INTERNAL AUDIT PROGRESS REPORT

BRENTWOOD BOROUGH COUNCIL

March 2021

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CONTENTS

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 are pleased to present the following reports to this Audit and Scrutiny Committee meeting:

- Environment – Street Cleaning, Fly Tipping and Enforcement
- Cyber security
- Procurement and Contract Management

We are also completing the fieldwork on the following audits:

- Covid-19 Related Grants (completion stage)
- Risk Management (completion stage)
- Licensing (in progress)
- Main Financial Systems (in progress)
- Financial Planning and Monitoring (in progress)

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

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
- Procurement and Contract Management – moved from Q1 to Q2 - completed in Q4
- Performance Management and Formal Complaints – moved from Q1 to Q2 - now complete
- Affordable Housing – moved from Q3 to Q1 of 2021/22

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	✔	✔ Completion			
Main Financial Systems	Jacqui Van Mellaerts	Q4 Feb 2021	✔	✔ In progress			
Financial Planning and Monitoring	Jacqui Van Mellaerts	Q4 Feb 2021	✔	✔ In progress			
Procurement & Contract Management	Jacqui Van Mellaerts	Q2 Aug 2020	✔	✔	✔ Final	🟢	🟠
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	✔	✔	✔ Final	🟢	🟠
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	✔	✔	✔ Final	🔴	🔴
Affordable Housing	Tracey Lilley	Q1 of 2021	--------------------Postponed to 2021/22----------------------				
Covid-19 Related Grants	Jacqui Van Mellaerts	Q2 Sep 2020	✔	✔ Completion			
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------------------				

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EXECUTIVE SUMMARY – STREET CLEANING, FLY TIPPING AND ENFORCEMENT

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Limited	System of internal controls is weakened with system objectives at risk of not being achieved.
Effectiveness	Limited	The controls that are in place are being consistently applied.

SUMMARY OF RECOMMENDATIONS:

High	2
Medium	4
Low	0
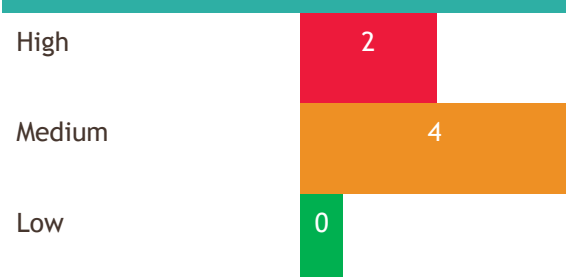
TOTAL NUMBER OF RECOMMENDATIONS: 6

BACKGROUND:

The Environmental Protection Act (EPA) 1990 imposes a duty on local authorities to keep specified land and public highways clear of litter and refuse so far as is practicable. A Code of Practice (CoP) on litter and refuse, which was issued under section 89(7) of the Act, defines standards of cleanliness and sets out how quickly differing types of land should be returned to a set cleanliness standard. The Code also provides guidance on taking proportionate and effective enforcement action against littering, fly tipping and related offences to help enforcing authorities in delivering their statutory duties.

Brentwood Borough Council's "Corporate Strategy 2020-2025" sets out how the Council plans to continue protecting the environment by developing an anti-littering campaign, reducing incidents of fly tipping via proactive enforcement and resident education, and aims to respond to fly tips blocking the carriageway within 24 hours. The 2020/21 environmental budget, which includes these services, is £1.83 million.

The Street Cleansing service is carried out by in-house Street Care teams (SCTs), which fall under the Environmental Services directorate. Key statutory functions include daily scheduled work relating to grounds and street cleansing including removal of fly tipping and educational awareness. Additionally, a Neighbourhood Action team is in place, which enhances the work of the operational teams. The Town Centre Ranger is an additional resource in the Street Cleansing team and helps in delivering immediate improvements to the streets network. The Environment, Enforcement & Housing (EEH) Committee meets quarterly, to provide leadership decisions on environmental, waste, enforcement and housing issues.

The duty to enforce fly tipping lies with the Environmental Health Pollution team within the Environmental Services directorate, but the Council's Corporate Enforcement team, which sits

under the Housing and Enforcement directorate, supports Environmental Health in this process. The Corporate Enforcement annual report 2018/19 highlighted 685 fly tips reported to and removed by the Council. The Council has introduced £400 penalty notices with no early payment discount in addition to existing powers of prosecution. The 2018/19 annual report confirmed five prosecuted offences resulting in fines totalling £5,000. We are informed that 463 fly tips occurred in 2019/20.

