

INTERNAL AUDIT PROGRESS REPORT

BRENTWOOD BOROUGH COUNCIL

January 2021

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2020/21 WORK

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2020/21 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.

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 Appendix 1 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.

2020/21 Internal Audit Plan

We are making reasonable progress in the delivery of the 2020/21 audit plan, and we are pleased to present the following report to this Audit and Scrutiny Committee meeting:

- Disaster Recovery and Business Continuity

We are also completing the fieldwork on the following audits:

- Contract Management and Procurement
- Covid-19 Related Grants
- Environment - Street Cleaning, Fly Tipping and Enforcement (draft report stage)
- Cyber Security (draft report stage)
- Risk Management
- Licensing

We anticipate presenting these reports at the next Audit and Scrutiny Committee.

Changes to the Plan









We agreed changes to the timings of the three audits below, where officers requested that we postpone the audits to allow the Council to focus only on business critical services during the onset of the Covid-19 pandemic:

- Corporate Strategy - moved from Q1 to Q2 - now complete
- Contract Management and Procurement - moved from Q1 to Q2 - being completed in Q3 and Q4
- Performance Management and Formal Complaints - moved from Q1 to Q2 - now complete
- Affordable Housing - moved from Q3 to Q4

We also agreed to change the audit plan to address Covid-19 related risks as follows:

- Postpone the Car Parking audit to 2021/22 and carry out an audit on Covid-19 related grants - in progress

REVIEW OF 2020/21 WORK

| Audit | Exec Lead | Start Date | Planning | Fieldwork | Reporting | Design | Effectiveness | |
|--|----------------------|-------------|-------------------------------------|------------------|------------|---|---|--|
| Risk Management | Jacqui Van Mellaerts | Q4 Jan 2021 | ✓ | ✓ In progress | | | | |
| Main Financial Systems | Jacqui Van Mellaerts | Q4 Feb 2021 | ✓ | | | | | |
| Financial Planning and Monitoring | Jacqui Van Mellaerts | Q4 Feb 2021 | | | | | | |
| Contract Management & Procurement | Jacqui Van Mellaerts | Q2 Aug 2020 | ✓ | ✓ In progress | | | | |
| Performance Management & Formal Complaints | Steve Summers | Q2 Sep 2020 | ✓ | ✓ | ✓ Final |  |  | |
| Disaster Recovery & Business Continuity | Jacqui Van Mellaerts | Q3 Oct 2020 | ✓ | ✓ | ✓ Final |  |  | |
| Cyber Security | Jacqui Van Mellaerts | Q3 Dec 2020 | ✓ | ✓ | ✓ Draft | | | |
| Sickness Absence | Jacqui Van Mellaerts | Q2 Aug 2020 | ✓ | ✓ | ✓ Final |  |  | |
| Fraud Risk Assessment | Jacqui Van Mellaerts | Q2 Sep 2020 | ✓ | ✓ | ✓ Final | N/A | N/A | |
| Environment - Street Cleaning, Fly Tipping & Enforcement | Greg Campbell | Q3 Oct 2020 | ✓ | ✓ | ✓ Draft | | | |
| Affordable Housing | Tracey Lilley | Q4 Mar 2021 | | | | | | |
| Covid-19 Related Grants | Jacqui Van Mellaerts | Q2 Sep 2020 | ✓ | ✓ In progress | | | | |
| Licensing | Greg Campbell | Q3 Dec 2020 | ✓ | ✓ In progress | | | | |
| Corporate Strategy | Jonathan Stephenson | Q2 Aug 2020 | ✓ | ✓ | ✓ Final |  |  | |
| Follow Up | Jacqui Van Mellaerts | Ongoing | -----Separate follow up report----- | | | | | |

EXECUTIVE SUMMARY – DISASTER RECOVERY AND BUSINESS CONTINUITY

EXECUTIVE SUMMARY

LEVEL OF ASSURANCE:

| | | |
|---------------|-------------|---|
| Design | Moderate | Generally a sound system of internal controls designed to achieve system objectives with some exceptions. |
| Effectiveness | Substantial | The controls that are in place are being consistently applied. |

SUMMARY OF RECOMMENDATIONS:

| | |
|--------|---|
| High | 0 |
| Medium | 1 |
| Low | 0 |

TOTAL NUMBER OF RECOMMENDATIONS: 1

BACKGROUND:

The Council provides essential services and has a legal obligation to have contingency plans in place in the event of a disaster. Effective business continuity arrangements enable the Council to restore service delivery without undue delay in the event that an unplanned event prevents normal systems and processes occurring. Good planning will enable the prioritisation of work to restore affected services and identify the key contacts, resources and processes to return to stability of operations.

