

Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

Presented to the Audit and Scrutiny
Committee on 13 June 2018



CONTENTS

Introduction	3
Reports finalised since previous Committee	4
Progress against 2017/18 internal audit plan since the previous Committee	5
Appendices:	
I: Definitions of assurance	7
II: Executive summary and action plan - Customer Services	8
III: Executive summary and action plan - Car Parks and Payment Collection	12
IV: Executive summary and action plan - Environment	19
V: Executive summary and action plan - Main Financial Systems (including outsourced functions)	23
VI: Executive summary and action plan - Risk Management	30
VII: Executive summary - Information Security Assessment	34

INTRODUCTION

Internal audit

This report informs the Audit and Scrutiny Committee of progress made against the internal audit plan 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.

Internal audit plan 2017-18

The following assurance reviews have been completed since the last meeting of the Audit Committee.

- Customer services
- Car parks and payment collection
- Environment
- Main financial systems (including outsourced functions)
- Risk management

We have also completed the following advisory review:

- Information security assessment

The status of the plan for 2017/18 is summarised on pages four to six.

The executive summaries, and agreed management actions for the assurance audits, are included in appendices II to VII.

Internal audit plan 2018-19

The internal audit plan for 2018-19 is underway, with the reporting for two of the audits being completed (Building Control and Planning) and the timing of the third agreed (Commercial Activities).

The progress report to be presented to the Audit and Scrutiny Committee on 25 July 2018 will provide further details.

Work outside of the internal audit plan

BDO has been appointed to provide VAT advice to the council. In our opinion, this does not present a conflict of interest or affect the independence of the internal audit service provided to the Council.

REPORTS FINALISED SINCE THE AUDIT COMMITTEE IN MARCH 2018

Area	No. of days	Head of Service / Manager Responsible	Assurance - System Design	Assurance - Operating Effectiveness	No. of High priority recommendations	No. of Medium priority recommendations	No. of Low priority recommendations	Ref to Executive Summary
Customer services	10	Steve Summers & Lorraine Jones	Moderate	Moderate	0	4	0	Appendix II
Car parks and payment collection	20	Steve Summers & Alan McBean	Limited	Limited	4	3	2	Appendix III
Environment	15	David Carter, Darren Laver, Dean Carroll & David Wellings	Limited	Moderate	0	4	4	Appendix IV
Main financial systems (including outsourced functions)	40	Jacqueline Van Mellaerts & Phoebe Barnes	Moderate	Limited	2	7	3	Appendix V
Risk management	10	Jacqueline Van Mellaerts & Sue White	Limited	Moderate	1	2	1	Appendix VI
Information security assessment	25	Tim Huggins & Philip Devonald	n/a - Advisory Review		10 advisory recommendations were raised in the report			Appendix VII

PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2017/18

Area	2017/18 days	Date work undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Transformation					
Main Financial Systems	40	Q4	FINAL REPORT	Moderate	Limited
Risk Management and Governance Arrangements	10	Q4	FINAL REPORT	Limited	Moderate
Housing Benefits - Shared Service	10	Q3	FINAL REPORT	Moderate	Moderate
Financial Planning & Budget Monitoring	15	Q2	FINAL REPORT	Moderate	Substantial
Customer service	10	Q4	FINAL REPORT	Moderate	Moderate
Minimum Reserve Levels	10	Q2	FINAL REPORT	Substantial	Moderate
Insurance	10	Q1	FINAL REPORT	Moderate	Moderate
Disaster recovery and business continuity	15	Q4	Deferred to 2018-19	n/a - Deferred	
Information Security Assessment	25	Q3	Draft Report issued 23 February 2018	n/a - Advisory	
Counter fraud	20	Q3	Completed	n/a - Advisory	
165					
Community and Health					
Partnerships	20	Q2	FINAL REPORT	Moderate	Limited
Car Parking & Payment Collection	20	Q4	FINAL REPORT	Limited	Limited
Community Halls Viability	15	Q2	FINAL REPORT	Limited	Limited
55					

PROGRESS AGAINST THE INTERNAL AUDIT PLAN 2017/18

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	FINAL REPORT	Limited	Moderate
	35				
Economic Development					
Capital Projects	15	Q3	FINAL REPORT	Substantial	Substantial
	15				
Planning, Reporting, Follow-up and Contingency					
Audit Management	20	As required	Ongoing arrangement of audits and liaison with management		
Contingency - Taxi Driver Licensing	10	Q3	FINAL REPORT	Moderate	Moderate
Total	30				
Total	300				

Appendix I - Definitions

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

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

Appendix II - Customer Services - Executive Summary

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Design	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.	High	
			Medium	4
Operational Effectiveness	Moderate	Evidence of non compliance with some controls, that may put some of the system objectives at risk	Low	
			Total number of recommendations: 4	

OVERVIEW

Background:

Brentwood Borough Council made commitments to offering modern and effective customer services that meet at least 80% of customers' needs at the first point of contact, to improve the customer experience and satisfaction, and to reduce costs through economies of scale and joined up processes. The Council's Customer Access Strategy (2015 - 2018) provides a framework for the objectives of being open to all, providing choice, meeting needs, delivering first time, and providing satisfaction. The Council has created a Customer Contact Centre and promoted the Customer Access Strategy and approach to staff, to enable a review of customer processes and has sourced technology to support channel shift.

The following areas of good practice were noted:

- The Digital Services Team maintains a basic project tracker detailing the projects they are working on and record the actual start and completion dates against the planned dates and resource hours required and actual to date.
- The Council has adopted a new approach to Customer Services and Channel Shift and has already created a Service Improvement Team who are undertaking reviews of services requirements to finalise the Service Improvement Programme and Customer Services Strategy.
- The Council has already taken action in using the Firmstep platform and has uploaded over 200 on-line forms for the public to use.

The following areas for improvement were identified:

- The Council does not have a Channel Shift Policy to outline how it intends to use new technologies or a cross council group to manage the policy. However, it is noted a new Project Board has been created to cover all departments and a new Service Improvement Team is in place to start addressing the Channel Shift issues. There was no evidence that progress against the Customer Access Strategy was regularly reported to Senior Management (Finding 1 - Medium)
- There were no business cases or summaries for the projects being worked on by the Digital Services Team, detailing the reason for the project, costs, stakeholders and planned implementation dates, to provide clarity on outcomes, how the project aligns to the Customer Access Strategy, stakeholder engagement and the financial and resources impact on the Council. There has been no effective targeting of services to establish a plan of needs and priorities as the Digital Services Team's priorities over the last eight months were to ensure the Council's electronic forms were set up on the new platform before the old one was switched off to avoid the risk of on-line payments and enquiries not being available to the public. (Finding 2 - Medium)
- Whilst statistical packs are sent to departments that analyse customer contact through electronic measures, telephone or face to face, there are no action plans in place to demonstrate how departments are using these packs in considering channel shift. (Finding 3 - Medium)
- Evidence is not always available to demonstrate that external partners have been engaged in future projects and their feedback been sought to help guide a project forward to a digitalised platform. (Finding 4 - Medium)

Appendix II - Customer Services - Executive Summary cont'd

OVERVIEW

Conclusion:

The audit has identified gaps in the strategy and control framework across the different areas audited which needs addressing but acknowledges the Council has already been taking action to address these issues, including the creation of the Service Improvement team and development of a Service Improvement Programme. The Council needs to continue to ensure it completes the outstanding actions to ensure a fully controlled framework is in place in relation to its approach to Customer Services.

