Medium	 6
Low	 1

Total number of recommendations: 9

OVERVIEW

Background:

Council Housing stock, as at the 31 March 2017, was: 1,159 flats, 1,320 houses and bungalows, and 7 equity share properties. The Council has recognised an increasing demand for social housing. In 2016/17 the Council spent £5.3m on Housing of which £2.9m was expenditure on repairs and maintenance.

Our review considered the adequacy of arrangements relating to Housing stock (due diligence checks and fraud prevention, debt recovery and compliance checks), Right to Buy (governance, checks on qualifying criteria, valuations and tenant advice) Housing maintenance contractual arrangements and Leaseholder Service Charge accounts (apportionment and billing).

From our review, we noted the following areas of good practice:

- The Housing team provide reports on Housing assets to the Finance Team monthly, and the Finance Team have performed a detailed check of the Finance Asset Register to the properties recorded on the Orchard System, and plan to repeat this check annually
- Rents are determined through calculations applied to source data from the Orchard system on properties, and through application of policies and transitional arrangements using the Rent Model. Invoices for rent due are produced promptly and checked by the Housing team prior to the new year rents becoming due
- Tenants are offered a variety of methods to pay their rent.

However, we also noted the following areas of improvement:

- Housing records are dispersed, many records are maintained in paper form, and records and information management does not accord with best practice guidelines. There is scope to develop the current retention guidelines, introduce records management protocols, review arrangements for storage and retrieval of records, and ensure that staff are aware of the requirements of the Data Protection Act and new General Data Protection Regulations (Finding 1 - high)
- The Council does not have an Estates Management Strategy, and estates inspections had lapsed (Finding 2 - High)
- There is a need to clarify the arrangements for allocation of Council properties between the HRA and General Fund and review current allocations, to provide clarity over roles and responsibilities between the Housing and Assets team, and review the format of asset related records (Finding 3 - Medium)
- Protocols for cyclical and responsive repairs have not been defined (Finding 4 - Medium)
- There is scope to review the Anti Social Behaviour Strategy (ASB) and to link it to the Community Safety and Housing pages on the Council's website. There is also scope to review the format of ASB records (Finding 5 - Medium)

EXECUTIVE SUMMARY (Continued)

OVERVIEW

Continued:

Areas of improvement - Continued:

- Records of vulnerable tenants and those with enacted Lasting Power of Attorney are not currently easily accessible (Finding 6 - Medium)
- The process of uploading tenant payments made via All Pay should be automated (Finding 7 - Medium)
- Accounts in credit are not subject to regular checks by Housing staff, giving due consideration to fraud risks (Finding 8 - Medium)

Conclusion

We have issued 2 High, 6 Medium and 1 Low priority findings, and have issued an opinion of Limited for the design and Moderate for the effectiveness of the Housing systems, reflecting that whilst there are some areas of good practice, there were also areas of weakness and opportunities for improvement to be developed, such as relating to Estates Management and inspections, records management, asset records, cyclical and responsive repairs, the Anti Social Behaviour strategy and records, records of vulnerable tenants, efficiency of processes relating to receipt of payments, and checks on accounts by Housing staff.

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LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM LIMITED TO SUBSTANTIAL ASSURANCE

Design	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="background-color: red; color: white; padding: 10px; text-align: center;">Limited</div> <div style="font-size: 2em;">→</div> <div style="background-color: green; color: white; padding: 10px; text-align: center;">Substantial</div> </div> <p style="text-align: center; color: white; margin-top: 10px;">Achievable in 9-18 months</p>	<p>Add in controls we have recommended regarding:</p> <ul style="list-style-type: none"> • Develop an estate management strategy, train staff to conduct inspections and prepare checklists to support inspections, and re-introduce estate inspections • Introduce robust information and records management, and review records against defined protocols • Train staff in requirements of the Data Protection Act and General Data Protection Regulations • Determine rules for the allocation of Council properties between the HRA and General Fund and check allocations against rules • Define protocols for cyclical and responsive repairs and implement a programmes and inspection regime • Conduct reviews of accounts in credit for which there is a high fraud risk
Effectiveness	<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="background-color: yellow; padding: 10px; text-align: center;">Moderate</div> <div style="font-size: 2em;">→</div> <div style="background-color: green; color: white; padding: 10px; text-align: center;">Substantial</div> </div> <p style="text-align: center; color: white; margin-top: 10px;">Achievable in 9-18 months</p>	<ul style="list-style-type: none"> • Review use of technology to enhance effectiveness of collection, storage and reporting of data, including relating to Housing records and ASBs, records of vulnerable tenants, and automation of processes • Agree working protocols, roles and responsibilities for the Assets and Housing teams • Review storage of asset records to build resilience

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Tenancy records are dispersed or do not include all required information, which inhibits effective tenancy management			
Ref.	Finding	Sig.	Recommendation
1.	<p>Housing staff advised that there is no protocol defining the information and data that the Council should be recording or retaining for tenants.</p> <p>A lot of forms and records used by the Housing team are paper based, Housing staff advised that they record everything and retain the information in various places - including paper records in the filing room, on the Housing system, in computer files on separate drives, and various papers within the Housing office. There are no guidelines, and no consistent approach to records and information management, and we were advised that digital records are not maintained as the team rely on paper records.</p> <p>We were advised that records on occasion have included former joint tenant information being retained on the current tenant file, and opinions (such as relating to fraud risk)</p> <p>The Housing team do have a Retention Policy, but the team do not have a complete view of the information they hold, and there has not previously been a review of the data and no systematic disposal in accordance with the Council's Retention policy, although we noted that the team has recently cleared a lot of paper files from the filing room in preparation for all Council staff moving out of the Town Hall for refurbishment works.</p> <p>The Housing Team Retention Policy is brief, and the content is not consistent with the Retention Guidelines for Local Authorities which have been adopted by other Local Authorities (see example at Appendix II). The Information Commissioner has also produced guidelines on Records Management - Appendix II also includes a summary of the relevant guidance.</p> <p>Staff did advise that they are generally able to locate house files, and the Housing system does include a Document Management System. Staff noted that there is an increase in information being provided in pdf form, and could therefore easily be stored in a DMS.</p> <p>During discussions with staff, we were advised that staff had not received training in the requirements of the Data Protection Act, and were also not aware of the implications of the General Data Protection Regulations (which are effective from May 2018)</p> <p>Continued:</p>	High	<p>a) Introduce robust information and records management in accordance with ICO guidance, including development of a records management policy covering retention, security, destruction, and data protection.</p> <p>b) Identify the Housing records to be maintained, and retention periods, and review arrangements for their storage and retrieval - consider use of the Housing DMS or a Corporate alternative supporting customer relationship management. (Refer to Retention Guidelines for Local Authorities and policies adopted by other Local Authorities)</p> <p>c) Provide training and generally raise staff awareness of the Data Protection Act and the General Data Protection Regulations. In particular ensure staff do not record opinions, and that records contain appropriate information.</p> <p><i>It may also be appropriate to conduct a more detailed review of the Council's compliance with the DPA and preparedness for GDPR</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

Management Response	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>All staff have now completed mandatory GDPR training.</p> <p>We are in the final stages of configuring the DMS system on Orchard which should be live in approximately 4-5 weeks. This will allow us to store all new documents electronically without the need for holding paper records.</p> <p>A review of all existing paper files will be planned over the coming months, but will require a significant amount of staff resource to implement. It is anticipated that this will take at least 6 months to complete. As part of this review of files we will review our existing retention policy</p> <p>The Council's Digital Services Manager (Lorraine Jones) has a role to create a customer portal, the Housing team will work with the Contact Centre Manager to determine the approach to Housing records storage and retrieval</p>	<p><i>Responsible Officers: Angela Abbott / Stuart Morris</i></p> <p><i>Implementation Date: August 2018</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them			
Ref.	Finding	Sig.	Recommendation
2.	<p>The Housing Team prepared inspection procedures in 2015 (to define how inspections would be carried out) and have previously adopted a rota for estate management inspections (performing inspections on a 6 monthly cycle), but these lapsed and at the time of the audit there had been no inspections since around June 2016. Inspections were expected to recommence around September 2017. Housing staff advised that their visits did initially detect issues, but these diminished as issues were resolved. We were advised that staff conducting inspections were not always fully familiar with which issues required reporting, and therefore non serious matters were repeated on subsequent inspections.</p> <p>When staff previously conducted inspections, the outline status was recorded on a log and a paper based form was completed and passed to the repairs team, Contractors and caretakers. Digital technology offers opportunity for improved efficiency in recording and monitoring resolution of issues identified.</p>	High	<ul style="list-style-type: none"> a) Develop an Estate Management Strategy and procedure b) Determine Estate Management inspection protocols and carry out inspections accordingly c) Train Housing staff to conduct estate management inspections d) Prepare checklists to support Housing staff conducting inspections (including for first day of tenancy (such as ensuring a working fire alarm) and for ongoing checks e) Consider use of technology to improve recording of issues identified, sharing data as appropriate, and monitoring of resolution f) Develop reporting arrangements for other Council staff already working in the Borough to report estates issues
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Estate inspections now take place every 6 weeks. A checklist form has been drafted for Officers to use in the short term while an electronic form is created. Estate Inspections will now be a standing item on the Estate Management team meetings on a fortnightly basis to ensure actions highlighted are reviewed and completed.</p> <p>In line in with the recommendation for a Estate management Strategy policy this will be undertaken and submitted to the March 2018 Housing Committee meeting for approval.</p> <p>The team are looking to develop an online form for estates staff to fill in, they will also prepare a procedure manual and will benchmark processes with other Local Authorities</p>		<p>Responsible Officers: Angela Abbott / Sharon McBride</p> <p>Implementation Date: April 2018</p>	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Records of Housing stock are incomplete or inaccurate, or are not reconciled to the Housing Asset Register
 RISK: Roles and responsibilities for maintenance of the Housing Asset Register are not clearly defined or not understood by staff
 RISK: Properties within the Housing Asset Register are clearly and accurately allocated to the Housing Revenue Account