Any disruption to the availability of the Council's Information Technology (IT) infrastructure or systems could result in the Council being unable to provide its critical services. Effective IT disaster recovery planning is therefore essential to ensuring that the Council is able to respond to system failures in the event of a major incident or disaster in order to maintain operations of all critical systems.

Business continuity plans were sent to all plan owners in February 2020, however testing of the plans was not completed due to the onset of the Covid-19 pandemic. The Council is now beginning the recovery phase and officers plan to carry out a lessons learned exercise to reflect on how the Council's business continuity plans have assisted the Council in dealing with the pandemic. A draft 2020/21 Business and Recovery Plan has been developed as part of the Council's approach to recovery from the initial phase of the pandemic.

The purpose of this audit was to assess the design and operational effectiveness of the Council's business continuity and disaster recovery controls and to highlight any areas where the controls might be improved.

GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

- Responsibility for business continuity planning and management has been assigned to the Council's Risk and Insurance Officer and responsibility for IT disaster recovery has been assigned to the Council's IT Manager.
- The Council has a Business Continuity Strategy and a Business Continuity Policy in place, which were formally approved by the Regulatory & Governance Committee in November 2018. The Strategy and Policy establish a framework for promoting year on year improvements to the ongoing resilience of the Council and define the process for assisting the Council to anticipate, prepare for, prevent, respond to and recover from disruptions to its operations.
- There is a Corporate Business Continuity Plan in place, which defines the Council's emergency response procedures, including the roles and responsibilities of members of staff, communication channels and the actions to be taken in the event of an incident. The Corporate Business Continuity Plan was invoked as part of the Council's response to the Covid-19 outbreak to ensure the continuity of services during the period of disruption.
- Critical service areas have defined operational business continuity plans in place, which include business impact and risk assessments for the critical systems, activities and resources on which they depend and recovery time objectives based on system priority and criticality. The Council's Risk and Insurance Officer has an overall responsibility for ensuring that the plans are reviewed and kept up to date.
- The Council has invested significantly in moving its IT infrastructure and systems to the Cloud and its network operates on high availability functionality and resiliency. The Council's efforts and resources are focused on establishing a Cyber Incident Response Plan, based on guidance from the National Cyber Security Centre (NCSC) to support business continuity planning and cyber security risk management under the current landscape.
- Electronic copies of the Corporate Business Continuity Plan and the service level continuity plans are available to all members of staff on the Council's intranet and a dedicated SharePoint site, which can be accessible in the event of a disaster.

KEY FINDINGS:

We identified the following area where the control framework needs to be strengthened:

- There is no business continuity and disaster recovery training programme in place for members of staff and there are no arrangements in place for testing the Council's business continuity and disaster recovery arrangements on a routine basis (Finding 1 - Medium).

CONCLUSION:

We have raised one medium priority recommendation to improve the Council's disaster recovery and business continuity arrangements.












Overall, the Council has a sound system of internal controls and has set out a business continuity strategy and policy to support its business continuity and disaster recovery plans and procedures. Whilst gaps were identified with regards to plan testing and training for members of staff, the Council's arrangements have worked well to support the Council's response to Covid-19 and ensure the continuity of operations during the period of disruption to normal business.

Consequently, we conclude moderate assurance over the Council's disaster recovery and business continuity arrangements and substantial assurance over their operational effectiveness.

MANAGEMENT ACTION PLAN:

| Recommendation | Priority | Management Response | Responsible Officer and Implementation Date |
|--|---------------|---|---|
| <p>1. Business Continuity Training and Plan Testing</p> <p>a) Management should perform a training needs analysis to identify and assess the level and type of training required by all members of staff with regards to business continuity and disaster recovery and should develop a mandatory training programme that is based upon these requirements. Training delivery methods could include, but not be limited to, the exercise types suggested in Appendix I. Attendance should be recorded and monitored and training records should be maintained for audit purposes.</p> <p>b) Furthermore, Management should conduct a formally documented test of its business continuity and disaster recovery arrangements and should put arrangements in place to test them on a routine basis or following a significant change to the Council's operations. The results of the tests should be reported to Senior Management and any issues identified should be resolved in a timely manner.</p> | <p>Medium</p> | <p>The need for training and plan testing has previously been identified, however this has not been possible due to the Town Hall move and subsequently the Covid-19 outbreak. There has been an insurance tender exercise when the long-term agreement with Zurich ended in March 2020, which was won by Zurich, and as part of the exercise it was agreed that £5,000 would be allocated to risk management per year and could be used for business continuity exercises and training.</p> <p>As above.</p> | <p>Sue White (Risk and Insurance Officer)</p> <p>31 October 2021</p> <p>Sue White (Risk and Insurance Officer)</p> <p>31 October 2021</p> |

