

Committee: Audit and Scrutiny Committee	Date: 9 October 2019
Subject: Internal Audit Progress Report	Wards Affected: all
Report of: Greg Rubins, Head of Internal Audit (BDO)	Public
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Summary

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2019/20 internal audit plan and an update following completion of our 2018/19 internal audit work programme.

The following reports have been finalised since the last Committee:

- Workforce Strategy and organisation structure (2018/19) (Substantial/Moderate)
- Housing Department (2018/19) N/A
- Human Resources Recruitment (2019/20) (Substantial/Substantial)
- Trade Waste (2019/20) (Moderate/Substantial)
- Food Safety (2019/20) (Substantial/Moderate)

The executive summaries of the above audits are included in Appendix A – Progress report and the full Housing Department Report is included at Appendix II to the progress report.

The full reports for all our audits are available on request.

A summary of outstanding recommendations from previous audits is included in Appendix B – Follow up report.

Recommendation(s)

Members are asked to:

- R1. That the Committee receives and notes the contents of the Internal Audit Progress Report attached in Appendix A.**
- R2. That the Committee receives and notes the contents of the Internal Audit Follow Up Report attached in Appendix B.**

Main Report

Introduction and Background

1. This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2019/20 internal audit plan and an update on completion of the 2018/19 internal audit work programme. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised.
2. 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. The Audit Committee approved the 2019/20 annual audit plan in March 2019. The progress against plan is reported at every Audit and Scrutiny Committee during 2019/20.

Issue, Options and Analysis of Options

4. The following reports have been finalised since the last Committee:
 - Workforce Strategy and organisation structure (2018/19)
 - Housing Department (2018/19)
 - Human Resources Recruitment (2019/20)
 - Trade Waste (2019/20)
 - Food Safety (2019/20)

Workforce Strategy and Organisation Structure (2018/19)

5. Overall, there is a solid foundation in relation to workforce strategy. A strategy is in place which is detailed and contains a number of themes and outcomes, a majority of which are monitored effectively. Processes are in place for employees including appraisals and exit questionnaires. In relation to training, a system is in place allowing for requests to be made easily and this protects the Council where employees leave after qualifying. Overall we have therefore concluded substantial assurance for the design of controls and moderate assurance for the effectiveness of the controls.

Housing Department (2018/19)

6. The Council has had longstanding issues with managing its housing stock effectively, for example through lack of a robust stock condition survey. It has taken action to address these through a contract with Axis which should result in significant improvements if managed well. The focus of officers on this new contract has been understandable but, in the meantime, there has not been effective communication with the senior Members of CHHC and, in particular, the decision to end the arrangement with Basildon should have been made with the agreement of those Members. In turn, Members should have raised any concerns about this with the Chief Executive.
7. It is also important to the effective running of the Council that Members and officers treat each other with courtesy and respect. We have made a number of recommendations to support the action that has already been taken by the Council.

Human Resources Recruitment (2019/20)

8. Based on our review we have raised one medium and two low level recommendations relating to minor weaknesses identified in the operation of the Council's recruitment procedures and controls. Overall, the Council has a sound system of internal controls that are generally being consistently applied. The introduction of new policies and procedures over the last 12 months, has resulted in significant improvements in the service and there are well established performance monitoring arrangements for the contract with Thurrock Council. Consequently, we conclude substantial assurance over both the design of the Council's controls and their operational effectiveness.

Trade Waste (2019/20)

9. Overall, with the exception of scope for further promotional activities to be carried out to increase income generation by the service, we identified a well-designed control framework to be in place and, with a minor exception only, the controls were being consistently applied. Consequently, we have concluded an opinion of moderate assurance for design and substantial assurance for operational effectiveness of controls.

Food Safety (2019/20)

10. Overall, we found a well-designed control framework to be in place. However, we identified an exception relating to a number of new premises not inspected within a timely manner and the reasons for the delays not recorded. Consequently, we have concluded an opinion of substantial assurance for the design of controls and moderate assurance for the operational effectiveness of the controls being applied.
11. A Summary of outstanding Recommendations from previous audits are included in Appendix B – Follow up report.

12. 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 30 September 2019.

Reasons for Recommendation

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

Consultation

14. Not applicable.

References to Corporate Plan

15. Good financial management underpins all priorities within the Corporate Plan.

Implications

Financial Implications

Name/Title: Jacqueline Van Mellaerts, Director of Corporate Resources
Tel/Email: 01277 312829/jacqueline.vanmellaerts@brentwood.gov.uk

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

Legal Implications

Name & Title: Paula Harvey, Paula Harvey, Corporate Governance Solicitor & Deputy Monitoring Officer
Tel & Email: 01277 312705/paula.harvey@brentwood.gov.uk

17. There are no legal implications arising from this report.

Economic Implications

Name/Title: Phil Drane, Director of Strategic Planning
Tel/Email: 01277 312610/philip.drane@brentwood.gov.uk

18. [There are no economic implications arising from this report.]

Background Papers

19. None

Appendices to this report

20. Appendix A – Internal Audit Progress Report
 • including Appendix with Housing Department report
Appendix B – Internal Audit Follow Up Report