Ref.	Finding	Sig.	Recommendation
3.	<p>Information on the Council’s Housing assets is maintained in the following systems:</p> <ul style="list-style-type: none"> - Housing ‘Orchard’ system - this is considered to be the prime record of Housing stock, other registers are verified back to the Orchard system - Finance Housing Asset Register - an exercise was conducted in March 2017 to verify this to the Orchard system records, this check will be conducted on an annual basis. The Finance team also check movements in HRA dwellings for the verification of the statement of accounts - Asset team Argus system - just one member of Council staff is able to access this system, she has periodically checked the HRA properties held on this system to the Housing Orchard system. Assets staff maintain separate lists to manage health and safety checks on other Council owned property. <p>We understand that the respective roles and responsibilities of Housing staff and Assets staff relating to management of Housing assets is not clear to all staff, and therefore the associated protocols are also not clear, this has reduced the opportunity for effective communication and thus the adoption of approaches which adversely impact the functions (for example the teams have identified issues relating to the letting of General Fund properties on secure tenancies, and the property boundaries used in determining valuations).</p> <p>Whilst records are on the whole maintained by the different teams for different purposes, there is potential for efficiency where Assets information can be combined in one system, or in automating the update of relevant records or fields.</p> <p>The Assets team identified that whilst the Housing system records HRA properties let to social tenants, there are other land parcels (such as play sites) which are potentially associated with the HRA, and that there are also some General Fund properties which have been let by the Housing team to social and mental health tenants - so there is some disparity between records. In addition, the Assets team noted that Right to Buy covenants have been stipulated by the Housing team in the past which included requirements for new owners to seek consent from the Council (for example for greenhouses), and when the new owner sells the property the Asset team spend time releasing them from the covenant as there is no legal basis for enforcing it).</p> <p>Continued:</p>	Med	<ul style="list-style-type: none"> a) A working protocol is agreed between the Housing Team and the Asset team to enable an approach reflecting the needs of both teams, and providing clarity on the impact of actions by teams on other areas of Council operations b) Determine the rules of Council land and property assets are to be allocated between the HRA and the General Fund c) Review all Council land and property assets to ensure they are allocated in accordance with (b) d) Review options for maintenance of Asset related records, to determine feasibility of implementing a combined system, or links between systems to enable efficient update of records e) Build resilience by ensuring the Assets system records are capable of being accessed by more than one member of staff. If access issues relate to the system no longer being supported or incompatible with current Council technology, an alternative system should be sought (in line with (d)). f) If records continue to be maintained separately, ensure there is a regular check between the Assets team records and the Housing system g) Until the Council has assurance over the accuracy of records of Right to Buy properties, additional cross checks are made from the Finance records of Right to Buy income or property purchases to the Housing asset records on the Orchard system

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Records of Housing stock are incomplete or inaccurate, or are not reconciled to the Housing Asset Register

Ref.	Finding	Sig.	Recommendation
3. Cont.	<p>Continued:</p> <p>The Assets team identified a need to:</p> <ul style="list-style-type: none"> - Identify the rules for determining whether land and property assets are allocated to the HRA or General Fund. (A brief outline of Section 74 of the Local Government Housing Act 1989 is attached at Appendix 1) - Assess all Council land and property assets against those rules and allocate accordingly <p>Note also that the 2016/17 Internal Audit report on Housing identified gaps in the information recorded on the Orchard system, including relating to Right to Buy. The Council is in the process of reviewing records and procedures, to provide assurance over the completeness and accuracy of records.</p>	Med	

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
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<p>An corporate review of Council owned land or property is already underway which includes HRA assets.</p> <p>Keystone is the Housing Asset Management System for Housing which is currently being developed to ensure all asset data is recorded appropriately, due to the specialised I.T requirements we require Keystone to assist in the configuration which has been requested. We are awaiting the date confirmation.</p> <p>Where any General Fund properties are let through the Housing Team, the HRA Accountant ensures that rental income is credited to the General Fund, and that the cost of any repairs is debited to the HRA</p>	<p><i>Responsible Officers: Angela Abbott / Nicola Marsh / Vijay Parmar</i></p> <p><i>Implementation Date: September 2018</i></p>
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DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Requirements for cyclical and responsive repairs and maintenance are not defined or not adhered to

Ref.	Finding	Sig.	Recommendation
4.	<p>There are currently no defined protocols for cyclical and responsive repairs. A programmes and inspection regime was previously in place but resulted in overspends, the Council is currently working to balance costs and ensure appropriate scope of works.</p> <p>The Council is currently working with Basildon Council, who are reviewing the status of properties before defining requirements: a stock condition survey has recently been completed, although at the time of the audit not all information had been received from the contractor and therefore limited information had been uploaded to the Housing system, and data that had been received was held on a test database pending data cleansing. The stock condition survey is expected to provide a lifespan for elements of Housing properties, although the reports to enable production of this information had not been prepared and therefore the planned programme of works has not been developed.</p> <p>The Keystone system is a standalone system which includes information on properties and jobs: there is currently only limited interface between Keystone and the Orchard Housing Management system. Contractors carry out responsive repairs under a price per property model, jobs are raised on the Contractors own system (which is separate to the Keystone system). There were previously daily files received from the contractor on works, but these were suspended for the Contractors to make the system updates required by the Council to enable the Council to track progress of jobs and spend, however the timing for completion of this is not clear.</p>	Med	<ul style="list-style-type: none"> a) Define parameters and protocols for cyclical and responsive repairs and replacement, and implement a programmes and inspection regime reflecting these protocols b) Develop system reports to reflect defined protocols c) Ensure remaining Stock Condition Survey information is received and uploaded, and reports produced as defined in (a) d) Agree timetable with contractors to resolve issues relating to links between the Council and Contractor systems to ensure the Council has current information on works completed e) Develop processes for monitoring against protocols for cyclical and responsive repairs
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>All Stock Condition Survey information has now been received from the Contractor, and the Council is working with Basildon Council to implement records on the Keystone system to enable repairs management.</p> <p>Housing contracts are currently under review, new arrangements will require links between Council and Contractor systems to be resolved.</p>		<p>Responsible Officers: Nicola Marsh / Rob Burton / Vijay Parmar</p> <p>Implementation Date: September 2018</p>	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them

Ref.	Finding	Sig.	Recommendation
5.	<p>The Council does have an Anti Social Behaviour (ASB) strategy, this was found via a search of the website and was not linked to the Council's Community Safety or Housing website pages, and there was no specific protocol for the Housing Service. The Corporate ASB strategy located was dated 2005, and should therefore be reviewed to ensure it remains appropriate and up to date. We understand the Housing Options Team Leader is developing a Housing specific ASB protocol, with expected implementation October 2018. In the meantime, we understand the Housing team follow the corporate protocol and liaise with the Community Services Team.</p> <p>The Council's Uniform system does include a module for recording ASBs (this module is used by other Local Authorities), and we understand the Uniform is accessible to relevant staff and organisations, although we understand from Housing staff that they have not received training in its use. ASBs are therefore currently recorded manually.</p>	Med	<ul style="list-style-type: none"> a) Review the corporate ASB strategy to ensure it remains appropriate and up to date, and provides clarity for staff on the protocols for managing ASBs including addressing the source issues such as through Housing Estates Management. b) Link the ASB strategy on the Council's website to the Community Safety and Housing team pages c) Consider use of a system (such as the Uniform system) for the recording of ASBs, and develop linking of ASB and Housing system data to enable reporting on tenancy issues and ASBs to facilitate improved management of the source of issues.

MANAGEMENT RESPONSE

The Council's new Corporate Enforcement Manager, Tracey Lilley, is working towards full implementation of the Uniform system. Housing Services have now seconded an Estate Officer to the Corporate enforcement team to assist in the development of an ASB strategy which will include Housing.

RESPONSIBILITY AND IMPLEMENTATION DATE

Responsible Officers: Nicola Marsh / Tracey Lilley

Implementation Date: September 2018

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Vulnerable tenants are not identified or the Council is not responsive to their needs

Ref.	Finding	Sig.	Recommendation
6.	<p>User defined codes (UDCs) are input to the Orchard Housing Management system which pop up automatically when a tenant record is opened, examples of use of UDCs include: 2 people to attend, potentially violent, and anti social behaviour. This list of pop ups has evolved, new codes are added following approval of the Housing Manager .</p> <p>The Orchard system is capable of reporting on the accounts to which UDCs are linked, the Housing Manager advised that she has conducted a review of all UDCs applied to accounts to ensure they are appropriate, and she will continue to perform this review on an annual basis.</p> <p>The current list of UDCs does not include any option for recording Lasting Power of Attorney (LPA or PoA), or otherwise vulnerable tenants. We were advised that for these cases there is either a written note in the paper based 'house file' or a 'See Notes' pop up is used on the Housing system, however the Housing team acknowledge that information presented this way is not readily available amongst other notes and records, and would therefore also not be available for staff or contractors visiting the tenant.</p>	Med	<p>a) Add indicators to the Housing Management system to clearly flag vulnerable tenants and those for whom Power of Attorney is enacted.</p> <p>b) Where Power of Attorney has been enacted, correspondence name fields on the Housing system are addressed to XX PoA for YY.</p>
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Discussed with Stuart Morris and Nicola Marsh 1/11/17</p> <p>Agreed - Where identified, UDC's will be placed on Orchard. When the DMS system is live on Orchard paper versions will be recorded electronically as we will no longer retain paper files.</p>			<p><i>Responsible Officers: Angela Abbott / Nicola Marsh / Vijay Parmar</i></p> <p><i>Implementation Date: January 2018</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Income is not promptly and accurately allocated to Tenant accounts
 RISK: Income allocated to rent accounts is not reconciled to income systems and the ledger

Ref.	Finding	Sig.	Recommendation
7.	<p>Housing customers are able to pay their rent via a payment card at post offices and other outlets. Each day a member of the Housing team logs in to the All Pay website and downloads the payment files to the Cash Receipting system, and then an overnight payment run inputs the payments into the tenant accounts on the Orchard system.</p> <p>The Systems Accountant advised that the use of bar coded letters for customers would facilitate an automated upload of the payment file, removing the need for manual intervention by Housing staff. The Council's Revenues and Benefits team now successfully use bar coded bills, these allow automation of the upload of payments and no issues with this approach have been identified.</p>	Med	Automate the process of uploading All Pay payments to the cash receipting system.
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
This will be reviewed as part of the ongoing development of the Orchard System and liaising with the Finance team.			<p><i>Responsible Officers: Nicola Marsh / Angela Abbott</i></p> <p><i>Implementation Date: September 2018</i></p>

