

**17 October 2018**

**Audit and Scrutiny Committee**

**Internal Audit Progress Report**

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

**Wards Affected:** *All*

**This report is:** *Public*

**1. Executive Summary**

1.1 This report is intended to inform the Audit and Scrutiny Committee of progress made against the approved internal audit plan for 2018/19, which was approved by the Audit Committee in March 2018.

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

- Building Control (Substantial/Substantial assurance)
- Commercial Activities (Substantial/Substantial assurance)
- Planning (Substantial/Substantial assurance)

The full reports are available on request.

1.3 A Summary of outstanding Recommendations from previous audits are included in Appendix B. There was a total of 80 high and medium recommendations to be completed, of which 42 have been completed and 5 are not yet due.

**2. Recommendation**

**2.1 That the Committee receives and notes the contents of the Internal Audit Progress Reports attached in Appendix A.**

**2.2 That the Committee received and notes the contents of the Internal Audit Follow Up Report attached in Appendix B**

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

- 3.1 This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2018/19 internal audit plan. 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.
- 3.2 The Audit Committee approved the 2018/19 annual audit plan in March 2018. The progress against plan is reported at every Audit and Scrutiny Committee during 2018/19.

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

- 4.1 The following reports have been finalised since the last Committee and a summary of our findings is included in the progress report:
- Building Control (Substantial/Substantial assurance)
  - Commercial Activities (Substantial/Substantial assurance)
  - Planning (Substantial/Substantial assurance)

The full reports are available on request.

#### **4.2 Building Control Conclusion**

We were able to confirm with reference to information held by the Council that in practice all the requirements for building regulations are being followed. The service is delivering verdicts on building notices and full plans in a timely manner and in a way that covers all of the requirements. This leads us to the conclusion of substantial assurance on the design and effectiveness and of the controls in place.

#### **4.3 Planning Conclusion**

Overall, we found that the processes conducted and controls in place concerning planning applications are effective in ensuring that applications are uploaded, validated and processed in an accurate and timely manner. The procedures notes used need to include Brentwood Borough Council bespoke processes and explicit time frames, however we found that the processes and controls were well understood and

applied consistently, therefore we have concluded an opinion of substantial assurance over both design and operational effectiveness of the controls in place.

#### 4.4 Commercial Activities Conclusion

The Council has undertaken some major decisions in an attempt to improve its commercial activities to raise additional income to support and improve services for residents of the Borough. It has created a separate commercial arm and is entering in to a Joint Venture Partnership, whilst ensuring it retains a strong governance structure, to be able to react to potential commercial opportunities without previous delays in decision making process, thus enabling it to react on a more commercial footing. This has already resulted in the commercial arm purchasing a significant asset, as the Wholly Owned Company could make a commercial decision as it has been given the power to make such decisions under the agreement set up. In regards to the Joint Venture, the Council will have an equal share and the agreement will not be able to be changed without appropriate approval.

In our view the Council has taken the requisite steps to obtain the necessary approvals, set up appropriate governance structures and identify and mitigate initial risks. However, as the Council has recognised, the establishment of these commercial operations represents a significant risk and this will need to be managed carefully as the commercial activities progress. We have included a number of areas for the Council to consider in the Appendix to this report.

4.5 A Summary of outstanding Recommendations from previous audits are included in Appendix B. There was a total of 80 high and medium recommendations to be completed, of which 42 have been completed and 5 are not yet due.

4.6 This is regularly monitored by Senior Officers and will be followed up again ahead of the next Audit and Scrutiny Committee, along with other recommendations due by 31<sup>st</sup> December 2018.

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

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

### **6. Consultation**

6.1 Not applicable.

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

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

## **8. Implications**

### **Financial Implications**

**Name & Title:** Jacqueline Van Mellaerts, Interim Chief Finance 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, Head of Legal Services

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

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

## **9. Background Papers**

- 9.1 None

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

Appendix A – Internal Audit Progress Report 2018/19

Appendix B – Internal Audit Follow Up Report 2018/19

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