A number of resources are included in the appendices to assist the Council in developing its Channel Shift Strategy.

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

Design	Moderate 3 - 6 months →	Substantial	<ul style="list-style-type: none"> • Compile an updated Customer Access Strategy • Update the Service Improvement Programme to include the actions for Channel Shift. • As part of the Service Improvement Team's review continue to Identify all external partners and stakeholders to ensure all parties are included in the Service Improvement Programme. • Introduce a Business Case Summary for each project which is approved by an appropriate committee.
Effectiveness	Moderate 3 - 6 months →	Substantial	<ul style="list-style-type: none"> • Provide Senior Management with regular updates on the progress of Service Improvement Programme. • Use statistical information with the reviews of services by the Service Improvement Team to continue to identify where channel shifts could be productive for stakeholders and produce efficiencies for the Council • Continue to undertake reviews with all departments to inform the Service Improvement Programme.

Appendix II - Customer Services - Recommendations Summary

Ref.	Recommendations	Sig.	Management actions
1	<p>Customer Access Strategy to be updated and the Service Improvement Programme developed incorporating the Councils Channel Shift actions. These should be approved by the relevant decision maker.</p> <p>Progress against the Service Improvement Programme should be reported to senior management on a regular basis using the Corporate Project register process.</p>	M	<p>The Customer Access Strategy will be reviewed and a Service Improvement Programme developed which will incorporate the Channel Shift actions. This will be reported via the Corporate Projects register process.</p> <p><i>Responsible Officer: Chief Operating Officer</i></p> <p><i>Implementation Date: September 2018</i></p>
2	<p>Reviews should be carried out with all departments to identify service requirements and needs and where channel shift will improve stakeholders' interaction with the Council and generate efficiencies. Once completed, priority action plans should be agreed with Heads of Departments and feed in to the overall strategy and Channel Shift Plan.</p> <p>The Council should introduce a Business Case summary for each project which should be approved by an appropriate board or panel before a project commences to ensure it ties in with the Council's Customer Services Strategy.</p> <ul style="list-style-type: none"> • The Business Case should include: • A brief discussion of the project • Project outcomes (including potential savings in finances and resources) • Planned project start date • Planned project completion date • The stakeholders identified and the role they will play in the project • Financial implications • Resource requirements <p>This will ensure a formal trial for all projects from the start and evidence stakeholder engagement.</p>	M	<p>The Council has created a Service Improvement Team which will be reviewing the Customer Strategy and channel shift requirements. A Service Improvement Programme will then be developed.</p> <p>A Business Case form will be developed to incorporate the items stated in the recommendation.</p> <p><i>Responsible Officer: Chief Operating Officer</i></p> <p><i>Implementation Date: September 2018</i></p>

Appendix II - Customer Services - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
3	The Council should be using the statistical information compiled of the customer contacts to help identify where channel shift could be productive for stakeholders and produce efficiencies for the Council. The Digital Team should identify services from the statistics and work with the service to identify areas which could be improved for stakeholders and devise an action plan to identify potential new channels or how to improve current ones and build this in to the Council's channel shift plan.	M	This will be covered by the Service Improvement Teams review of the Customer Strategy and development of the Service Improvement Programme. <i>Responsible Officer: Chief Operating Officer</i> <i>Implementation Date: September 2018</i>
4	As part of department reviews the Service improvement Team should identify all external partners and stakeholders to ensure all parties are included in drawing up of the Service Improvement Programme to help either introduce new technology and establish the possible impact on all parties or development of current channels to assist in improving interaction with the Council.	M	The review of services will be undertaken as part of the Service Improvement Teams review and will be used in the development of the Council's Service Improvement Programme. <i>Responsible Officer: Chief Operating Officer</i> <i>Implementation Date: September 2018</i>

Appendix III - Car Parks and Payment Collection

CLIENT STRATEGIC RISKS		
Risk	To ensure the provision of efficient and effective services	
LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	Non-compliance with key procedures and controls places the system objectives at risk.

SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
High	<div><div></div>4</div>
Medium	<div><div></div>3</div>
Low	<div><div></div>2</div>
Total number of recommendations: 9	

OVERVIEW

Background

Brentwood Borough Council operates eleven car parks where fees are charged for parking. The car parks are located in Brentwood Town, Ingatestone and Shenfield. Customers can pay by cash, card (multi-storey), phone, text, or mobile application. The Council has a contract for the administration of phone, text, and mobile application with 'Phone and Pay', and for the management of the pay and display machines operated by 'Parkeon'. G4S collect Parking Services income from the Council and bank it on their behalf. Two of the Council's car parks (Friars Avenue and Hunters Avenue) have been free of charge for two years due to the development of Cross Rail; the Council plans to re-implement charges in these car parks imminently.

The Council received £1.731m in income for car parking services, including pay and display fees, penalty charge notices and season tickets recording a profit of £1.067m. For 2017/18 the projected outturn for the service is the collect £1.764m in income and to potentially realise a profit of £1.115m.

Scope and Approach

The purpose of this review was to assess the arrangements in place for the administration and collection of Parking Services income and highlight opportunities for improvement. We conducted interviews with the Parking Services Manager, CCTV/Parking Officer, and Finance Team, observed cash counts and completed sample testing.

Good Practice

We identified the following areas of good practice;

- Parking charges are clearly displayed in the Council's car parks and on the Council's website
- The parking machines used by the Council can identify and reject fake coins
- Serial numbers on coin collection bags are recorded before being handed over to G4S

Appendix III - Car Parks and Payment Collection - Executive Summary cont'd

OVERVIEW (cont)

- Parking Fees are approved by the Policy, Projects and Resources Committee on an annual basis.

Key Findings

- The Finance Team is unable to reconcile income from pay and display machines or for season tickets/permits from Parking Services to the Council's bank account (Findings 1 and 2 - High)
- The Council does not meet compliance standards for taking payments securely, and there was no evidence of secure payment methods for contracted administrators Bemrose/phone and pay and Parkeon (Finding 2 - High)
- No evidence of compliance with PCI DSS to ensure secure payment systems are in place (Finding 3 - High)
- Receipts relating to the counting of cash collected from machines are not recorded accurately (Finding 4- High)
- Expected income from Phone and Pay cannot be reconciled to income received (Finding 5 - Medium)
- Season ticket/permit prices are incorrect on the Chipside system and approved discounts levels are not clear (Finding 6 - Medium)
- Electronic season tickets/permits are not deactivated before refunds are being issued (Finding 7 - Medium)

Conclusion

The Council does not have a sound system of internal controls in place for the administration and collection of Parking Services income. We identified weaknesses in the operational effectiveness of some of the existing controls in relation the recording of cash collection, the reconciliation of parking income and the issuing of season ticket/permit refunds. During our review we have raised four high and three medium priority recommendations, resulting in an internal audit opinion of Limited Assurance for both the design and operational effectiveness of the controls in place to manage the identified risks.