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Accounts in credit are not subject to regular review

Ref.	Finding	Sig.	Recommendation
8.	<p>Reports have been run of accounts in credit, however the last time this was run prior to the audit was in May 2015, although a tailored report was also run in May 2016 which identified accounts which were in credit but where there was also a debit on another related account. A credit report was run and provided to the Housing team during the audit.</p> <p>Accounts in credit are therefore not subject to regular review, the Chartered Institute of Housing has identified that significant levels of credit on a rent account can be a warning sign of potential fraud. Information on tenancy fraud, warning signs and fraud prevention was included in our 2016/17 Report on Housing, high fraud risk tenancies include those where the rent is always paid:</p> <ul style="list-style-type: none"> - Several months in advance or where there is significant credit on the rent account - In cash - Where the name on the bank standing order or direct debit does not match with that of the tenant <p>When the Housing team review the accounts in credit report to determine where the credit should be (to enable return to the tenant if appropriate), they enter the details manually on 'Transfer of Credits' forms, supporting documents or details are held in paper files with the forms.</p>	Med	<ul style="list-style-type: none"> a) Housing staff are informed that accounts in credit are a potential indicator of fraud b) Periodic checks are made on credit accounts by Housing staff, giving consideration to fraud risks c) The process for transferring credits is reviewed to identify options for efficiency through automation and streamlining

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MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Tenancy fraud training has recently been provided to Housing staff, including fraudulent identity documents, fraud warning signs, fraud processes and explanations of fraud offences, the staff were very engaged with this training</p> <p>The Housing team are currently in the process of creating EForms, including for the Transfer of Credits, the new process will enable online authorisation.</p> <p>The Council has recently employed 2 Income Officers who will regularly review accounts in credit as part of their role</p>	<p>Responsible Officers: Nicola Marsh</p> <p>Implementation Date: April 2018</p>

APPENDIX III - FINANCIAL PLANNING AND BUDGET MONITORING

BRENTWOOD BC STRATEGIC OBJECTIVE THIS RELATES TO		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Risk	To ensure the provision of efficient and effective services	High	-
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		Medium	2
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	-
Effectiveness	The controls that are in place are being consistently applied.	Total number of recommendations: 2	

OVERVIEW

Background

The Council has produced a Medium Term Financial Plan (MTFP), which was approved by the Ordinary Council meeting in November 2016. A revision and General Fund budget of £10.5m was approved in March 2017 for the financial year 2017-18. The MTFP provides the framework with which the Council will achieve its aspirations.

The Council has an annual budget setting process which includes identifying proposed savings targets across three main streams: Additional Income Generation, Efficiencies and Re-Prioritisation of services.

The Council uses the eFinancial system for General Ledger, and Collaborative Planning applications for financial planning, budgeting and forecasting. Budget Managers and Lead Accountants have access to the Collaborative Planning application and use this as part of the regular budget monitoring process.

The Council holds a quarterly Budget Challenge Panel, chaired by the Chief Executive, where managers are questioned over performance and future actions to address budgetary concerns. A financial performance report is presented to the Policy, Projects and Resources Committee on a quarterly basis to inform members of the Council's financial performance against budget and proposed outturn for the financial year.

Good Practice

- Savings targets are set appropriately with reference to overarching targets and based upon documented assumptions
- The budget setting process and proposed savings are discussed and recorded
- Income assumptions are reviewed regularly by the link accountants
- The controls currently in place for financial planning and budget monitoring are being consistently applied across all departments

EXECUTIVE SUMMARY (continued)

OVERVIEW (cont)

- Saving targets have been appropriately discussed and assigned to relevant budget holders
- Budget monitoring meetings are being held on a regular basis
- Budget challenge meetings are being held on a regular basis
- Appropriate information is being communicated to the relevant boards and committees to allow decisions to be made
- The medium term financial plan is updated regularly to reflect changing circumstances and previous financial results.

Key Findings

- There is currently no formal way of documenting the monthly budget holder meetings between budget holders and link accountants, and there is no interim review and sign off for individual budgets (Finding 1 - medium)
- There is no formal process for identifying, monitoring and following up on issues arising from the quarterly budget challenge meetings (Finding 2 - medium)

Conclusion

The controls currently in place are being complied with, however the control framework could be more effective by introducing a more standardised and structure way for staff to record and monitor issues that arise and demonstrate appropriate follow up and adequate resolution of those issues.

Figures presented to the budget challenge meeting for the period to 31 August 2017 showed that the council was on target to meet its budget and the savings targets built into the budget for 2017-18.

LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM LIMITED TO SUBSTANTIAL ASSURANCE

Design	Moderate	Substantial	<p>Add in controls we have recommended regarding:</p> <ul style="list-style-type: none"> • Keeping formalised records of meetings between link accountants and budget holders detailing the actions to be taken arising from the meeting • Formally recording lessons to be learnt, risks to monitor or actions to be completed from budget challenge meetings
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DETAILED RECOMMENDATIONS

RISK:			
Ref.	Finding	Sig.	Recommendation
1	<p>It was found that although regular meetings between budget holders and accountants could be seen in accountant's calendars on a monthly basis, no formal way of recording the discussions and outcomes of these meeting is in place.</p> <p>If an action is agreed then a note is placed against the cost centre on the Collaborative Planning (CP) software, however it is not possible to determine from which meeting these are derived.</p> <p>It was found that for a sample of five budgets that each had been agreed between budget holders and the relevant accountant. Budgets are primarily based on historical data, with challenge from the accountant if there is trend data showing that the budgets should be adjusted.</p> <p>Previously, the budget holder would set their budget in the system, and this would be sent for review and authorisation to the head of service prior to being signed off by senior management. As heads of service have been removed from the organisational structure, there is no interim review and sign off process taking place Sign off now occurs through budget challenge meetings between the Chief Executive, Section 151/deputy, Budget Managers and link accountants every quarter.</p> <p>Continued overleaf</p>	M	<p>The Council should ensure that each meeting between budget holders and accountants is formally recorded. A high level record of the date of the meeting and any actions arising should be input onto the CP system each month. Each month the note should detail the date of the meeting, actions to be completed with timeframes (if applicable) and the status of any outstanding actions.</p>

DETAILED RECOMMENDATIONS

RISK:			
Ref.	Finding	Sig.	Recommendation
1	<p>If a formal mechanism for recording each meeting is not in place then there is a risk that meetings may not be held. Additionally, there is a risk that actions arising from meetings cannot be linked to a specific meeting date. This means that the council is unable to determine whether these actions are being completed in a timely manner and it is harder to monitor overall which actions are outstanding.</p> <p>The above risks are exacerbated when combined with the lack of formal review of the individual budgets prior to senior management sign off.</p>	M	
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>We agree with the recommendation in principle, that more formal notes can be made with the link accountants and budget holders, of dates of meetings and actions etc. so this is captured by way of CP and not email/calendars, as this could help dialogue and efficiency.</p> <p>Notes should be brief, so Accountants are not overloaded with admin.</p> <p>I am not concerned that meetings/dialogue are not being achieved as this is discussed at the Budget Challenge meetings. Meetings are also recorded within calendars, which are another form of evidence.</p> <p>A risk review of budgets is also under review, so we can capture more formally, how often each area, should be met with and discussed more formally.</p>			<p><i>Responsible Officer: Phoebe Barnes</i> <i>Implementation Date: 31-03-18</i></p>

DETAILED RECOMMENDATIONS

RISK:			
Ref.	Finding	Sig.	Recommendation
2	<p>The Council does not carry out an annual review of lessons learnt from previous budget setting exercises.</p> <p>The quarterly budget challenges identify issues and trends and notes are made of areas for improvement. However there is no formal assignation of these areas to officers with agreed timeframes. As such there is then no formal follow up on previous actions, meaning some trends or risks may not be appropriately dealt with or lessons learned from them.</p> <p>If there is no formal processes for identifying improvement areas, assigning them to personnel and follow up on previous recommendations then there is a risk that some trends and lessons learnt are not carried forward causing financial loss to the council.</p>	M	To help enhance the usefulness of the budget challenge notes, lessons to be learnt, risks to monitor or actions to be completed arising from them should be formally recognised, assigned to relevant personnel and given a timeframe. These should then be followed up in the next budget challenge meeting.
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
<p>We agree the recommendation in principle, the Principal Accountant will work through the best option to capture lessons learned information.</p> <p>Potentially, budget challenge notes, should still be recorded on CP and formal actions should be captured and circulated amongst staff.</p>			<p><i>Responsible Officer: Phoebe Barnes</i></p> <p><i>Implementation Date: 31-3-18</i></p>

APPENDIX IV - MINIMUM RESERVE LEVELS

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Risk	Finance Pressures		High	0
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	1
Design	Substantial	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	0
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 1	

OVERVIEW

Background

Local Authorities do not borrow money over the medium term other than for investment in assets, therefore they hold reserves in order to cushion the impact of uneven cash flow, the impact of unexpected events or emergencies, or to meet known or predicted requirements through Earmarked Reserves. Placing reliance on reserves for a sustained period reduces the resources available to meet these demands, and may also impact on longer term ambitions such as transformation projects.

Scope and Approach

We reviewed the Council's General Fund Reserves against the General Fund Expenditure reserves held by other Essex local authorities, and total reserves held by 'Family Group' local authorities. We also considered the extent to which high priority Council risks were reflected in the Reserves Risk Assessment, and the scope of assurances on reserves provided by the S151 officer to Council.

Our analysis shows that Brentwood has the 9th highest level of general reserves of the 12 Essex Districts and 11th highest (ie 2nd lowest) of total reserves as a % of general expenditure (6th highest against the 12 'family' districts). This reflects to an extent that Brentwood is one of the smaller Essex districts.

Good Practice

- The Council performs an annual risk assessment of Reserves, which demonstrates that new risks are recognised and incorporated into the assessment, and values and risk levels are reassessed
- An annual report to the Council explains the processes followed to determine appropriate levels of reserves and provides assurance by the S151 Officer of the levels of reserves applied
- The Council has separately identified Earmarked Reserves relevant to specific areas of activity and risk.

