

**13 June 2018**

## **Audit and Scrutiny Committee**

### **Internal Audit Annual Report 2017/18**

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

**Wards Affected:** *All*

**This report is:** *Public*

#### **1. Executive Summary**

- 1.1 Overall, we are able to provide limited assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently. In forming our view we have taken into account that:
- 1.2 The Council has performed broadly in line with budget regarding financial performance. The Council has shown strong financial management with moderate / substantial and substantial assurance opinions provided in this year's audits on the financial planning and budget monitoring and capital projects respectively.
- 1.3 The Council's record in implementing audit recommendations requires some improvement. Whilst management are proactive in discussing plans to address the risks identified in audits, there is a lack of engagement when internal audit follow up recommendations, therefore we cannot report a year end position relating to recommendations made during 2017/18 that have fallen due before 31 March 2018.
- 1.4 47% of audits received limited or part limited assurance. These included car parking and payment collection, environment and community halls viability, and the key areas of risk management, main financial systems, housing and partnerships.
- 1.5 The reduction in assurance this year is disappointing and may reflect the significant changes that have taken place in the Council over the last year. New arrangements are taking time to bed down. However, management have responded positively to our reports and if the improvements required are implemented this will support a better position in 2018/19.

#### **2. Recommendation**

- 2.1 That the Committee receives and notes the contents of the report.**

### **3. Introduction and Background**

- 3.1 The role of internal audit is to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed.
- 3.2 The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

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

- 4.1 None.

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

- 5.1 To review the results of internal audit reviews undertaken during the year, and highlight key themes and areas for consideration arising from the work of internal audit.

### **6. Consultation**

- 6.1 None.

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

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

### **8. Implications**

#### **Financial Implications**

**Name & Title:** Jacqueline Van Mellaerts, Interim Chief Finance Officer  
S151 Officer

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

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

#### **Legal Implications**

**Name & Title:** Daniel Toohey, Monitoring Officer and Head of Legal  
Services

**Tel & Email:** 01277 312860/daniel.toohey@brentwood.gov.uk

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

**Other Implications.**

8.3 None.

**9. Background Papers**

9.1 None.

**10. Appendices to this report**

Appendix A – Internal Audit Annual Report 2017/18

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