Appendix III - Car Parks and Payment Collection - Executive Summary cont'd

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

Design	<p>Limited</p> <p>Achievable in 6-12 months</p> <p>→</p> <p>Substantial</p>	<ul style="list-style-type: none"> • Ensure paying in slip reference is quoted by the bank and C4S and this is recorded on cash sheet • Establish the arrangements for when the cash is deposited at the bank, and communicate this to the Finance Team. • Complete weekly reconciliation between the Cash Sheet and the bank account • Introduce weekly review of the Cash Sheet by the Parking Services Manager to identify any errors • Discontinue the use of the audit tickets with printed logos • Check date and time displayed on the coin counting machine is accurate • Implement proforma for note counts • Ensure CCTV room door is securely locked and the window closed prior to cash count • Lock away safe keys out of sight • Establish the process for making payments to Bemrose • Investigate the reason for overpayments being received by Bemrose • Store invoices for permit purchases and details of payments received on the Chipside system • Complete monthly reconciliations of the season ticket/permit income against income actually received • Add the authorised refund limits to the Council's financial regulations/policies • Produce monthly reports from Bemrose of refunds processed • Save an electronic copy of refunds to the Chipside system. • Keep a log of maintenance issues and investigations relating to overs and unders for reporting purposes and analysis of trends • Retain evidence of tariff updates to machines and record checks carried out by Officers of tariff updates being applied
Effectiveness	<p>Limited</p> <p>Achievable in 6-12 months</p> <p>→</p> <p>Substantial</p>	<ul style="list-style-type: none"> • Set a planned implementation date for PCI DSS compliance and implementation • Review the contracts with Parkeon and Phone & Pay to establish if the providers are PCI DSS compliant • Remind Parking officers of the importance of recording all receipts accurately • Establish the time frames for when cash collected is banked by G4S • Ensure that there are enough collection boxes for each parking machine, each box and parking machine is clearly labelled with the correct corresponding numbers and Cash Sheet updated to reflect this • Establish terms of Bemrose debt and inform Finance Officer to monitor this • Ensure applications are received prior to issuing permits and application forms are saved to the Chipside system • Ensure that providers of the Chipside system update permit prices on the system • Ensure that details of approved discounts are available to Ticket and Processing Officer • Ensure permits are deactivated prior to sending a request to finance to make a refund payment

Appendix III - Car Parks and Payments Collection - Recommendations Summary

Ref.	Recommendations	Sig.	Management actions
1	<p>a) The Council should make arrangements with either G4S or the Council's bank to ensure that they are quoting the reference on the paying in slip supplied with the cash banked by G4S. The Parking Services Manager should amend the Cash Sheet to include a field to input the paying in slip reference for the day the cash is collected.</p> <p>b) The Council should develop a Car Parking Strategy outlining the approach for the future including whether to consider moving to a cashless system for parking payments.</p> <p>c) The Parking Services Manager should review the Council's contract with G4S to establish the arrangements for when the cash is actually deposited at the bank, and this should be communicated to the Finance Team. Once this is established, a weekly reconciliation between the Cash Sheet and the bank account should be completed by the Finance Officer, based around the banking days.</p> <p>d) The policy for reporting overs and unders of £2 or more to the Parking Services Manager should be reiterated to the Parking Officers. The Parking Services Manager should review the Cash Sheet on a weekly basis, prior to submitting to the Finance Officer for reconciliation, so that any errors/incomplete fields are identified and investigated if necessary.</p> <p>e) All overs and unders should be recorded and include details of the machine collected from, who collected from that machine and who undertook the count. This should help identify trends of when overs and unders are occurring and who was involved.</p> <p>f) Parking Services Manager to review the cash collection spreadsheet on a regular basis.</p> <p>g) Finance Team should complete a formal reconciliation of the sums banked to those recorded as collected by the Parking Services team</p> <p>h) Delays to banking not in accordance with the contract requirements should be recorded and raised with G4S to establish the reasons why this has occurred. Continual failure to meet requirements should be raised with the contractor and if no improvement then consideration should be given to terminating the contract.</p>	H	<p>a) & c) Agreed. Will liaise with G4S to establish why references not being provided when banking and confirm how long they would take to bank.</p> <p>b) Agreed. Will liaise with Head of Service to consider devising a formal carp park strategy including new technologies and moving to cashless position.</p> <p>d) & e) Agreed. Will ensure officers are aware of their responsibilities and review spreadsheet on a weekly basis to ensure completed correctly.</p> <p>f) to h) Already in discussion with Finance Team and information passed for reconciliation purposes.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p>a) & c) Parking and CCTV Services Manager - June 2018</p> <p>b) Parking & CCTV Services Manager - For discussion - May 2018; For draft strategy Sept 2018</p> <p>d) & e) Parking & CCTV Services Manager. - June 2018</p> <p>f) To h) Finance Services Manager - June 2018</p>

Appendix III - Car Parks and Payments Collection - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
2	<p>a) The Parking Services Manager should clearly establish which General Ledger codes the “additional” income is being charged to so he is aware of the actual performance of each car park.</p> <p>b) The Finance Officer and Parking Services Manager should investigate the overpayments being received from Bemrose to identify why this is happening, and to ensure that reconciliations are being completed correctly and accounts are balancing moving forward. Completing this task at the end of the financial year will make it more difficult to identify errors.</p>	H	<p>a) Agreed. Need to confirm with Finance Team how this codes were selected and how to deal with such issues in future.</p> <p>b) Agreed. Need to liaise with the Finance Team about the “additional” income and what actions taken should be taken.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p><i>Parking & CCTV services Manager - June 2018</i></p>
3	<p>a) The Systems Accountant, along with the support of ICT, should set a planned implementation date for PCI DSS compliance</p> <p>b) The Parking Services Manager should review the Council's contracts with Parkeon and Phone & Pay to establish whether they are PCI DSS compliant, and if not, explore other options for service providers who are compliant.</p>	H	<p>a) Agreed</p> <p>b) Agreed, will gain evidence from contractors.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p>a) <i>Systems Accountant - June 2018</i></p> <p>b) <i>Parking & CCTV Services Manager - June 2018</i></p>
4	<p>a) All Parking officers should be made aware by the Parking Services Manager of the importance of recording all receipts accurately. Where audit receipts relate to a collection on the previous day, this should be recorded in the appropriate section on the Cash Sheet.</p> <p>b) The Parking Services Manager should discontinue the use of the audit tickets with printed logos, and discard any remaining tickets to ensure that they are not used.</p> <p>c) The Parking Services Manager should establish the time frames for when cash collected is banked by G4S, when they collect on alternative days to those agreed.</p> <p>d) The Parking Services Manager should ensure that there are enough collection boxes for each parking machine and that each box and parking machine are clearly labelled with the correct corresponding numbers. The Cash Sheet should also be updated to reflect the correct box and machine numbers.</p> <p><i>Continued...</i></p>	H	<p>a) Agreed. Have already outline to staff following auditors visit.</p> <p>b) Will review these receipts and if an issue cease using logo receipts if its causing a problem.</p> <p>c) Will liaise with G4S to confirm banking dates.</p> <p>d) Bought 10 new boxes recently but there is an issue over damage and currently working with staff about how to remove boxes if stuck rather than damage them in removing them.</p> <p>e) This may be down to the day they collected the cash in that it was the night before the actual cash count as not always collected on the morning of the cash count. Staff are to record on the spreadsheet if this is the case.</p> <p>f) Agreed. Will design and introduce and ensure retained as part of evidence of collection.</p> <p>g) Agreed. Staff were told on the day that this was not acceptable and staff have been made aware of the requirements of security over cash count.</p> <p><i>Continued...</i></p>