We noted the following areas of improvement:

- There is potential to capture forecast significant financial risks in the Reserves Risk Assessment, to provide clarity over the financial impact of risks within the Corporate Risk Register and to identify the sources of information used in determining the Reserve Risks within working papers to support the risk assessment (Finding 1 - Medium)

Conclusion

We have raised one Medium priority recommendation, and have issued an opinion of Substantial for the design and Moderate for the effectiveness of the Minimum Reserve Levels systems, reflecting that the Council has adopted practices consistent with recommended practice for the determination of reserves.

DETAILED RECOMMENDATIONS

RISK: Strategic Operational and Financial Risks that exist are not identified by the Council, or do not reflect risks associated with all Council functions, or are not reflected in calculations to determine the General reserve Level

Ref.	Finding	Sig.	Recommendation
1.	<p>Our review of the Council’s Strategic and Operational Risk Review report against the reserves held by the Council concluded that each of the highest priority risks was either reflected in the Reserves Risk assessment, or did not constitute a financial risk.</p> <p>There is scope for the Council to provide clarity over the perceived financial impact of strategic risks identified to support the Reserves Risk Assessment process, for example the narrative presented for risks included:</p> <p><u>Risk 1 - Financial pressures</u></p> <ul style="list-style-type: none"> - The Reserves Risk Assessment calculation includes various elements such as budget pressures, savings, funding and income <p><u>Risk 12 - Extension of Right to Buy to registered provider tenants</u></p> <ul style="list-style-type: none"> - We understand there is expected to be a financial impact but the government has not yet quantified this risk or provided a formula for calculating the impact, and the implementation date has not yet been determined, therefore this is not included in the Reserves Risk Assessment <p>We recognise that it is not always feasible to provide an accurate value on risks, however there is scope to link the Reserves Risk Assessment more clearly to high priority matters raised in the Strategic Risk Register, and to include narrative in the Reserves Risk Assessment to reflect predicted unquantified risks.</p> <p>We will be conducting a separate review of the Council’s Risk Management activity in 2017/18, and will review the adequacy of narrative in the Strategic Risk Register.</p> <p>Continued:</p>	Med	<ul style="list-style-type: none"> a) Where additional significant financial risks are identified by the Council, ensure that they are captured in the Reserves Risk Assessment (even if values cannot yet be attributed). This will ensure future reviews of reserves related risks account for new and potential financial risks. b) Ensure the Strategic Risk Register includes sufficient clarity over the nature of financial risks to enable a robust assessment of any financial impact affecting reserves calculations. c) State the source of information used to determine the Reserve Risk Assessment within attached working papers.

DETAILED RECOMMENDATIONS

RISK: Strategic Operational and Financial Risks that exist are not identified by the Council, or do not reflect risks associated with all Council functions, or are not reflected in calculations to determine the General reserve Level

Ref.	Finding	Sig.	Recommendation
1. Cont.	<p>Continued:</p> <p>The Financial Services Manager confirmed that the Risk Register is subject to internal challenge (by the Leadership Board and Members), whilst the Reserves Risk Assessment reflects the views of the S151 Officer based on robust assessments of the Council’s position. The Financial Services Manager will, however, discuss the outcome of her 2018/19 Reserves Risk Assessment with the Chief Executive prior to completion of the process.</p> <p>The ‘Risk Assessment 2017/18 Working Balance Minimum Level’ used to determine Reserves for 2017/18 identified a number of risks under different categories (such as Inflation and Interest Rates, Budget Pressures, Anticipated Savings, Funding and Income and Emergency Planning). The records have been developed from previous years to now include brief narrative to explain the risks, and a footnote states the figures were taken from the budget in the main financial system (Efin). These records would be further improved by supporting working papers or cross references to source information (such as budget codes or other source information).</p>	Med	
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Agreed. We will review the Reserves Risk Assessment alongside the Strategic Risk Register and capture any non quantifiable risks.			Financial Services Manager 31 March 2018

APPENDIX V - PARTNERSHIPS

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Risk	To ensure the provision of efficient and effective services		High	
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			Medium	7
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	Low	1
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk	Total number of recommendations: 8	

OVERVIEW

Background

The Council's Vision for Brentwood 2016-2019 recognises the importance of working with partner organisations as key to the delivery of a number of corporate priorities. Partnerships are increasingly seen as a means of achieving corporate objectives and delivering improved outcomes and efficient, effective services through collaboration with different organisations.

An audit of the Council's partnerships in 2014/15 provided limited assurance and established that the Council required a policy and framework to ensure a consistent approach to supports Council priorities, strengthen accountability, and minimise risks. The Council has formulated a framework to be implemented in the near future.

The purpose of our review was to assess the current adequacy and effectiveness of the Council's arrangements for the management of its partnerships.

Scope and Approach

We reviewed the Council's proposed new Partnership Policy and benchmarked this against another Council's guidelines around how to manage partnerships effectively. We selected a sample of four partnerships from the Council's Partnership Register and assessed these against the Council's good practice and the new policy by conducting interviews with the identified lead for each partnership in the sample and reviewing documentation. The Partnerships we reviewed were Active Brentwood, Brentwood Health & Wellbeing Board, Brentwood Youth Strategy Group, and the Brentwood Borough Renaissance Group.

Good Practice

- The Council's Partnerships policy and guidance includes template risk assessments and Terms of Reference which ensures a robust and consistent approach to joining partnerships
- The Council has prepared guidance which defines partnerships, to support governance of partnerships and establish when it is appropriate to form a partnership
- The Revenues and Benefits Service monitors performance indicators using the Covalent system.

EXECUTIVE SUMMARY (continued)

OVERVIEW (cont)

Key Findings

- The Council has created a new framework , the ‘Partnership Policy and Procedures 2017’, however this has not been applied to existing partnerships and there is no clear date for implementation. Furthermore the Council’s Partnership Register does not contain all of the information required, as specified in the Council’s new policy (Finding 1 - medium).
- We reviewed four of the Council’s existing partnerships and found that insufficient assessment of risks and benefits of joining the partnership, including governance arrangements, and financial and resource risks had been carried out (Finding 2 - medium)
- Of the four partnerships we reviewed, we were only able to obtain evidence of one of the partnerships having been approved (Finding 3 - medium)
- We reviewed the governance arrangements for four of the Council’s existing partnerships and found that one of the partnerships did not have a responsible office or lead, and therefore we were unable to sufficiently review the partnership. We also found that none of the partnerships had clear governance structures or arrangements in place (Finding 4 - medium)
- Of the four partnerships we tested, we found that none of the partnerships had been reviewed since the partnerships had been formed (Finding 5 - medium)
- Of the four partnerships reviewed we found that none had defined roles and responsibilities within their Terms of Reference, Partnership Agreements, or similar documents (Finding 6 - medium)
- There is no formal process in place to monitor the Revenues and Benefits Shared Service performance, or action plans where targets have not been met (Finding 7 - medium).

Conclusion

During our review we have raised seven medium recommendations and one low recommendations. The Council currently does not have has a sound system of internal controls in place to govern Partnership arrangements and monitoring, however the Council plans to implement a framework for this process in the near future and we have given moderate assurance over the design of controls on this basis. We identified weaknesses in the operational effectiveness of some of the existing controls in relation to insufficient governance and operational roles being identified within Terms of Reference and related documents when entering into new partnerships, and a lack of partnership reviews taking place. Whilst the Council has entered into a small number of partnerships, there is insufficient evidence and criteria to determine the extent to which these are of strategic importance. We have therefore provided limited assurance over the effectiveness of controls.

Since the audit, a **Partnership Action Plan 2018** has been developed which incorporates the recommendations. See Appendix I.

EXECUTIVE SUMMARY

LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM MODERATE TO SUBSTANTIAL ASSURANCE

<p>Design</p>	<p>Moderate</p> <p>Achievable in 6-12 months</p>	<p>Substantial</p>	<ul style="list-style-type: none"> • The Council should set a date for implementation of the new Partnership framework/policy • The Leisure and Funding Manager should update the Partnership Register to include all partnerships as per the new policy, prior to its implementation • Partnership Leisure and Funding Manager to update new policy to define 'significant' partnerships
<p>Effectiveness</p>	<p>Limited</p> <p>Achievable in 12-18 months</p>	<p>Substantial</p>	<ul style="list-style-type: none"> • Council officers should use the 'Partnership Checklist' and the 'Partnership Self Assessment Tool' to assess the viability of partnerships • Partnership Leads should also use both the 'Partnership Checklist' and the 'Partnership Self Assessment Tool' to review the viability of their existing partnerships • Existing partnerships should be reviewed to ensure approval for the partnership was obtained. Where approval has not been obtained an assessment should be made as to whether the Council should continue with the partnership, and approval be obtained • Assess whether governance arrangements are clear, for existing partnerships and where they are not, assess whether partnership objectives are being met. If objectives are not being met, the Council should re-consider whether to remain in that partnership • Lead officers to review and assist the effectiveness of current partnership arrangements and make a recommendation as to whether to continue with the partnership, improve the partnership working arrangements, or disengage from it • When considering new partnerships, Council officers should be clear what their specific role and responsibilities are within the partnership for all partners involved

DETAILED RECOMMENDATIONS

RISK: Protocols for evaluating the risks and benefits of partnerships (including governance arrangements, financial and resource risks, and contribution to Council objectives) are not defined or are inadequate

Ref.	Finding	Sig.	Recommendation
1.	<p><u>Policies and Procedures</u></p> <p>We reviewed the Council’s policies and procedures to establish whether there is sufficient guidance available to Council officers relating to setting up and joining partnerships, as well as the ongoing management and review of the Council’s partnerships.</p> <ul style="list-style-type: none"> • The Council has a Partnership Self Assessment Toolkit, but guidance on the protocols for evaluating the risks and benefits of partnerships is limited. (Appendix I suggests areas to consider in determining partnership related risks). • The Council has created a new framework - ‘Brentwood Borough Council Partnerships Policy and Procedures’, which has been approved by the Council’s Ordinary Council Committee, however, there is currently no planned date for implementation. <p>The new partnerships policy states that the partnership register should include the following information;</p> <ul style="list-style-type: none"> • Partnership name; • Membership details; • Aims and objectives of partnership; • Link to Council priorities; • Accountability; • Brentwood Borough Council lead officer; • Whether the partnership is a statutory or discretionary obligation; • Terms of Reference; • Frequency of meetings; • Allocated budget; <p>Continued on next page:</p>	Med	<ul style="list-style-type: none"> a) The Council should determine a schedule for implementation for the new framework/policy and ensure that the necessary steps are taken for preparation of implementation b) Additional guidance on assessing partnership risks and benefits should be incorporated into the procedures and self assessment toolkit c) The Leisure and Funding Manager should obtain the missing information on the Partnership’s Register from the leads, and update the register to include all of the missing required information, as specified by the new policy.