Internal Audit carried out an Environment audit in May 2018, which identified that improvements were required in overall management of health and safety risks, the risk assessments review process, defined roles and responsibilities, site visit reviews and the monitoring of health and safety incidents. Further improvements were recommended in risk profiling of fly tipping cases, Regulation of Investigatory Powers Act 2000 (RIPA) compliance checks and defined protocol for enforcement.

Following previous Internal Audit recommendations, the Council has revised its Health and Safety policy and Risk Assessment Standard. The Risk Assessment template has been updated and incorporates a RAG rating highlighting the importance and prioritisation of each risk and is available to all staff on the Council's health and safety microsite. A formal schedule for site visits has been created to highlight the number of sites visited on an annual basis and the Depot Street Care Team retains daily logs of street operatives' activities. An improved Incident Report form is now in use.

GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

Street Care Team (SCT)

- Our sample testing of six fly tipping incidents confirmed that appropriate actions have been undertaken following the reporting of an incident. The sampled incidents were initially responded to and issued to operatives in an average of four days and fully resolved in an average of seven days, in compliance with the Council's Complaints policy response target (10 days) and resolution target (15 days).

Environmental Health and Enforcement Team

- A central staff training tracker is maintained, supported by appropriate evidence to confirm the Environmental Health staff and Street Inspector involved in fly tipping enforcement have completed induction and refresher training to ensure compliance with EPA and CoP, including RIPA.

KEY FINDINGS:

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

Street Care Team (SCT)

- There are currently no controls in place for monitoring or reporting service performance of the SCT's day to day operations. No SCT key performance indicators (KPIs) have been defined, monitored or reported to any relevant monitoring committees with delegated authority such as Environmental, Enforcement and Housing committee. (Finding 1 – High)

- The Council is in the process of reclassifying its lands, according to the intensity of use zones, as required by the revised CoP. This is a work in progress and has not made the CoP deadline of September 2020 due to Covid 19. (Finding 2 – Medium)

- There are no formal and documented procedures or protocols in place defining the scope of the services provided by the SCT and providing guidance on how the workload is scheduled, conducted, completed, managed and how resources are allocated. Several different templates of work schedules are being used by the SCT, to document daily operations for different activities, developed on the basis of historical unstructured working practices. The work is allocated at undocumented intervals, with no fixed timeframes attached. (Finding 3 – Medium)

Corporate Health & Safety Team

- The SCT risk assessments were found to be out of date at the time of the audit and were last reviewed in November 2017. There was no formal process defined for measuring progress of the mitigations and if any monitoring or reviews were undertaken. (Finding 4 – Medium)

- The Council's Health and Safety policy was found to be out of date at the time of the audit and was last reviewed in September 2018. (Finding 5 – Medium)

Environmental Health and Enforcement Team

There are no formal or documented enforcement protocols in place, providing guidance on their activities and current working practices. No risk profiling has been undertaken to guide the enforcement process and focus on the areas of the greatest risk. The enforcement team is not actively monitoring the FPNs issued to ensure they have been paid. In addition, information on fly tipping incidents investigated and complaints received is limited, with long delays identified for dealing with complaints (over 7 months in two cases). (Finding 6 – High)

CONCLUSION:

Our review identified weaknesses in the system of internal controls in place, with a number of significant gaps identified in procedures and controls in key areas of the SCT and enforcement team. In particular, there is a need for KPIs for the SCT and up to date policies and procedures, as well as better monitoring of FPNs and fly tipping incidents. We have raised two high priority and four medium priority recommendations. This has led us to our opinion of "Limited" assurance for both control design and operational effectiveness.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. **Street Care Team (SCT): Performance standards and indicators**	High		
1.1 Performance standards and KPIs should be agreed as part of the service review and reviewed annually to ensure they reflect any changing business and service needs. The KPIs should be monitored on a monthly basis to ensure the Council is operating in compliance with the requirements of the		The KPI for the effectiveness of street cleansing (NI195/BV199) ended April 2011, when the DCLG ceased the requirement for the reporting of a large number of PIs due to their ineffective nature and intensive waste on resources. Local authorities were given the option to continue or to end this PI. The Council decided to stop reporting on this PI.	Darren Laver (Operations Manager) 31 December 2021