Appendix III - Car Parks and Payments Collection - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
4	<p>e) Parking Officers completing the cash count should check the date and time displayed on the coin counting machine to ensure that it is correct, and if not, report this to the Parking Services Manager to rectify this. The Parking Services Manager should also check that this hasn't impacted previous days' coin counting receipts.</p> <p>f) A proforma which resembles a coin counting machine receipt should be created by the Parking Services Manager for note counts to be documented by Parking Officers.</p> <p>g) CCTV/Parking Officers should ensure that the CCTV door is securely locked and the window closed prior to commencing the cash count.</p> <p>h) The Parking Services Manager should ensure the safe keys are either held by an individual to control or securely held with very restricted access.</p>	H	<p>h) This was a security weakness and once identified by the auditor action was taken to make the Deputy Parking & CCTV Services Manager the safe key holder. Will organise official hand overs of the key if they are due to be absent for a period of time. Safe key holder has had the responsibilities of holding the key explained to.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p>a) Parking & CCTV Services Manager - completed.</p> <p>b) to f) Parking & CCTV Services Manager - June 2018</p> <p>g) & h) Parking & CCTV Services Manager - completed</p>
5	<p>a) The Ticket and Permit Processing Officer should ensure that applications are received prior to issuing permits and application forms should be saved electronically onto the Chipside system linked to the associated permit account.</p> <p>b) The Parking Services Manager should ensure that the providers of the Chipside system apply the necessary updates so that the correct prices are reflected on the system.</p> <p>c) The Ticket and Permit Processing Officer should ensure that where customers are invoiced for bulk purchases, a record of the invoice is stored on the Chipside system as well as details relating to whether full payment has been received.</p> <p>d) The Parking Services Manager should ensure that details of approved discounts are made available to the Ticket and Processing Officer so that they can be applied to eligible permit purchases.</p>	M	<p>a) Agreed.</p> <p>b) Agreed. Chipside system has not been maintained for a while a position inherited. Currently working with the firm to rectify the position.</p> <p>c) Agreed.</p> <p>d) Agreed. There has been an issue over discounts for bulk purchase by firms and this is an area which is being looked at and could form part of the Car Park Strategy.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p>a) b) & c) Parking & CCTV Services Manager - June 2018.</p> <p>d) Parking & CCTV Services Manager - June 2018</p>
6	<p>The Finance Officer should complete monthly reconciliations of the season ticket/permit income against income actually received for sales. Reconciliations should be completed on a monthly basis in the same way this is done for cash and phone and pay income.</p>	M	<p>Finance will liaise with Parking Services Manager to implement an appropriate reconciliation.</p> <p><i>Responsible Officers and Implementation Dates</i></p> <p>Parking & CCTV Services Manager / Systems Accountant - June 2018</p>

Appendix III - Car Parks and Payments Collection - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
7	<p>a) The Financial Service Manager should ensure that only authorised officers are making refund payments, and that authorised refund limits are stated within the Council's financial regulations/policies</p> <p>b) The Parking Services Manager should request monthly reports from Bemrose/phone and pay of refunds processed including refund amounts and reasons for refunds</p> <p>c) The Ticket and Permit Processing Officer should save an electronic copy of refund requests on to the relevant permit record on the Chipside system. Where requests are made over the phone, details of the refund request should be manually entered onto the system</p> <p>d) The Ticket and Permit Processing Officer should ensure that season tickets/permits are deactivated prior to sending a request to finance to make a refund payment.</p>	M	<p>a) Agreed. Finance Service Manager, is confident that although there is no formal protocol in place, This risk of fraud is low. However, we welcome Internal Audits comments and will look into reviewing this procedure.</p> <p>b) Agreed will request monthly reports and review refund levels.</p> <p>c) Agreed officer has been instructed to do this.</p> <p>d) Agreed officer has been instructed and will ask Deputy manager to review on a regular basis.</p> <p><i>Responsible Officers and Implementation Dates</i> <i>Parking and CCTV Manager - July 2018</i></p>

Appendix IV - Environment - Executive Summary

LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)			SUMMARY OF RECOMMENDATIONS (SEE APPENDIX II FOR DEFINITIONS)	
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.	High	-
			Medium	4
Effectiveness	Moderate	Non-compliance with key procedures and controls places the system objectives at risk.	Low	4
			Total number of recommendations: 8	

OVERVIEW

The Council has expressed a strong commitment to keeping streets and green spaces clean and tidy. The Corporate Plan 2016-2019 includes a key theme of finding new ways of working with partners and embracing the support of communities to enhance the cleanliness of the environment and maintain the attractiveness of the Borough, including Environment Services involvement to: enable communities to take a more active role in delivering a cleaner and safer environment, and encourage residents to work with the Council to take responsibility for the environment, and improve the cleanliness of our streets. The Council has recently commissioned a review of its Environmental Services function, and the scope of the Internal Audit review as discussed with the Council's Operations Manager is intended to complement but not duplicate the work of the Environment consultant. The internal audit therefore focusses on matters relating to Health and Safety and Risk Assessment activity of the Environment Team's Street Cleansing and Fly Tipping response, and Enforcement.

Key Areas for Improvement:

- There is no formal process for monitoring or reviewing of staff compliance with health and safety procedures
- The risk assessments do not specify implementation dates for additional actions
- There is no formal health and safety monitoring system in place which automatically collates and monitors all data, such as the number of incidents Council-wide or departmentally, broken down into the type of incident occurred.

Conclusion:

Overall, we could not provide assurance that some controls were operating in practice due to a lack of recorded evidence. From discussion with key members of staff, the risks were known and were being addressed, however no formal record was being maintained to provide assurance that the risks were being addressed through an adequate control framework. Areas where this applied included the overall arrangements for managing health and safety risks, the risk assessments review process including discussions with staff about roles and responsibilities, site visit reviews and the monitoring of health and safety incidents.

We have been advised by management that action has been taken to address a number of the issues raised in the report since the time of the audit fieldwork. This has included updating the corporate health and safety policy, a monitoring scheduled being implemented and the risk assessment template being updated.

Information relating to the advisory review of the Enforcement service can be found in appendix 1. The findings in this area have not impacted on the overall rating of the audit. In summary, risk profiling was not undertaken within the enforcement team to determine those cases bearing the highest risk, a log of cameras was not evidenced, with regular checks to ensure compliance with RIPA requirements and there was no protocol to be followed to ensure a consistent approach to enforcement.

