Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

January 2018

BDO

CONTENTS

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 incudes 35 days for the deferred audits of Cyber Security and IT Security and Governance

APPENDIX I – DEFINITIONS

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

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

APPENDIX II – 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		

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)		
High		2
Medium		6
Low		1
Total number of recommendations: 9		

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

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.

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

Design	Limited → Achievable in 9-18 months	Substantial	Add in controls we have recommended regarding: • 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	Moderate → Achievable in 9-18 months	Substantial	• 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.	Housing staff advised that there is no protocol defining the information and data that the Council should be recording or retaining for tenants. 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. 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) 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. 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. 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. 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) Continued:	High	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. 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) 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. *It may also be appropriate to conduct a more detailed review of the Council's compliance with the DPA and preparedness for GDPR*

DETAILED FINDINGS AND RECOMMENDATIONS

Management Response	RESPONSIBILITY AND IMPLEMENTATION DATE
All staff have now completed mandatory GDPR training. 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. 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 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	*Responsible Officers: Angela Abbott / Stuart Morris* *Implementation Date: August 2018*

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them			
Ref.	**Finding**	**Sig.**	**Recommendation**
2.	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. 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.	**High**	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
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. 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. 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	*Responsible Officers: Angela Abbott / Sharon McBride* *Implementation Date: April 2018*

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.	Information on the Council's Housing assets is maintained in the following systems: - 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. 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). 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. 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). Continued:	Med	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.	Continued: The Assets team identified a need to: - 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 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.	Med	

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
An corporate review of Council owned land or property is already underway which includes HRA assets. 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. 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	*Responsible Officers: Angela Abbott / Nicola Marsh / Vijay Parmar* *Implementation Date: September 2018*

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.	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. 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. 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.	Med	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	
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. Housing contracts are currently under review, new arrangements will require links between Council and Contractor systems to be resolved.		*Responsible Officers: Nicola Marsh / Rob Burton / Vijay Parmar* *Implementation Date: September 2018*	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Estate management protocols are not defined, or staff do not adhere to them			
Ref.	**Finding**	**Sig.**	**Recommendation**
5.	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. 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.	Med	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	**RESPONSIBILITY AND IMPLEMENTATION DATE**
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.	*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.	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 . 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. 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.	Med	a) Add indicators to the Housing Management system to clearly flag vulnerable tenants and those for whom Power of Attorney is enacted. b) Where Power of Attorney has been enacted, correspondence name fields on the Housing system are addressed to XX PoA for YY.

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
Discussed with Stuart Morris and Nicola Marsh 1/11/17 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.	*Responsible Officers: Angela Abbott /Nicola Marsh / Vijay Parmar* *Implementation Date: January 2018*

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.	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. 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.	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.		*Responsible Officers: Nicola Marsh / Angela Abbott* *Implementation Date: September 2018*	

DETAILED FINDINGS AND RECOMMENDATIONS

RISK: Accounts in credit are not subject to regular review			
Ref.	**Finding**	**Sig.**	**Recommendation**
8.	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. 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: - 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 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.	Med	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

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
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 The Housing team are currently in the process of creating EForms, including for the Transfer of Credits, the new process will enable online authorisation. The Council has recently employed 2 Income Officers who will regularly review accounts in credit as part of their role	*Responsible Officers: Nicola Marsh* *Implementation Date: April 2018*

APPENDIX III – FINANCIAL PLANNING AND BUDGET MONITORING

BRENTWOOD BC STRATEGIC OBJECTIVE THIS RELATES TO	
Risk	To ensure the provision of efficient and effective services

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)	
Design	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
High	-
Medium	2
Low	-
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 ands 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	Add in controls we have recommended regarding: • 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

DETAILED RECOMMENDATIONS

RISK:			
Ref.	**Finding**	**Sig.**	**Recommendation**
1	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. 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. 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. 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. Continued overleaf	M	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.

DETAILED RECOMMENDATIONS

RISK:			
Ref.	**Finding**	**Sig.**	**Recommendation**
1	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. The above risks are exacerbated when combined with the lack of formal review of the individual budgets prior to senior management sign off.	M	

MANAGEMENT RESPONSE	RESPONSIBILITY AND IMPLEMENTATION DATE
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. Notes should be brief, so Accountants are not overloaded with admin. 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. 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.	*Responsible Officer: Phoebe Barnes* *Implementation Date: 31-03-18*

DETAILED RECOMMENDATIONS

RISK:			
Ref.	**Finding**	**Sig.**	**Recommendation**
2	The Council does not carry out an annual review of lessons learnt from previous budget setting exercises. 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. 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.	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
We agree the recommendation in principle, the Principal Accountant will work through the best option to capture lessons learned information. Potentially, budget challenge notes, should still be recorded on CP and formal actions should be captured and circulated amongst staff.	*Responsible Officer: Phoebe Barnes* *Implementation Date: 31-3-18*

APPENDIX IV – MINIMUM RESERVE LEVELS

BRENTWOOD BOROUGH COUNCIL STRATEGIC RISK		
Risk	Finance Pressures	

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Substantial	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
High	0
Medium	1
Low	0
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.	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. 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: Risk 1 – Financial pressures - The Reserves Risk Assessment calculation includes various elements such as budget pressures, savings, funding and income Risk 12 – Extension of Right to Buy to registered provider tenants - 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 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. 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. Continued:	Med	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.	Continued: 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. 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).	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	
Risk	To ensure the provision of efficient and effective services

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)

High	
Medium	7
Low	1

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

Design	Moderate → Substantial Achievable in 6-12 months		• 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
Effectiveness	Limited → Substantial Achievable in 12-18 months		• 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.	**Policies and Procedures** 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. • 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. The new partnerships policy states that the partnership register should include the following information; • 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; Continued on next page:	Med	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.	• Risk register for the partnership; • Information sharing protocols; • Any Equality & Diversity considerations; and • Funding Arrangements for the partnership. 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. 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.	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. See Appendix I.	*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
2.	Partnerships Assessments 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. We found the following; • 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). 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.	Med	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 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.

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. See Appendix I.	*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.	<u>Partnership Approval</u> 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. • 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. 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.	Med	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

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. See Appendix I.	*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**
4.	**Governance Arrangements** 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. 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: • 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 Continued on next page...	Med	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.

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.	• 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. If governance arrangements and strategic oversight of partnerships are not clearly defined, there is a risk that partnership objectives 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. See Appendix I.	*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.	Reviewing Partnerships Existing partnerships should be reviewed at least annually, according to best practice, and the Council's Partnership Policy and Procedures 2017. 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. If partnerships are not regularly reviewed, there is a risk that partnership objectives will not be met.	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
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.	*Kim Anderson* *Partnership, Leisure and Funding Manager* *22 January 2018 to 19 March 2018*

DETAILED RECOMMENDATIONS

RISK: Arrangements for operational oversight and management of partnerships are not understood, or are not effectively applied			
Ref.	Finding	Sig.	Recommendation
6.	**Roles and Responsibilities** 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. 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. 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.	Med	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 b) Roles and responsibilities should be clarified for existing partnerships and included within updated terms of reference.

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. See Appendix I.	*Kim Anderson* *Partnership, Leisure and Funding Manager* *22 January 2018 to 19 March 2018*

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.	**Monitoring** 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. 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. If performance of the service is not adequately monitored, there is a risk that service objectives and targets will not be met.	Med	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 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.
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.		*Kim Anderson* *Partnership, Leisure and Funding Manager* *22 January 2018 to 19 March 2018*	

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

APPENDIX 1 - 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	**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. **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. **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
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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