DETAILED RECOMMENDATIONS

RISK: Protocols for evaluating the risks and benefits of partnerships (including governance arrangements, financial and resource risks, and contribution to Council objectives) are not defined or are inadequate

Ref.	Finding	Sig.	Recommendation
1. Cont.	<ul style="list-style-type: none"> • Risk register for the partnership; • Information sharing protocols; • Any Equality & Diversity considerations; and • Funding Arrangements for the partnership. <p>Our review of the Council’s Partnership Register found that the Council has not recorded the following information on the register: accountability, terms of reference, frequency of meetings, allocated budget, risk register for the partnership, information sharing protocols, any equality & diversity considerations, and funding arrangements for the partnership. Furthermore, one of the partnerships on the register did not include any of the details as specified by the policy, other than the lead officer details.</p> <p>There is a risk of insufficient oversight, management and monitoring of the Council’s partnership arrangements if all of the above details are not recorded on the register.</p>	Med	

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.</p> <p>Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations. See Appendix I.</p>	<p><i>Kim Anderson</i> Partnership, Leisure and Funding Manager 22 January 2018 to 19 March 2018</p>

DETAILED RECOMMENDATIONS

RISK: The Council enters into significant partnerships without adequate assessment against defined protocols or without approval

Ref.	Finding	Sig.	Recommendation
2.	<p><u>Partnerships Assessments</u></p> <p>For a sample of four existing partnerships from the Council’s Partnership Register we reviewed the assessments that took place prior to entering the partnerships, and compared this to the defined protocols of the new Partnership Policy and Procedures. The Partnerships we reviewed were Active Brentwood, Brentwood Health & Wellbeing Board, Brentwood Youth Strategy Group, and the Brentwood Borough Renaissance Group.</p> <p>We found the following;</p> <ul style="list-style-type: none"> • None of the partnerships carried out a sufficient assessment of risks and benefits of joining the partnership, including governance arrangements, and financial and resource risks. • Only one of the partnerships (Active Brentwood) had carried out an assessment of risks, although only operational, and had documented evidence of each of the partners’ contributions (financial or resource). <p>If adequate assessments have not been completed prior to entering a partnership, the risks to the Council may not be mitigated and the partnerships may not support the Council’s priorities.</p>	Med	<p>a) Council officers or elected members should use the ‘Partnership Checklist’ and the ‘Partnership Self Assessment Tool’ as referred to in the new Partnership Policy and Procedures as a tool to assess the viability of a partnership, prior to joining a partnership</p> <p>b) The Council’s Partnership Leads for all existing partnerships should use both the ‘Partnership Checklist’ and the ‘Partnership Self Assessment Tool’ to review the viability of existing partnerships.</p>

MANAGEMENT RESPONSE

Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.

Since the audit, a **Partnership Action Plan 2018** has been developed which incorporates the recommendations. See Appendix I.

RESPONSIBILITY AND IMPLEMENTATION DATE

Kim Anderson
Partnership, Leisure and Funding Manager
 22 January 2018 to 19 March 2018

DETAILED RECOMMENDATIONS

RISK: The Council enters into significant partnerships without adequate assessment against defined protocols or without approval

Ref.	Finding	Sig.	Recommendation
3.	<p><u>Partnership Approval</u></p> <p>The Council’s Partnership Policy and Procedures state that approval to enter into a partnership is required from either Elected Members via the relevant Committee, or the Head of Service/Head of Paid Service.</p> <ul style="list-style-type: none"> We reviewed four partnerships from the Council’s Partnership Register (Active Brentwood, Brentwood Health & Wellbeing Board, Brentwood Youth Strategy Group, and the Brentwood Borough Renaissance Group) and found that we could only obtain evidence of approval for one of the four partnerships we reviewed (Active Brentwood) With regards to the other three partnerships, we were only able to obtain evidence of approval of revised Terms of Reference for the Renaissance Group, but no evidence of approval of the initial joining of the partnership. For the Youth Strategy Group and The Health & Wellbeing Board, we were unable to obtain any evidence of approval, however, we noted that the Council’s contribution to the Youth Strategy Group was low, as this consists of officer time to attend meetings and the provision of meeting rooms. <p>If partnerships do not obtain approval, there is a risk that the Council will enter into partnerships unnecessarily which could result in wasted resources and funds.</p>	Med	<p>The approval status should be verified for all existing partnerships recorded in the Partnership Register. Where approval was not obtained, the ‘Partnership Checklist’ and ‘Partnership Self Assessment Tool’ should be completed and submitted for retrospective approval from the Head of Service or relevant Committee as appropriate</p>

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.</p> <p>Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations. See Appendix I.</p>	<p><i>Kim Anderson</i> <i>Partnership, Leisure and Funding Manager</i> <i>22 January 2018 to 19 March 2018</i></p>

DETAILED RECOMMENDATIONS

RISK: The governance arrangements do not make provision for effective strategic oversight of partnerships, or oversight is not effectively and regularly carried out to ensure partnership objectives are met

Ref.	Finding	Sig.	Recommendation
4.	<p><u>Governance Arrangements</u></p> <p>The ‘Partnership Policy and Procedures 2017’ state that there should be clear governance arrangements in place to ensure accountability and that the roles and responsibilities of all partners involved should be identified and agreed.</p> <p>We interviewed the leads of the partnerships in our sample, and reviewed the available documentation including agreements and Terms of Reference, and found the following:</p> <ul style="list-style-type: none"> • One of the partnerships within our sample, the Health & Wellbeing Board, does not currently have a lead or responsible officer, as the Council was unable to put us in contact with anyone who had sufficient knowledge of the partnership and how it was set up. The officer who was involved in this process is no longer at the Council. Furthermore, the supporting documentation which was provided (Terms of Reference) did not include any details of governance arrangements, other than that the Board will report directly to the Housing and Health Panel regarding key decisions such as nominations, projects and funding issues. • Two of the partnerships reviewed, Active Brentwood and the Youth Strategy Group, do not have any formal governance structures in place. Within the documentation provided for the Youth Strategy Group, the ‘Transition Support Fund Guidance’ states that the cabinet lead will sign off the allocation of bid funds and officers will oversee, manage and provide advice and support on spending proposals. The Terms of Reference and Draft Instrument of Government document do not, however, define the governance arrangements for the partners involved <p>Continued on next page...</p>	Med	<p>The leads for the Council’s existing partnerships should conduct a review of their partnerships using the Self Assessment Tool within the Council’s new proposed framework, to ensure governance arrangements are clearly defined, and review whether partnership objectives are being met. Where the Council considers that partnership objectives are not being met, the Council should re-consider whether or not to remain in that partnership.</p>

DETAILED RECOMMENDATIONS

RISK: The governance arrangements do not make provision for effective strategic oversight of partnerships, or oversight is not effectively and regularly carried out to ensure partnership objectives are met

Ref.	Finding	Sig.	Recommendation
4. Cont.	<ul style="list-style-type: none"> One partnership in the sample, The Renaissance Group, did not have any documented governance arrangements within the partnership's original Terms of Reference. There is some detail of governance arrangements and strategic oversight within the Revised Terms of Reference (2014) as they refer to partnership clusters being responsible for reporting and monitoring the services being delivered, and that the Renaissance Group will approve budgets for projects through a voting system. <p>If governance arrangements and strategic oversight of partnerships are not clearly defined, there is a risk that partnership objectives will not be met.</p>	Med	

MANAGEMENT RESPONSE

Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.

Since the audit, a **Partnership Action Plan 2018** has been developed which incorporates the recommendations. See Appendix I.

RESPONSIBILITY AND IMPLEMENTATION DATE

Kim Anderson

Partnership, Leisure and Funding Manager

22 January 2018 to 19 March 2018

DETAILED RECOMMENDATIONS

RISK: The governance arrangements do not make provision for effective strategic oversight of partnerships, or oversight is not effectively and regularly carried out to ensure partnership objectives are met

Ref.	Finding	Sig.	Recommendation
5.	<p><u>Reviewing Partnerships</u></p> <p>Existing partnerships should be reviewed at least annually, according to best practice, and the Council’s Partnership Policy and Procedures 2017.</p> <p>Having reviewed a sample of four partnerships from the register, we found that none of the partnerships had been reviewed since the partnerships were formed. Furthermore, there were no formal arrangements stated within the partnership agreements/Terms of Reference to review the partnerships, and although the Terms of Reference for the Health & Wellbeing Board did state that this partnership will be subject to review, it did not specify how often, how, or by whom.</p> <p>If partnerships are not regularly reviewed, there is a risk that partnership objectives will not be met.</p>	Med	Lead officers should use the Partnership Self Assessment Tool to review and assist the effectiveness of current partnership arrangements. They should then make a recommendation as to whether to continue to support engagement in the partnership, improve the partnership working arrangements, or whether to disengage from it, as per the Partnership Policy and Procedures 2017.