Appendix IV - Environment - Executive Summary cont'd

LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM MODERATE /LIMITED TO SUBSTANTIAL ASSURANCE			
Design	Limited	Substantial	<ul style="list-style-type: none"> Implement an overall policy which outlines the key roles and responsibilities for managing health and safety risks Create a monitoring process to ensure regular reviews of work sites are undertaken and documented Implement a health and safety monitoring process
Effectiveness	Moderate	Substantial	<ul style="list-style-type: none"> Ensure all health and safety incidents are reported at departmental meetings

Appendix IV - Environment - Recommendations Summary

Ref.	Recommendations	Sig.	Management actions
1	<p>All actions raised as part of risk assessments undertaken should have a fixed timeframe for implementation. Actions should be subsequently monitored after their expected implementation date to confirm if they have been implemented. Sufficient supporting evidence should be retained for this review and confirmation.</p> <p>When the risk assessments are reviewed and updated, the additional control measures previously raised should be reviewed and either their occurrence confirmed, in which case they should be added to the existing control measures, or an explanation sought on why they are yet to be implemented.</p> <p>Reports should be presented at the Depot Health and Safety meeting to state the number of actions due, broken down into those outstanding and those that have been implemented in the period.</p>	M	<ul style="list-style-type: none"> Review of risk assessments will ensure that where additional controls have been inserted that a date of implementation is stated. Further reviews will ensure the additional risks when implemented are moved to the current controls column of the respective risk assessment. The H&S Policy has been revised to include reviews of risk assessments. Depot H&S meetings will include reviews of outstanding actions from risk assessments. Day log records are used to demonstrate the activity the operatives are undertaking each day. <p><i>Responsible Officer: Dean Carroll & David Wellings</i></p> <p><i>Implementation Date: July 2018</i></p>
2	<p>A formal schedule for site visits should be created, based on the risks associated with the places of work, to ensure an appropriate number of site visits are completed on an annual basis.</p> <p>A record should be maintained of all site visits undertaken to review health and safety processes. This should state who undertook the site visit, whether any non-compliance was identified, the individual who was not compliant, whether actions in place are effectively managing the risk and any actions that need to be raised and who these should be allocated to. This log can then be presented at Depot Health and Safety meetings and used to identified repeat instances of non-compliance.</p>	M	<p>A monitoring system is being implemented on a trial basis as a Beta system with managers within Streetscene, before upgrading to an Alpha DASH system following the trials and feedback.</p> <p><i>Responsible Officer: Darren Laver</i></p> <p><i>Implementation Date: July 2018</i></p>

Appendix IV - Environment - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
3	<p>a) Risk assessments should be reviewed on a regular basis. This review period should be a fixed time in keeping with the risk profile of the activity, i.e. more frequent review for activities with evolving risks, and agreed at an appropriate level. Also if an incident does happen this should also prompt a review. The future review date should be recorded on the risk assessment.</p> <p>b) The 'simple' risk assessments should be updated to include a review of the inherent and residual risk rating to allow for a review of the effectiveness of the mitigating controls and to provide clear reasoning for the overall level of residual risk. This risk rating need not be in a number format if this is deemed detrimental to the risk management process though a lack of staff support, and can be in a colour coding format to ensure a user friendly and understandable format.</p> <p>Management Comments:</p> <ul style="list-style-type: none"> • The risk assessments review period has now been defined in the Council's revised H&S Policy 2018 and in the Risk Assessment Standard. The review date is recorded on the risk assessment. • The Risk Assessment template has been revised and updated as a 'Standard' Risk assessment and has incorporated a RAG rating colour scheme of Red , high risk task, Amber, medium risk task, and green as low risk task so operatives can see immediately the importance of the risk and the control measures applied. The Document is available to all staff on the Council H&S Microsite. 	M	ALREADY IMPLEMENTED.
4	The Council should implement an accident and incident monitoring solution. This could be in the form of a spreadsheet which breaks down the incidents by the service line and department. This will allow for more regular scrutiny and increased efficiency and aid in the compilation and monitoring of health and safety incidents Council-wide.	M	<p>Agreed.(1) H&S software is being sought and a demonstration has been seen with a Director to take forward this to aid general H&S compliance. (2) The Incident Report Form has also been revised and simplified on the DASH software system to improve reporting processes.</p> <p><i>Responsible Officer: David Wellings</i></p> <p><i>Implementation Date: (1) Dec 2018 and (2) June 2018</i></p>

Appendix V - Main Financial Systems (including Outsourced Functions) - Executive Summary

CLIENT STRATEGIC RISKS		
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	2
Medium	7
Low	3
Total number of recommendations: 11	

OVERVIEW

Background

The Council is required to have sound controls in place with regards to its finance systems, in order to detect error and fraud. The purpose of this review was to ensure that there are adequate controls in operation relating to the Council's General Ledger, Payroll, and Payments and Creditors systems. We also reviewed the Council's systems and processes relating to Council Tax and National Non-Domestic Rates (NNDR), where there is a shared service agreement in place with Basildon Borough Council. The Payroll Service has also been outsourced to Midland Human Resources.

Scope and Approach

Our review involved conducting interviews with members of the Finance Team at Brentwood Borough Council and officers within the Revenues and Benefits teams at Basildon Council to establish the controls in operation for our areas of audit work. We selected samples to test that the controls were operationally effective. We tried to undertake data analytic testing on Payroll and Creditors data but were unable to perform the testing due to reports not being provided to the audit team or insufficient data in those provided.

Good Practice

- General Ledger reconciliations were carried out on a monthly basis and there was a segregation of duty with regards to preparation and review of reconciliations.
- General Ledger user access is reviewed on an annual basis and the individuals with access at the time of the audit had appropriate access for their job roles.
- Billing was timely for NNDR properties added to the CIVICA system.
- Council Tax properties were being charged in compliance with the Council's legislation and schemes.

Key Findings

General Ledger

- Reconciliations are not reviewed in a timely manner.

Appendix V - Main Financial Systems (including Outsourced Functions) - Executive Summary cont'd

OVERVIEW *continued*

Payroll

- Due to the outsourced Human Resources and Payroll Provider failing to produce the requested information, we were unable to undertake the full range of payroll testing and could only review if starters and leavers were added or removed from the payroll in a timely manner. Therefore we can not give an assurance on all processes in this area.
- We were unable to confirm controlled access to the payroll database as no information concerning those with access was supplied by the contractor.
- Starters are not added to the Payroll in a timely manner.

Council Tax and NDR

- Council tax and NDR refunds are not authorised before being processed, including one for over £100,000..
- No policy is in place for the management, monitoring and authorisation of the Council Tax and NDR suspense account payments.
- NDR discounts and exemptions granted do not include the supporting documentation to confirm they are eligible.
- Reconciliations with the Valuation Office Agency are not appropriately authorised or completed in a timely manner.
- Monitoring and billing of new properties are not completed in a timely manner.
- We were unable to confirm controlled access to the database as Basildon Council failed to supply relevant information during the audit. Therefore we could not confirm only authorised access is allowed.

Payments and Creditors

- Purchase orders are not being raised for all purchases of goods/services.
- Purchases on the procurement card were not fully compliant with the Council's policy.

Conclusion:

The Council needs to address its monitoring of performance and system controls with providers where it has outsourced its financial services. This includes the security over access to the Council's data held by external sources. The review confirmed there are issues with the current payroll provider and we were unable to complete the full range of payroll testing to enable us to give an assurance in this area. The Council has cancelled the contract and a new provider is to be in place in April 2018. The audit also highlighted performance issues with Basildon Council in the service they provide for Council Tax and NNDR and the Council needs to ensure this is addressed and monitored. The Council also has issues with purchases of goods/services being committed without a formal purchase order being raised and approved by the appropriate budget holder or authorised signatory but it is understood the Council does not formally adopt purchase order processing in its control framework.