KEY PERFORMANCE INDICATORS 2020/21

| Quality Assurance as per the Internal Audit Charter | KPI Results | RAG Rating |
|---|---|---|
| 1. Annual Audit Plan delivered in line with timetable. | Four audits were deferred, as detailed on page 3. |  |
| 2. Actual days are in accordance with Annual Audit Plan. | This KPI has been met. |  |
| 3. Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit. | No survey responses received in relation to 2020/21 to date. |  |
| 4. Annual survey to Audit Committee to achieve score of at least 70%. | Annual survey responses for 2019/20 scored between 80% and 100%. |  |
| 5. At least 60% input from qualified staff. | This KPI has been met. |  |
| 6. Issue of draft report within 3 weeks of fieldwork 'closing' meeting. | This KPI has been met for 7 out of 7 audits (see table below). |  |
| 7. Finalise internal audit report 1 week after management responses to report are received. | This KPI has been met for 4 out of 4 audits (see table below). |  |
| 8. Positive result from any external review. | No external audit reviews have been carried out to date. |  |
| 9. Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt. | The KPI regarding Council agreement of the terms of reference has been met for 9 out of 11 audits (see table below). The KPI regarding draft report has been met for 2 out of 5 audits (see table below). |  |
| 10. Audit sponsor to implement audit recommendations within the agreed timeframe. | Of the 24 recommendations raised in 2020/21, 1 has been completed, 2 are in progress and 21 are not yet due. Of the 17 recommendations raised in 2019/20, 11 have been completed, 3 are in progress and 3 are not yet due. There are also 5 outstanding recommendations from 2018/19 and 2017/18, of which 2 are overdue, 2 are in progress and 1 is not yet due. |  |
| 11. Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff. | We can confirm that for the audit work undertaken to date, management and staff have supported our work and their co-operation has enabled us to carry out our work in line with the terms of reference through access to records, systems and staff as necessary. |  |

AUDIT TIMETABLE DETAILS (2020/21 AUDITS)

| Audit | Draft TOR issued | Management response to TOR received | Closing meeting | Draft report issued | Management response to draft report received | Final report issued |
|--|------------------|-------------------------------------|-------------------------------------|-------------------------|--|-------------------------|
| Risk Management | 08/01/21 | 08/01/21 (KPI 9 met) | | | | |
| Main Financial Systems | | | | | | |
| Financial Planning and Monitoring | | | | | | |
| Contract Management & Procurement | 12/08/20 | 19/08/20 (KPI 9 met) | | | | |
| Performance Management & Formal Complaints | 08/09/20 | 09/09/20 (KPI 9 met) | 29/10/20 | 02/11/20 (KPI 6 met) | 06/11/20 (KPI 9 met) | 09/11/20 (KPI 7 met) |
| Disaster Recovery & Business Continuity | 06/10/20 | 07/10/20 (KPI 9 met) | 04/12/20 | 14/12/20 (KPI 6 met) | 11/02/21 (KPI 9 not met) | 15/01/21 (KPI 7 met) |
| Cyber Security | 26/11/20 | 15/12/21 (KPI 9 not met) | 14/01/21 | 18/01/21 (KPI 6 met) | | |
| Sickness Absence | 26/08/20 | 31/08/20 (KPI 9 met) | 20/10/20 | 25/10/20 (KPI 6 met) | 11/11/20 (KPI 9 not met) | 13/11/20 (KPI 7 met) |
| Fraud Risk Assessment | 02/09/20 | 07/09/20 (KPI 9 met) | 22/09/20 | 13/10/20 (KPI 6 met) | 16/11/20 (KPI 9 not met) | 16/11/20 (KPI 7 met) |
| Street Cleaning, Fly Tipping & Enforcement | 09/10/20 | 11/11/20 (KPI 9 not met) | 23/12/20 (further info received) | 8/01/21 (KPI 6 met) | | |
| Affordable Housing | | | | | | |
| Covid-19 Related Grants | 11/09/20 | 14/09/20 (KPI 9 met) | | | | |
| Licensing | 05/01/21 | 07/01/21 (KPI 9 met) | | | | |
| Corporate Strategy | 21/08/20 | 24/08/20 (KPI 9 met) | 02/11/20 | 09/11/20 (KPI 6 met) | 16/11/20 (KPI 9 met) | 16/11/20 (KPI 7 met) |

KEY FOR RAG RATING:



= met target



= not met target







= partly met target



= not applicable

APPENDIX 1

OPINION SIGNIFICANCE DEFINITION

| Level of Assurance | Design Opinion | Findings from review | Effectiveness Opinion | Findings from review |
|---|--|--|---|--|
| 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. |



FOR MORE INFORMATION:

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