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.</p> <p>Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations. See Appendix I.</p>	<p><i>Kim Anderson</i> <i>Partnership, Leisure and Funding Manager</i> 22 January 2018 to 19 March 2018</p>

DETAILED RECOMMENDATIONS

RISK: Arrangements for operational oversight and management of partnerships are not understood, or are not effectively applied			
Ref.	Finding	Sig.	Recommendation
6.	<p><u>Roles and Responsibilities</u></p> <p>As per best practice, and the Council’s new ‘Partnership Policy and Procedures 2017’, the Council should identify and agree with other partners the roles and responsibilities of each of the partners involved.</p> <p>Upon review of the documentation provided for each of the four partnerships in our sample, we found that none of the partnerships had defined roles and responsibilities for each partner within the partnership. The ‘Instrument of Government’ document for the Youth Strategy Group (which has been replaced by updated Terms of Reference) and the Terms of Reference for the Renaissance Group did however mention the overall collective responsibilities of partners.</p> <p>If individual roles and responsibilities of partners within the partnership are not defined, there is a risk that partners will not understand their role or contribution to the partnership, and therefore the partnership may not achieve the desired outcomes.</p>	Med	<p>a) When partnerships are set up, Council officers or partnership leads should be clear what their specific role and responsibilities are within the partnership, as well as understanding the roles and responsibilities of the other partners. The Council’s Partnership Checklist should be used to support this process</p> <p>b) Roles and responsibilities should be clarified for existing partnerships and included within updated terms of reference.</p>
MANAGEMENT RESPONSE		RESPONSIBILITY AND IMPLEMENTATION DATE	
<p>Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.</p> <p>Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations. See Appendix I.</p>		<p><i>Kim Anderson</i> <i>Partnership, Leisure and Funding Manager</i> 22 January 2018 to 19 March 2018</p>	

DETAILED RECOMMENDATIONS

RISK: Arrangements for the Housing benefit Shared Service are not adequately defined or are not effective in ensuring service objectives and targets are met

Ref.	Finding	Sig.	Recommendation
7.	<p><u>Monitoring</u></p> <p>The Council has a 'Work Plan' in place for the shared Revenues and Benefits Service with Basildon Council which outlines the purpose, responsibilities, monitoring arrangements and performance indicators, and how they will be measured.</p> <p>We reviewed the Performance Indicator Report for the first quarter, as well as monthly customer service call statistics for June, July and August 2017, and found that some of the Performance Indicators were not met. Although there were action plans in place for most of the PI targets not met, there was no evidence of action plans in place for the PIs 'Call answering within SLA' and 'Abandonment (phones)'. Although the Group Manager In-house Services was able to justify why these targets were not met, there was no evidence of an action plan being put in place, or any other actions taken to address this.</p> <p>If performance of the service is not adequately monitored, there is a risk that service objectives and targets will not be met.</p>	Med	<p>a) The Council should ensure that there is a formal process in place to monitor the Revenues and Benefits Shared Service performance, and that both the process is documented and the outcomes of monitoring, for example taking minutes in meetings and recording action points</p> <p>b) Where Performance Indicators are not achieved, action plans should be put in place in all cases, with actions allocated to specific Council officers/teams, and a deadline for the action to be completed. Action plans should then be regularly reviewed (monthly) to ensure that actions are being implemented in order to improve performance.</p>

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
<p>Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017.</p> <p>Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations.</p>	<p><i>Kim Anderson</i> <i>Partnership, Leisure and Funding Manager</i> <i>22 January 2018 to 19 March 2018</i></p>

DETAILED RECOMMENDATIONS

RISK: Arrangements for the Housing benefit Shared Service are not adequately defined or are not effective in ensuring service objectives and targets are met

Ref.	Finding	Sig.	Recommendation
7. Cont.	If performance of the service is not adequately monitored, there is a risk that service objectives and targets will not be met.	Med	
MANAGEMENT RESPONSE			RESPONSIBILITY AND IMPLEMENTATION DATE
Findings discussed and agreed with Partnership Leisure & Funding Manager 12 October 2017. Since the audit, a Partnership Action Plan 2018 has been developed which incorporates the recommendations.			<i>Kim Anderson</i> <i>Partnership, Leisure and Funding Manager</i> <i>22 January 2018 to 19 March 2018</i>

APPENDIX I - PARTNERSHIP ACTION PLAN 2018

Developed by Brentwood Borough Council's Partnership Leisure and Funding Manager

Item	Detail	Lead Officer	Completion date	Rag Status	Update
1. Implementation of Partnership Policy/framework					
1.1	Take to CLB so that they are aware	KA	22.01.18	G	Circulate to all CLB / managers with required actions for them and deadline for completion
1.2	Define 'significant' partnerships	KA/PR/JVM	31.01.18	G	<p>Level 3 (High Risk) – Significant Partnership – where the Council has full responsibility (e.g. for delivery and/or finance) or/and acts as the lead or Accountable Body or the partnership is high risk for other reasons. Value (contributed or managed) is £1m or above per annum.</p> <p>Level 2 (Medium Risk) – Where the Council contributes resources to the partnership but is not the Accountable Body or the partnership is medium risk for other reasons. Value (contributed or managed) is from £50k up to less than £1m per annum.</p> <p>Level 1 (Low Risk) – Where the Council is the partner, but input is limited to advice on the strategy or its role is consultative or supportive. Value (contributed or managed) of less than £50k per annum</p>
1.3	Add guidance on assessing risks and benefits as part of self-assessment toolkit	KA	31.01.18	G	Updated and ready for circulation for partnership leads
1.4	Use 'Partnership Checklist' and 'Partnership Self-Assessment Tool' to assess the viability of partnerships	KA	28.02.18	R	KA to Collate self-assessment from the all partnership leads and provide summary report to include governance and ensuring objectives are being met and action plans in place if they are not
1.5	Lead officers to be clear about their specific role and responsibilities within the partnership	KA	22.01.18	G	KA to circulate some guidance on using the checklist and self-assessment toolkit at CLB

APPENDIX I - PARTNERSHIP ACTION PLAN 2018

Developed by Brentwood Borough Council's Partnership Leisure and Funding Manager

Item	Detail	Lead Officer	Completion date	Rag Status	Update
2. Update the Partnership Register					
2.1	Circulate current partnership register to all managers/ partnership leads so that partnership register can be updated	KA	22.01.18	R	To be circulated to CLB on 22.02.18
2.2	Review existing partnerships to review viability of them	KA	28.02.18	R	Circulate self-assessment tool to all managers to update and return to KA
2.3	Approval status verified for all existing partnerships	Partnership leads	28.02.18	R	Ka to collate responses from partnership leads. Where approval not obtained retrospective approval from Head of Service or relevant Committee as appropriate to be completed
3. Performance indicators					
3.1	Formal process in place to monitor Revs and Benefits Shared Service performance	JVM	19.3.18	A	The Revenue & Benefits performance is monitored in accordance with the agreed Performance Indicators within the partnership agreement. This is undertaken through quarterly meetings with the Council's Section 151 Officer and Chief Operating Officer and also reviewed by the Council's Corporate Projects Scrutiny Committee.
3.2	Where Performance Indicators (PI) for Revenues and Benefits Service are not met, and actions to be monitored and regularly reviewed	JVM	19.3.18	A	Any PI's not met, will be reported firstly at the Quarterly Meetings and then back to the Corporate Projects Scrutiny Committee. An Action monitor will be devised to monitor and review any PI's not met and shared between the partnership.

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24 January 2018

Audit Committee

Strategic & Operational Risk Review

Report of: *Section 151/Deputy Section 151 Officer*

Wards Affected: *None*

This report is: *Public*

1. Executive Summary

- 1.1 The report updates members of the Audit Committee on the status of the Council's 2017/18 Strategic Risk Register and the progress being made across Services in delivering Operational Risk Registers.

2. Recommendations

- 2.1 To agree the amendments to the Strategic Risk Register, as shown in Appendix A, and that the risk scores recorded for each risk accurately represents the current status of each risk.**
- 2.2 To agree the risk exposure changes and the new risk, as shown in Appendix B, to the Operational Risks**

3. Introduction and Background

- 3.1 The governance arrangements set out in the 'Insurance & Risk Management Strategy' require the Audit Committee to review the strategic risks every quarter and the operational risks every six months.
- 3.2 The strategic and operational risk registers are monitored quarterly by the Corporate Leadership Board (CLB) who consider the risks, the mitigations and agrees the content. It is 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 Following on from Audit recommendations, Insurance Claims Awareness Training was delivered by Zurich Municipal on 7th October 2017. The

training included Bentwood's insurance cover with Zurich, responsibilities as an organisation and the claims process.

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 and updated them for the coming financial year 2017-18. These were discussed and agreed by CLB on 20 November 2017.
- 4.2 Attached to this report at Appendix A is a summary showing the current status of each risk and any movement in risk score compared with previous monitoring periods, together with explanatory commentary on the key issues for each risk.
- 4.3 As a result of the current risk review one risk score has increased and the remaining thirteen risk scores have remained unchanged.
- 4.4 The risk where the risk score has increased is as follows:
 - Red risk RSK2 – Local Development Plan (Row No. 4)
This risk has increased following the letter received from the Secretary of State (DCG) warning of intervention unless very special circumstances accepted. Response submitted with further details (and joint South Essex 2050 response) due by 31 January 2018. Elevated risk reflected, although this risk continues to be managed.

Risk Matrix

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

Table 1 – Risk Matrix

Likelihood / Probability	Definite	5	10	15	20 RSK12	25 RSK1
	Very Likely	4	8	12	16 RSK11	20 RSK2
	Likely	3	6	9	12 RSK3	15 RSK15
	Less Likely	2	4	6 RSK5 RSK7	8 RSK4 RSK8	10 RSK13
	Unlikely	1	2 RSK14	3	4 RSK9	5 RSK10
		Negligible	Minor	Moderate	Significant	Major
Negative Impact / Severity						

No.	Risk	No.	Risk
1	Finance Pressures	9	Lack of strategic Direction
2	Local Development Plan	10	Failure to Spend Capital Receipts
3	Disaster Recover/Continuity Planning	11	Roll out of Universal Credit
4	Organisational Capacity	12	Extension of Right to Buy to registered provider tenants
5	Information Management and Security	13	Failure to deliver key Corporate Projects
6	Risk no longer required	14	Failure of Democratic Services
7	Commercial Activities	15	Data Protection Act 1998
8	Contract/Partnership Failure		

Operational Risks

- 4.6 Operational risk management is concerned with reviewing those risks that are faced in the day-to-day delivery of services, particularly where effective management of those risks could result in a reduction in insurance claims and related costs.
- 4.7 The Operational Risks have been reviewed by risk owners and updated and amended where necessary to reflect the actions being taken to manage the risks.
- 4.8 Attached to this report at Appendix B is an operational risk summary report showing risk exposure changes and one new risk.