Overall, the design of the systems remains moderate, as the Council's procedures remain reasonable. However, there have been issues with implementation of the outsourcing arrangements which leads to an opinion of limited for control effectiveness.

Appendix V - Main Financial Systems (including Outsourced Functions) - Executive Summary cont'd

LOOKING FORWARD: SUPPORTING THE COUNCIL'S JOURNEY FROM MODERATE TO SUBSTANTIAL ASSURANCE			
Design	Moderate	Substantial	<ul style="list-style-type: none"> • Council Tax and NDR: ensure refunds exceeding the threshold are appropriately authorised. • Council Tax and NDR: implement a procedure for the management and monitoring of the suspense account. • Payments and Creditors: implement a formal process for purchases and ensure there is an adequate segregation of duties for placing and reviewing purchases.
Effectiveness	Limited	Moderate	<ul style="list-style-type: none"> • Payroll: ensure there is an agreement in place with the external provider • Council Tax and NDR: evidence of exemptions and discounts granted are collated and the supporting documentation is archived onto the document management system. • General Ledger: complete and review reconciliations in a timely manner. • Payments and creditors: staff should be reminded of the procurement policy for placing and authorising purchases. • Council Tax and NDR: complete and authorise reconciliations of properties in a timely manner and ensure the supporting documentation is available. • Council Tax and NDR: new properties should be monitored and billed in a timely manner.

Appendix V - Main Financial Systems (including Outsourced Functions) - Recommendation Summary

Ref.	Recommendations	Sig.	Management actions
1	<p>The Council needs to ensure that all new starters and leavers are added to or removed from Payroll on a timely basis. A report of starters and leavers should be run monthly, reviewed and confirmed it is correct by the appropriate level of management.</p> <p>The Council should ensure that an agreement is in place with the new provider, whereby they agree to provide the required reports requested by the Council by set dates.</p> <p>The Council needs to ensure the payroll provider is meeting its contractual responsibilities and hold monthly meetings to ensure any operational issues are captured as part of contract monitoring.</p> <p>The Council should instigate performance monitoring and KPI's as part of any contract with outsourced financial services providers. This should include clear targets being set and evidence of the provider's procedures to show the controls in place which could be monitored. Confirmation should be sought over access controls to the contractors systems to ensure Council data is protected and only accessed by authorised officers.</p>	H	<p>Acknowledged that audit could not complete all testing due to current payroll provider failing to supply information requested. The Council has had issues with the current payroll provider and has decided to cancel the contract and will be using a new provider as from April 2018.</p> <p>We will ensure a full recorded process is in place for starters and leavers with relevant reports received each month for review.</p> <p><i>Responsible Officer: Chief Financial Officer</i></p> <p><i>Implementation Date: June 2018</i></p>
2	<p>a) The Council should ensure that they agree and record a procedure with Basildon Council for Council Tax and NNDR refunds.</p> <p>This should include:</p> <p>i) That two separate officers should raise, review and authorise all refunds.</p> <p>ii) Agreed authorisation levels for refunds. This should include a limit where 'high value' refunds should be referred to Brentwood Council for authorising.</p> <p>iii) A monthly report of all Council Tax and NNDR Refunds should be sent to Brentwood Council, which should be reviewed and approved.</p> <p>Once agreed, Basildon Council should ensure all relevant officers are aware of the requirements for a refund to be processed.</p> <p>b) Brentwood Council should review a sample of refunds each month to ensure the process is being adhered to.</p>	H	<p>We agree that the Council needs to agree with Basildon Council a process for refunds to ensure a separation of duties is in place and where refunds are authorised by senior officer. A limit needs to be set for 'high value refunds' and these are sent to Brentwood with relevant details for verification and authorisation.</p> <p>Basildon Council: We also agree that a formal process needs to be agreed, which will include a separation of duties and a high value level for verification. At Basildon Council we already have a process for Basildon which has been agreed with internal audit and finance, and we will share this process with Brentwood Council.</p> <p><i>Responsible Officer: Chief Financial Officer / Revenues & Benefits Operational Manager (Basildon)</i></p> <p><i>Implementation Date: June 2018</i></p>

Appendix V - Main Financial Systems (including Outsourced Functions) - Recommendation Summary cont'd

Ref.	Recommendations	Sig.	Management actions
3	<p>a) Basildon council should implement an overarching procedure for management and monitoring of the suspense account outlining the responsibilities of both Brentwood Council and Basildon Council.</p> <p>The procedure should include:</p> <p>The reason for requesting to transfer the sum.</p> <p>Evidence is retained to support the request.</p> <p>transactions from suspense should be authorised by a manager.</p> <p>Monthly reconciliation of the suspense accounts with aged analysis.</p> <p>b) Details of historical suspense entries should be reported to Brentwood Council on a minimum of an annual basis as part of the end of year closedown process so a decision can be taken on how to action these.</p>	M	<p>Basildon Council should be applying the same processes for both suspense accounts. Basildon Council should have set the responsibility to clear suspense accounts to a manager. Brentwood Council need to agree a process with Basildon. Communication needs to be improved between the two councils and they should request confirmation from Brentwood if they need to move funds to Brentwood.</p> <p>Basildon Council: Agreed that communication between Basildon's Systems and Controls team and Brentwood Councils Finance team needs improvement, including agreeing clear processes for all suspense payments with agreed timescales.</p> <p><i>Responsible Officer: Chief Financial Officer / Revenues & Benefits Operational Manager (Basildon)</i></p> <p><i>Implementation Date: June 2018</i></p>
4	<p>The Council should ensure that reconciliations are prepared by the 15th of the following month, and that the Interim Financial Controller reviews the reconciliations by the 22nd of the following month (one week later). The finance team should also implement a process whereby the review of reconciliations are recorded (either by signing the reconciliation or the reconciliation monitor).</p>	M	<p>The Interim Financial Controller is responsible for reviewing all the recs and due to the number involved and current responsibilities this may prove impractical to be completed by the 15th. The team should be able to prepare these by the 15th and then reviewed by 22nd. Financial Account will review the reconciliation monitor to ensure they are being completed. Financial Accountant will authorise any clearance journals so is reviewing items as such but appreciate that this isn't evidenced as they do not sign off the rec paper copy.</p> <p><i>Responsible Officer: Interim Financial Controller</i></p> <p><i>Implementation Date: June 2018</i></p>

Appendix V - Main Financial Systems (including Outsourced Functions) - Recommendation Summary cont'd