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
revised CoP service standards and response times. Performance against the KPIs should be regularly reported to the Environmental, Enforcement and Housing Committee.		Monitoring is currently undertaken on an infrequent basis. The Service however recognises the need to measure its performance and have recently undertaken a structure review which will introduce two new supervisors who will be monitoring, inspecting and reporting on the quality of work undertaken and identifying where improvements can be made. This work will include the introduction of appropriate performance measures. These supervisors following the recruitment process should be in place by April 2021. The appointment of the supervisors will enable a structured monitoring process to be implemented.

It should be noted that the Council has not been subject to a Litter Abatement Order. There is no evidence that the Council has allowed its land to fall below acceptable standards for longer than the allowed response time, however we accept that we can improve our performance for reporting to the Environmental, Enforcement and Housing Committee and this will be reviewed and tackled with appropriate performance measures that will be put into place. | |
| 2. **Street Care Team (SCT): Categorisation of land** | Medium | | |
| 2.1 The SCT should complete the N195 categorisation exercise identifying all the land they manage and reclassify them in the intensity of use zones as required by the revised CoP. Supporting the database, a detailed annual work plan should be developed identifying | | The CoP refers to the Duty Body having to publish the details and then to make them available to the public by request. Nonetheless, once the exercise is completed, consideration will be given to having a link on our website.

The local environmental quality is important to every member of the public; as such any non- | Darren Laver (Operations Manager)

31 December 2021 |

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
all the land reclassified in the CoP zones, related cleaning activities and appropriate frequencies and timeframes should be allocated, depending on the response times required by the CoP and the resources available to the SCT.		compliance would be highlighted. We regard that current working practices meet the expectations of the legislation and ensure compliance.	
3. **Street Care Team (SCT): Service specification, protocols and work schedules** 3.1 The Council should conduct a detailed review of the services provided by the SCT under the EPA. A service specification document should be developed identifying the roles and responsibilities of the SCT, service areas, tasks and activities they conduct on a day to day basis, service delivery standards, response times and monitoring activities, in compliance with the revised CoP published in September 2019. 3.2 The SCT should develop comprehensive protocols or procedures, providing guidance on their activities and current working practices, in consultation with employees and unions. The protocols should include the management of their annual work plan, development of work schedules, management and allocation of resources, completion of work schedules by staff on a daily basis (including signing and dating), monitoring of the work schedules and	Medium	The current work templates indicate the process followed by the SCT, they are specific to a given discipline and are time related. The operatives are advised as to the expectations of management in terms of what should be achieved from the operative's induction and throughout their employment. They are deployed by management throughout the Borough, in a structured manner; with the aim to keep our relevant land clear of litter and refuse. The cleansing works are undertaken with the input approach; for example, 'high intensity' areas are cleansed daily, ensuring Grade A standard is achieved by 8am. For example, there are four templates used on a daily basis which ensure a structured approach to cleansing. Dependant on the type of work involved, work sheets may be handed out on a daily or weekly basis, and they are returned on a daily/weekly basis; for example, daily schedules are handed out and returned the same day, which is verified by the responsible manager. Some of the instructions sheets are in the process of being updated, and they will include expectations/instructions. The recommendations will be implemented, although we consider that a large number of our processes are compliant. However once the Supervisors are	Darren Laver (Operations Manager) 31 March 2022 Darren Laver (Operations Manager) 31 March 2022

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
documenting completion against the annual work plan.		employed, elements referred to, such as spot checks, will be enhanced.	
3.3 Management should also conduct random spot checks on a sample of work schedules on a weekly basis, to ensure that the work is completed as stated and spot checking templates should be developed to document these monitoring activities.			Darren Laver (Operations Manager) 31 March 2022
4. **Corporate Health and Safety Team: Risk assessments** 4.1 Management should review and update the formal risk assessments to ensure that it remains in compliance with the Council's Health and Safety policy, that the assessments are relevant to the current working practices and in line with the Council's strategic health and safety objectives.	Medium	The review of the SCT risk assessments had commenced prior to the audit being undertaken. As mitigation, the review is undertaken every two years and events conspired to delay the completion; as a result, the remaining element is the consultation period, which has been partially completed. The Corporate Health & Safety Advisor continues to implement recommendations from the previous audit: such as, establishing a database for recording the details of actions identified, along with a detailed timeline.	David Wellings (Corporate Health & Safety Advisor) 31 December 2021
4.2 A formal tracker should be maintained, including all mitigating actions raised as part of risk assessments, actions risk rated, allocated owners and fixed timeframes for implementation. Actions should be subsequently monitored with their status recorded to confirm implementation and sufficient formal supporting evidence retained. An explanation should be documented for any delays to the implementation timeframes.			David Wellings (Corporate Health & Safety Advisor) 31 December 2021