5. Reasons for Recommendation

- 5.1 Risk Management continues to be embedded quarterly within the Senior Management Team reports, where Service Heads discuss the top-level risks for their service areas to ensure that the risks are updated to reflect the ongoing changes.
- 5.2 In addition, the Risk & Insurance Officer will continue to work with risk managers to maintain the good progress to date and further develop a consistent application of risk management considerations across all operations of the Council.

6. Consultation

- 6.1 None.

7. References to Corporate Plan

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

8. Implications

Financial Implications

Name & Title: Jacqueline Van Mellaerts, Financial Services Manager

Tel & Email: 01277 312 829

jacqueline.vanmellaerts@brentwood.gov.uk

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

Legal Implications

Name & Title: Daniel Toohey, Monitoring Officer

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

9. Appendices to this report

Appendix A – Strategic Risk Register Summary Report

Appendix B – Operational Risk Register Summary Report

Report Author Contact Details:

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BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2017-2018

Row No	Risk No	Risk Description	Existing Controls	Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
				Jan-17			May-17			Aug-17			Nov-17					
				*L	*I		*L	*I		*L	*I		*L	*I				
1	RSK1	<u>Finance Pressures</u> As Revenue Support Grant from Central Government dramatically reduces in the next 2 years, the budget gap is a major management issue.	Medium Term Financial Planning is undertaken on an annual basis, with monthly budget monitoring and half year reports to Members. A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels. Currently healthy reserves and working balances held.	5	5	25	5	5	25	5	5	25	5	5	25	↔	COMMENT JAN 2017: Further bad news from the Local Government Finance Settlement, a £500k cut to the new homes bonus grant for 2017/18 with impact expected on subsequent years, gives the council even greater financial pressures. COMMENT MAY 2017: No better news has been forthcoming since December, the financial outlook still remains uncertain. Work is underway to address the 2018/19 budget deficit. COMMENT AUG 2017: Financial Pressures still ongoing, no further info has been received. Local Government Finance Settlement due in December. COMMENT NOV 2017: Budget pressures still identified, however work in budget setting is underway to mitigate some of these pressures. Government have issued a Technical Consultation regarding Local Government Finance Settlement. Proposed changes to New Homes Bonus mechanism, business rates revaluation adjustment and views on council tax referendum principles have been requested. This may inform the finance settlement issued in December.	Jacqui Van Mellaerts
2	RSK12	<u>Extension of Right To Buy to registered provider tenants</u> Funding to be provided by the LA from the sale of high value Council houses resulting in a reduction in housing stock.	We will continue to monitor progress and update Members.	4	5	20	4	5	20	4	5	20	4	5	20	↔	COMMENT JAN 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT MAY 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT AUG 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT NOV 2017: We have received no further information from DCLG, we will continue to monitor.	Angela Williams
3	RSK11	<u>Rollout of Universal Credit</u> The direct payment of universal credit to claimants (previously Housing Benefit payments) may result in a reduction on the rent roll received, increasing the level of rent arrears.	Current tenants affected by Universal Credit are being monitored by Housing Officers on a regular basis, who can be referred for budgeting advice. Updated Income Management procedure to become more client based. Introduction of new Pre-Tenancy Service to instill a payment culture. Monthly rent arrears campaign to target high risk areas.	4	4	16	4	4	16	4	4	16	5	4	20	↔	COMMENT JAN 2017: We have seen a further impact on households that are in TA, although low numbers, who are subject to the benefit cap causing tenants to fall into unintentionally fall into arrears. Further referrals are being made to HB for DHP, however not sustainable long term, further joint working with HB to help partially fund DHP from the homeless prevention fund. At present direct payments to tenants is planned for 2019. COMMENT MAY 2017: No further update, position remains the same. COMMENT AUG 2017: No further update, position remains the same monthly meetings with HB are now underway to prepare for any change in position. COMMENT NOV 2017: Universal credit full service went live on the 13th November which will affect HB tenants with a change in circumstance as they will automatically transfer to UC. No immediate effect has been impacted yet but is being closely monitored.	Angela Williams

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2017-2018

Row No	Risk No	Risk Description	Existing Controls	Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
				Jan-17			May-17			Aug-17			Nov-17					
				*L	*I		*L	*I		*L	*I		*L	*I				
4	RSK2	<u>Local Development Plan</u> Failure of the Council to adopt a Plan in line with National Planning Policy Framework resulting in planning applications judged against NPPF 'in favour of sustainable development'	Meeting targets set out in the Plan timetable, with ongoing discussion with neighbouring Local Planning Authorities. Retention of permanent staff. Risk impact is high but controls are in place to manage this and meet targets, which means likelihood is lower.	3	5	15	3	5	15	3	5	15	4	5	20	↑	COMMENT JAN 2017: Report taken to Policy, Finance & Resources Committee regarding implications to the LDP timetable from a number of external factors. Recommendation approved to have the LDP Member Working Group propose a revised timetable to account for these issues and present to future committee. Risk is being monitored but remains the same. COMMENT MAY 2017: Revised timetable to be taken to Special Council meeting on 21 June 2017, along with further consultation document (Focused Consultation) on Draft Plan. COMMENT AUG 2017: Further work ongoing to better understand emerging evidence relating to development needs, with revised target to approve document for consultation in November 2017. Risk continues to be managed in line with this process. COMMENT JAN 2018: Letter received from Secretary of State (DCLG) warning of intervention unless very special circumstances accepted. Response submitted with further details (and joint South Essex 2050 response) due by 31 January 2018. Elevated risk reflected, although this risk continues to be managed.	Phil Drane
5	RSK15	<u>Data Protection Act 1998</u> - Non-compliance by existing third party contractors to the Council with the Principles of the Data Protection Act 1998 could result in contractor unlawfully disclosing personal data held on behalf of the Council as Data Controller.	Some, but not all, contracts, may lack DPA clauses. Checks being conducted to establish.							3	5	15	3	5	15		The General Data Protection Regulations (GDPR) come into effect in May 2018, which sets increases in potential fines for non-compliance. The council will conduct a comprehensive review of all extant contracts and the 'triaging' those involving data sharing/processing to ensure those contracts contain suitable DPA-compliant clauses going forward. 'auditing' of third parties' organisational compliance with DPA as part of the process, as required of us (as data controller) under DPA. Additional resources have been employed to conduct this. COMMENT NOV 2017: This work will be done as part of the wider GDPR compliance work, following receipt of responses from every department to a GDPR questionnaire that will be distributed end of January 2018. Responses will be required from each department by mid March 2018. The contracts will then be assessed/amended for compliance during the period leading up to GDPR implementation.	Daniel Toohey

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK REGISTER SUMMARY SHEET 2017-2018

Row No	Risk No	Risk Description	Existing Controls	Residual Risk Rating			Residual Risk Rating			Residual Risk Rating			Current Risk Rating			Movement	Risk Response/Update on action required	Risk Owner
				Jan-17			May-17			Aug-17			Nov-17					
				*L	*I		*L	*I		*L	*I		*L	*I				
6	RSK3	<u>Disaster Recovery/Business Continuity</u> Failure to respond effectively to an incident/event due to lack of robust Emergency Planning & Business Continuity Plans results in service disruption and inability to deliver key services.	Most services have Business Continuity Plans in place but likely to be outdated. Insurance cover. Alternative fuel stocks /supplies. Pandemic flu plan in place. A business continuity guide has been produced for businesses and an Emergency Planning Guide produced for residents.	2	4	8	3	4	12	3	4	12	3	4	12	↔	COMMENT JAN 2017: The overarching plan has been completed for 2017/18 but is being re-amended to reflect current understood delegations/titles. Departmental Plans format is being revisited to reflect changes in the way data is stored/retrieved thus making information more secure. The future organisation of some services is unclear which will impact upon the timely completion of Departmental Plans. COMMENT MAY 2017: The overarching plan requires further amendment due to all departments moving out from the Town Hall to new locations as yet to be finalised. The same applies to departmental plans. The risk score has been altered to reflect this. COMMENT AUG 2017: The Corporate Emergency Plan has been re-written and a draft submitted to the Chief Executive for approval. Basildon & Tendring DC have produced a generic Rest Centre Plan and training modules for staff and volunteers which is to be adopted by all Essex local authorities by 31 December 2017. A timetable has now been drawn up for the relocation of staff to various sites in Brentwood. Business Continuity Plans have still to be updated. COMMENT NOV 2017: To ensure that robust and practical solutions are deployed, we have asked for a "Healthcheck" to be carried out by Emergency Planning Expert from Basildon Council.	Phil Ruck
7	RSK13	<u>Failure to deliver key Corporate Projects</u> There are a number of projects that are vital to supporting and delivering the vision for Brentwood. Failure to implement/deliver these projects will either mean a loss to the community or a loss of income.	PF&R Committee appointed as Programme Board. Continued communication on all projects. Ownership of delivery of projects identified at all levels within the Council.	2	5	10	2	5	10	2	5	10	2	5	10	↔	COMMENT JAN 2017: Progress is being made on a number of areas to confirm the no change status. To substantiate this a number of presentations have been made to the PFR committee and Full Council. COMMENT MAY 2017: The newly formed Corporate Projects Scrutiny Committee will take a close look at key Corporate Projects and reflects the importance placed upon them. A paper has been prepared which will be presented to PPR committee and then forwarded to CPSC. This emphasises the importance of key projects and the close monitoring of them by members. COMMENT AUG 2017: The Corporate Project Scrutiny Board has established the majority of the working groups to ensure that benefits / actions are not lost. COMMENT NOV 2017: Work continues to monitor key corporate projects to ensure they are on track, if there is a significant variance or issue within their resource, finance or timeline, whether positive or negative, it is reported to the appropriate owner or board for further scrutiny.	Phil Ruck

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10	RSK5	<u>Information Management and Security</u> If a data breach occurs (e.g. Unauthorised release of personal information) the Council may be fined by the ICO and be subject to damages and loss of reputation.	Data Protection Policy Regular training	3	3	9	3	3	9	2	3	6	2	3	6	↔	COMMENT JAN 2017: The Council has engaged extra resources to roll out new information governance policies and procedures to be fully in place by April 2017. COMMENT MAY 2017: Information governance policies and procedures have been reviewed and concluded. A report has been published for PPR Committee approval and formal adoption of policies on 18 July 2017. COMMENT AUG 2017: PPR Committee has now formally adopted the policies. The newly adopted policies will be rolled out along with DPA training to all staff by the end of September 2017 through an all staff email from CX followed by a dedicated intranet page where the policies and training materials will be available. COMMENT JAN 2018: Polices and training now rolled out to all staff as above. Moving to next stage involving GDPR 'sensitisation' training during January/February 2018.	Daniel Toohey