Ref.	Recommendations	Sig.	Management actions
5	<p>The Council should ensure that all applications (especially ones surrounding Empty Rate Relief) are supported by appropriate backing documentation to ensure the reason for the discount or exemption awarded is evidenced.</p> <p>In addition, it should be investigated as to whether Basildon Council's system parameters could be updated to include a section for management review to ensure that all new applications are appropriately authorised by the Business Rates Manager.</p> <p>Brentwood Council should liaise with Basildon Council to confirm if it wishes for visits to be undertaken as another control process to ensure the exemption or discount awarded is still valid.</p>	M	<p>Sufficient evidence should be retained on file to support any discount or exemption awarded. We will liaise with Basildon Council to agree the level of evidence to be retained for each award.</p> <p>Basildon Council:</p> <p>We agree that sufficient evidence should be retained on file, although in certain circumstances, evidence is not required for all reliefs, discounts and exemptions. A visiting regime is in place for NNDR and Ctax properties to be visited to ensure where possible that reliefs, discounts and exemptions are correct. We also employ a Compliance team who through other avenues, like credit reference agencies, tracing etc. also proactively review reliefs, discounts and exemptions are correct, working with the visiting officers and their knowledge.</p> <p><i>Responsible Officer: Chief Financial Officer / Revenues & Benefits Operational Manager (Basildon)</i></p> <p><i>Implementation Date: June 2018</i></p>
6	<p>The Council should confirm its process as to whether a Purchase Order should be raised for all purchases of goods/services to ensure the commitment of expenditure is formally authorised. Once confirmed the procedures need to be updated to reflect this position.</p> <p>Once implemented the finance team should not process an invoice payment without an authorised Purchase Order being in place. The invoice should not be approved by the same person who authorises the Purchase Order.</p> <p>The finance Team should run a monthly report to establish if Purchase orders are being raised in advance of the receipt of goods/services and subsequent invoice and report on the level of retrospective raising of Purchase Orders by Services. This could be reported at the Corporate Leadership Board so compliance can be monitored by Senior Management.</p>	M	<p>It is not formally enforced throughout the Council procedures that a purchase order MUST be raised for all good/services. Finance understand this is best practice, but is also mindful that this is a massive culture shift in the authority should this be implemented. Finance plan is to implement purchase order processing in line with our system upgrade later on in the year. This will need additional resource and highlighted as a corporate project. Budget Managers are responsible for managing their commitments and invoices via the financial management collaborative planning system. As well as the invoice authorisation process This ensures expenditure should be reviewed to avoid the risk that the Council is paying for goods it doesn't received. The query is there is a lack of evidence is held, most good/services notes are received despite not having a anywhere to record them if a purchase order is not raised.</p> <p><i>Responsible Officer: Chief Financial Officer</i></p> <p><i>Implementation Date: June 2018</i></p>

Appendix V - Main Financial Systems (including Outsourced Functions) - Recommendation Summary cont'd

Ref.	Recommendations	Sig.	Management actions
7	The Council should ensure that all Procurement Card holders are aware of the Procurement Card Policy, and are reminded of what is deemed to be acceptable when making purchases. When reviewing monthly procurement card transactions, line managers should also be aware of the policy and raise with officers any inappropriate purchases, or purchases which are not in line with the Council's policy. Finance Team should undertake a 10% transaction test to ensure purchases are appropriate and authorised correctly.	M	Chief Financial Controller signs off all transactions logs as S151 officer but obviously items raised not picked up. Hoping to move this so a more electronic based system in the future so that forms and receipts can be uploaded and submitted straight to line manager and then finance team for review and sign off. <i>Responsible Officer: Chief Financial Controller</i> <i>Implementation Date: June 2018</i>
8	Brentwood Council should request that Basildon Council complete reconciliations within seven days of the VOA schedule date for Brentwood domestic and commercial properties. This should be monitored by the Council and action taken if there are delays. Reconciliations should be clearly signed and dated by the officer completing the reconciliation, as well as the manager approving the reconciliation The Council should ensure all supporting documentation for the reconciliations are retained.	M	Reconciliations process passed to Basildon Council last April so still some embedding of the process. Will liaise with Basildon to review and agree process. Basildon Council: Wherever possible VOA schedules are completed within seven days. Since September 2017 for both NNDR and Ctax, reconciliations are signed and dated by the officer and for NNDR then the business rates manager. Since May 2018 the Billing & Benefits Senior Officer approves the Ctax reconciliation. Supporting documentation for the reconciliations is retained. <i>Responsible Officer: Chief Financial Officer / Revenues & Benefits Operational Manager (Basildon)</i> <i>Implementation Date: June 2018</i>
9	The Council's procedures on billing regulations should state the target number of days to assess whether timeliness has been met. Best practice would be 10 working days. Reasons should be recorded as to why the target is not met and monitored. The Business Rates Manager should ensure that there is a system in place (such as a spreadsheet) to monitor outstanding new properties without billing addresses, and ensure that these are followed up and the system is updated. If the Systems and Controls Officer is awaiting information for billing then the reasons for the delays should be recorded on the system or within the spreadsheet.		Basildon Council should have a process for tracking properties or visiting officers who will visit to obtain billing details. We will liaise with them to discuss and agree a process. Basildon Council: This process was changed in September 2017, the property is now created on Civica immediately to allow tracing of occupiers, visiting schedules and tracked by officers. Audit Comment: Note that when undertaking testing staff did not make the auditors aware of such a practice being in place and did provide evidence of a working list of properties where no billing details were recorded and how these would be target to gather information. <i>Responsible Officer: Interim Financial Controller / Revenues & Benefits Operational Manager (Basildon)</i> <i>Implementation Date: June 2018</i>

Appendix VI - Risk Management - Executive Summary

CLIENT STRATEGIC RISKS		SUMMARY OF RECOMMENDATIONS (SEE APPENDIX VII FOR DEFINITIONS)	
Risk	To ensure the provision of efficient and effective services	High	1
LEVEL OF ASSURANCE (SEE APPENDIX VII FOR DEFINITIONS)		Medium	2
Design	System of internal controls is weakened with system objectives at risk of not being achieved.	Low	1
Effectiveness	Evidence of non compliance with some controls, that may put some of the system objectives at risk.	Total number of recommendations: 4	

OVERVIEW

Background

Risk Management is the process of identifying and mitigating risks to the achievement of Council objectives. The Council’s Risk and Insurance Officer within the Financial Services team maintains the Strategic Risk Register, develops the Council’s approach and guides staff in its implementation. Service departments are responsible for maintenance of operational risk registers. The Council’s Audit Committee is charged with monitoring the effective development and operation of risk management and corporate governance in the Council. The Audit Committee considered a report on the status of the Council’s 2017/18 Strategic Risk Register and a revised Insurance and Risk Management Strategy at a meeting on 27 September 2017.

The purpose of our review was to consider the design and effectiveness of the controls in place around the processes for risk management including risk appetite, risk identification and risk mitigation and to identify where the controls may be improved.

Areas of good practice identified were:

- Since the last review in 2016 further resources have been provided to support risk management within the Council, such as the use of Microsoft SharePoint to aid in the update and accessibility of the risk registers
- Risk registers are formally updated every quarter, with all strategic risks reported to both the Corporate Leadership Board and the Audit Committee in order to review progress
- The Risk and Insurance Officer has developed a Risk Management Training module which is currently in the process of being made available via the Council’s e-learning system and will be required to be completed by all members of staff
- A Risk Management Handbook is in place within the Council which provides guidance and advice to all staff as well as an in-depth Insurance and Risk Management Strategy

Appendix VI - Risk Management - Executive Summary cont'd

OVERVIEW

However, we identified the following areas of improvement:

- Risk management is still in the process of being embedded with a number of practices yet to be taken to further embed processes. We identified a lack of consistent engagement at all levels of the Council (Finding 1 - High)
- Clear processes are not in place with regards to risk identification. There is a lack of forums within departments to regularly challenge, discuss and review current and potential risks (Finding 2 - Medium)
- There is a lack of oversight and review of all forms of risk and their relevant risk registers with reviews not happening in accordance with the Strategy (Finding 3 - Medium)
- Risks are not being clearly described in all cases with key information such as target scores not recorded. We identified cases where target dates for mitigation had passed, indicating a lack of oversight (Finding 3 - Medium)
- There is no explicit and formalised risk appetite statement within the Council (Finding 4 - Low)

Conclusion

It is clear that a great deal of work has been completed with regards to risk management since our last review. Our review identified scope for improving the Council's risk management controls, but there were no major instances of non compliance with the current controls. Consequently, we have provided limited assurance over the control design and moderate assurance over the control effectiveness.

With regards to the limited opinion over the control design, it is derived from the following key points:

- Processes and controls are currently focused on strategic risks and whilst the framework for these is well designed and operationally effective, operational and project risks need to be brought up to the same level, there is significant work to do here.
- Linked to the above point, risk Management is very limited to the senior management and is therefore not embedded within the Council with risks rarely, if ever, discussed outside of CLB.

Whilst awareness and engagement from management has increased it is the engagement across the Council, at all levels and in all departments that requires improvement.

Appendix V - Risk Management - Recommendations Summary

Ref.	Recommendations	Sig.	Management actions
1	<ul style="list-style-type: none"> a) Those with risk management responsibilities should have this area of their job role reviewed during annual appraisals with their job descriptions updated where necessary b) Risk Management resources should be reviewed with contingencies put in place to ensure resilience and continuity if the current Risk and Insurance Officer was to leave or was off for a prolonged period of time. c) Refresher training for management is required to be arranged to ensure continued awareness and engagement in the risk management process d) KPI's should be developed and implemented in order to assess the overall effectiveness of the risk management function. (see Appendix V for examples of KPIs) 	H	<p>As highlighted our Risk and Insurance Officer has undertaken significant work in order to embed risk management across the council.</p> <ul style="list-style-type: none"> a) This would need to be separately resourced as a specific project with our new HR provider. Agree in principal this should be managed. b) Agreed this will be internally managed. c) As Highlighted in findings, eLearning is being rolled out with a view for further training to be implemented in the year, through one to one meetings or drop in sessions. d) In Principle agreed, The Risk & Insurance strategy is updated annually where this will be reviewed. <p><i>Responsible Officer: Risk and Insurance Officer & Financial Services manager</i></p> <p><i>Implementation Date: March 2019</i></p>
2	<ul style="list-style-type: none"> a) To aid in the identification, escalation and challenge of risks a pro-forma should be produced and held on the intranet (see Appendix IV for example). This will allow staff at all levels of the Council to record what they feel the risk and risk score is as well as any current controls. This can then be escalated via their Manager and discussed at the team meeting (see point C. below) b) The risk identification process should be more clearly defined in the Insurance and Risk Management Strategy with details of how to identify risk and how to complete the pro-forma discussed in point A.) above. c) Departmental Team Meetings should be established with Risk being a standing agenda item. Any escalated or potential risks will be discussed here as well as current risks on the their risk register. d) Project risks as described on Highlight reports should be reviewed and added to departmental risk registers where necessary. 	M	<ul style="list-style-type: none"> a) Risk identification form has been produced and will be rolled out with eLearning. b) The strategy is updated annually where this will be reviewed. c) This will be encouraged top down from CLB d) Risk and Insurance Officer to liaise with Project and Programmes Team <p><i>Responsible Officer: Risk and Insurance Officer & Financial Services manager</i></p> <p><i>Implementation Date: December 2018</i></p>

Appendix V - Risk Management - Recommendations Summary cont'd

Ref.	Recommendations	Sig.	Management actions
3	<p>a) All required parts of the risk registers should be completed appropriately to ensure controls are in place and monitored to ensure mitigation is occurring as expected. This includes:</p> <ul style="list-style-type: none"> • All risks having risk owners • Appropriate and realistic target scores completed • Target dates being recorded • Links to strategic/corporate goals included <p>b) Risks should be assigned a category in order to undertake more informed trend analysis.</p> <p>c) The Insurance and Risk Management Strategy should be updated and the responsibilities of SMT disseminated.</p> <p>d) Risks with a score of 12 or higher should be discussed at CLB as per the Insurance and Risk Management Strategy</p> <p>e) The process for removing risks should be clarified in the strategy with removed risks being held on file</p> <p>f) All new risks should be scrutinised to ensure that the risk is actually a risk and the mitigation recorded is sufficient to nullify the risk and to reduce it to within the risk appetite of the Council.</p>	M	<p>a) We will encourage via CLB and one to one meetings with risk officer to ensure risk registers are completed.</p> <p>b) Agreed and in the process of being implemented.</p> <p>c) The strategy is updated annually where this will be reviewed.</p> <p>d) Agreed and in the process of being enforced.</p> <p>e) The strategy is updated annually where this will be reviewed.</p> <p>f) Agreed and in the process of being implemented alongside the new Risk Identification form.</p> <p><i>Responsible Officer: Risk and Insurance Officer & Financial Services manager</i></p> <p><i>Implementation Date: December 2018</i></p>

Appendix VII - Information Security Assessment - Executive Summary

CLIENT STRATEGIC RISKS		DIRECTION OF TRAVEL	AREAS FOR CONSIDERATION
Risk	The Council is not compliant with its statutory and regulatory obligations.	Action is required to address a number of areas that could undermine the provision of IT services to the Council.	We have identified ten areas for consideration to support the work being undertaken by the Council.

OVERVIEW

The purpose of this review was to assess the design and effectiveness of the Council's systems and procedures for information security in line with the requirements of ISO27001 - Information Security Management Systems. The Council's Town Hall Re-modelling project was completed in October 2017. As part of this restructuring process, the Council has migrated to a cloud environment Microsoft Azure, for managing applications and services through a global network of Microsoft-managed data centres. Due to the recent changes, it was agreed that this audit would be advisory, to provide areas for improvement under the new arrangements. Therefore no assurance opinion is given.

We found the following examples of good practice:


- The Council's IT governance controls pertaining to IT Strategy, management, roles and responsibilities are in place.
- The Council has a corporate risk management process
- All the Information security policies are reviewed and updated from July 2017.
- The Council has a defined business continuity and disaster recovery plan from July 2017.
- The Council has a defined procedure for user access management of starters, movers and leavers.

However, we identified the following areas of improvement:

- There is no information security training being conducted across the Council.
- There are no procedures for subject access requests and freedom of information.
- The Council do not have effective IT Asset management controls, e.g. no formal IT asset register.
- There is no defined Information Classification policy and no building access controls
- There have been no penetration tests performed post migration to the Cloud environment.
- There has been no testing performed of business continuity and disaster recovery arrangements

Overall, the controls in place are not sufficient to protect attacks against the information that the Council holds and would not currently be sufficient to meet changes to data protection legislation from May 2018 under the General Data Protection Regulations (GDPR). Whilst the ICT Service has taken action to apply IT general controls, there are a number of issues that, if not addressed, could result in a breach in information security management systems. Therefore, we have provided an improvement plan for management to implement the controls for an effective information security management system.

To enable the Council to prioritise the actions identified, we advise that areas for consideration 1, 2, 4 and 7 are treated as high and the remaining areas are treated as medium priority.



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