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12	RSK10	<u>Failure to spend Capital Receipts</u> Failure to spend capital receipts within the deadline will result in delays in delivering Affordable Housing programme	Monitoring by finance team. Affordable housing programme in place.	1	5	5	1	5	5	1	5	5	1	5	5	↔	COMMENT JAN 2017: Risk rating reduced as we have one live site and 5 x garage sites for Whittington Rd at pre-app stage. 5 further sites agreed to pursue in addition to Maple Close site. Further 2 properties are being purchased alongside development programme ahead of June 17 deadline. COMMENT MAY 2017: On track, 1 further property purchased and one more being finalised. Whittington Road sites are progressing and are currently at the Stakeholder Engagement stage. COMMENT AUG 2017: 1 property purchased, Following the SE meeting and analyzing the responses revised plans are being completed for 1 site for planning submission late Sept/Oct. Identified that we require a development plan to enable financial planning for future spend. Anticipated for Dec 17. COMMENT NOV 2017: Both new build sites are now complete. Whittington Rd site now due to be submitted to planning following the 2nd stakeholder engagement event and subsequent revised drawings required. 1 additional property currently being purchased. Garage site report for modular housing due for CHH on 4/12/17. Garage site development may be included in the wider piece of work being done on assets.	Angela Williams
13	RSK9	<u>Lack of Strategic Direction</u> Without a clearly defined vision, the organisation is in danger of managing services only and losing the impact of much needed change supported by clear targets. If we do not follow a clear strategic path we will find ourselves falling behind and potentially failing residents	Corporate Plan. Training and Development for Officers and Members Code of Conduct. Consultation / surveys. Project and performance Management Framework.	1	4	4	1	4	4	1	4	4	1	4	4	↔	COMMENT JAN 2017: The Vision for Brentwood is being rolled out with adherence to the budget and key strategies are being developed supporting this. COMMENT MAY 2017: Delivery of the Vision is being controlled by strong and robust programme and project management. CLB now hold monthly P&P focused meetings. COMMENT NOV 2017: This work continues via strong governance around projects and programmes.	Phil Ruck

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14	RSK14	Failure of Democratic Services - That outsourcing/shared service arrangements result in the Council's democratic duties not being fulfilled or ignored leading to a failure in the Council's obligations.	Statutory returns will be built into contracts relating to any outsourcing/shared arrangements. The Monitoring Officer to be involved at all times in relation to contracts and monitoring of performance.	1	2	2	1	2	2	1	2	2	1	2	2	↕	COMMENT JAN 2017: This risk is being managed on an ongoing basis by contract management and the involvement of the Monitoring Officer. COMMENT MAY 2017: This risk continues to be managed on an ongoing basis by contract management and the involvement of the Monitoring Officer. COMMENT AUG 2017: All partnership arrangements are following client management best practice and any concerns are flagged to the Monitoring officer. COMMENT NOV 2017: The actions identified in August 2017 continue to be implemented	Phil Ruck
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1	RSK1	<u>Finance Pressures</u> As Revenue Support Grant from Central Government dramatically reduces in the next 2 years, the budget gap is a major management issue.	Medium Term Financial Planning is undertaken on an annual basis, with monthly budget monitoring and half year reports to Members. A Funding Volatility Reserve has been created to specifically address the uncertainty of Government funding levels. Currently healthy reserves and working balances held.	5	5	25	5	5	25	5	5	25	5	5	25	↔	COMMENT JAN 2017: Further bad news from the Local Government Finance Settlement, a £500k cut to the new homes bonus grant for 2017/18 with impact expected on subsequent years, gives the council even greater financial pressures. COMMENT MAY 2017: No better news has been forthcoming since December, the financial outlook still remains uncertain. Work is underway to address the 2018/19 budget deficit. COMMENT AUG 2017: Financial Pressures still ongoing, no further info has been received. Local Government Finance Settlement due in December. COMMENT NOV 2017: Budget pressures still identified, however work in budget setting is underway to mitigate some of these pressures. Government have issued a Technical Consultation regarding Local Government Finance Settlement. Proposed changes to New Homes Bonus mechanism, business rates revaluation adjustment and views on council tax referendum principles have been requested. This may inform the finance settlement issued in December.	Jacqui Van Mellaerts
2	RSK12	<u>Extension of Right To Buy to registered provider tenants</u> Funding to be provided by the LA from the sale of high value Council houses resulting in a reduction in housing stock.	We will continue to monitor progress and update Members.	4	5	20	4	5	20	4	5	20	4	5	20	↔	COMMENT JAN 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT MAY 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT AUG 2017: We have received no further information from DCLG, we will continue to monitor. COMMENT NOV 2017: We have received no further information from DCLG, we will continue to monitor.	Angela Williams
3	RSK11	<u>Rollout of Universal Credit</u> The direct payment of universal credit to claimants (previously Housing Benefit payments) may result in a reduction on the rent roll received, increasing the level of rent arrears.	Current tenants affected by Universal Credit are being monitored by Housing Officers on a regular basis, who can be referred for budgeting advice. Updated Income Management procedure to become more client based. Introduction of new Pre-Tenancy Service to instill a payment culture. Monthly rent arrears campaign to target high risk areas.	4	4	16	4	4	16	4	4	16	5	4	20	↔	COMMENT JAN 2017: We have seen a further impact on households that are in TA, although low numbers, who are subject to the benefit cap causing tenants to fall into unintentionally fall into arrears. Further referrals are being made to HB for DHP, however not sustainable long term, further joint working with HB to help partially fund DHP from the homeless prevention fund. At present direct payments to tenants is planned for 2019. COMMENT MAY 2017: No further update, position remains the same. COMMENT AUG 2017: No further update, position remains the same monthly meetings with HB are now underway to prepare for any change in position. COMMENT NOV 2017: Universal credit full service went live on the 13th November which will affect HB tenants with a change in circumstance as they will automatically transfer to UC. No immediate effect has been impacted yet but is being closely monitored.	Angela Williams

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4	RSK2	<u>Local Development Plan</u> Failure of the Council to adopt a Plan in line with National Planning Policy Framework resulting in planning applications judged against NPPF 'in favour of sustainable development'	Meeting targets set out in the Plan timetable, with ongoing discussion with neighbouring Local Planning Authorities. Retention of permanent staff. Risk impact is high but controls are in place to manage this and meet targets, which means likelihood is lower.	3	5	15	3	5	15	3	5	15	4	5	20	↑	COMMENT JAN 2017: Report taken to Policy, Finance & Resources Committee regarding implications to the LDP timetable from a number of external factors. Recommendation approved to have the LDP Member Working Group propose a revised timetable to account for these issues and present to future committee. Risk is being monitored but remains the same. COMMENT MAY 2017: Revised timetable to be taken to Special Council meeting on 21 June 2017, along with further consultation document (Focused Consultation) on Draft Plan. COMMENT AUG 2017: Further work ongoing to better understand emerging evidence relating to development needs, with revised target to approve document for consultation in November 2017. Risk continues to be managed in line with this process. COMMENT JAN 2018: Letter received from Secretary of State (DCLG) warning of intervention unless very special circumstances accepted. Response submitted with further details (and joint South Essex 2050 response) due by 31 January 2018. Elevated risk reflected, although this risk continues to be managed.	Phil Drane
5	RSK15	<u>Data Protection Act 1998</u> - Non-compliance by existing third party contractors to the Council with the Principles of the Data Protection Act 1998 could result in contractor unlawfully disclosing personal data held on behalf of the Council as Data Controller.	Some, but not all, contracts, may lack DPA clauses. Checks being conducted to establish.							3	5	15	3	5	15	↔	The General Data Protection Regulations (GDPR) come into effect in May 2018, which sets increases in potential fines for non-compliance. The council will conduct a comprehensive review of all extant contracts and the 'triaging' those involving data sharing/processing to ensure those contracts contain suitable DPA-compliant clauses going forward. 'auditing' of third parties' organisational compliance with DPA as part of the process, as required of us (as data controller) under DPA. Additional resources have been employed to conduct this. COMMENT NOV 2017: This work will be done as part of the wider GDPR compliance work, following receipt of responses from every department to a GDPR questionnaire that will be distributed end of January 2018. Responses will be required from each department by mid March 2018. The contracts will then be assessed/amended for compliance during the period leading up to GDPR implementation.	Daniel Toohey

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12	RSK10	<u>Failure to spend Capital Receipts</u> Faiure to spend capital receipts within the deadline will result in delays in delivering Affordable Housing programme	Monitoring by finance team. Affordable housing programme in place.	1	5	5	1	5	5	1	5	5	1	5	5	↔	COMMENT JAN 2017: Risk rating reduced as we have one live site and 5 x garage sites for Whittington Rd at pre-app stage. 5 further sites agreed to pursue in addition to Maple Close site. Further 2 properties are being purchased alongside development programme ahead of June 17 deadline. COMMENT MAY 2017: On track, 1 further property purchased and one more being finalised. Whittington Road sites are progressing and are currently at the Stakeholder Engagement stage. COMMENT AUG 2017: 1 property purchased, Following the SE meeting and analyzing the responses revised plans are being completed for 1 site for planning submission late Sept/Oct. Identified that we require a development plan to enable financial planning for future spend. Anticipated for Dec 17. COMMENT NOV 2017: Both new build sites are now complete. Whittington Rd site now due to be submitted to planning following the 2nd stakeholder engagement event and subsequent revised drawings required. 1 additional property currently being purchased. Garage site report for modular housing due for CHH on 4/12/17. Garage site development may be included in the wider piece of work being done on assets.	Angela Williams
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Members Interests

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

- **What are pecuniary interests?**

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

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

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

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

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

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

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

- **Other Pecuniary Interests**

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

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

- **Non-Pecuniary Interests**

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

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

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

Terms of Reference Audit Committee

The Audit 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. 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.
- 8) To be responsible for the Council's strategic and budgetary framework and its implementation.

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.