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
4.3 Formal reports should be presented at Depot Health and Safety meetings to state the number of actions due, broken down into those outstanding and those that have been implemented within the required period.			David Wellings (Corporate Health & Safety Advisor) 31 December 2021
5. **Corporate Health and Safety Team: Policy**	Medium		
5.1 Management should review and update the Health and Safety policy to ensure that it remains in compliance with the Health and Safety at Work Act 1974, is relevant to current working practices and is in line with the Council's health and safety objectives.		The review of the Council's Health and Safety policy has been delayed as the 'Corporate Health and Safety Advisor' has been committed to addressing a number of issues concerning the coronavirus pandemic. Nonetheless, work has started on the review. The policy is to be renamed, 'Health, Safety and Wellbeing'.	David Wellings (Corporate Health & Safety Advisor) 31 March 2022
6. **Enforcement Team: Protocols and Incidents**	High	Management agrees with some of the findings documented in the content of this report. The recommendations put forward were something the service were looking to implement as a department and this report only reiterated the need for rigorous policies and procedures in this area of service. Our priority will be to implement a reactive database where cases, locations and type can be identified, quantified, and tracked. We will introduce a new policy and procedure to support recommendations and ensure it captures the findings presented in this report. The service's aim because of this will be able to proactively demonstrate the work done to prevent fly tipping whilst addressing the ongoing frequency with reactive measures. The report recognises the ongoing collaboration with other department such as housing and	
6.1 The Environmental Health and Enforcement Team should develop detailed protocols or procedures, providing guidance on their activities and current working practices. The protocols should include their current working arrangements including documentation, response targets and actions, follow up actions, risk profiling, conflict resolution, the FPN issuing process and cancellations, investigations, evidence retention and training.			Daniel Cannon (Community Safety & CCTV Manager) 31 October 2021
6.2 The Environmental Health and Enforcement Team should develop a detailed and combined database incorporating all the			Daniel Cannon (Community Safety & CCTV Manager)

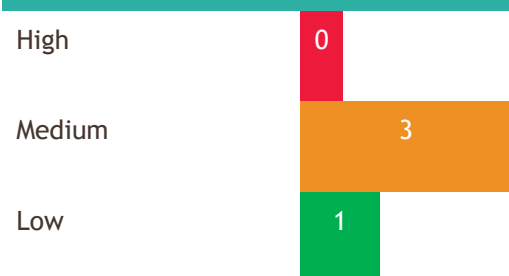| Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
incidents raised by the SCT and complaints received from the wider community to ensure all investigations are carried out correctly and to eliminate the possibility of duplication or non-identification. The database should also include complaint resolution dates and action dates to compare performance against the informal five day response targets and 28 days target for cases to be resolved.		street scene as well as with external partners such as Essex Police and other housing associations. Work will also be done to ensure any databases can be collaboratively reviewed. The service have acted decisively and proactively since the initial recommendation of the report was supplied to us. The Council is now working with National Enforcement Solutions to devote significant and intentional resources to this area. To coincide with this, policy and procedures and corresponding databases will support the effective administration and delivery of this service, with a future review in order to reinstate the Enforcement back into the Council.	31 October 2021

EXECUTIVE SUMMARY – CYBER SECURITY

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.
SUMMARY OF RECOMMENDATIONS:		
High	0	
Medium	3	
Low	1	
TOTAL NUMBER OF RECOMMENDATIONS: 4		

BACKGROUND:

The use of information technology has driven improvements to the efficacy and efficiency of the Council's services. From the processing of a customer's information to the delivery of a critical service, technology underpins all of the Council's operations. However, these IT systems are not infallible and their use combined with the value of the Council's information assets increases the risk of a cyber-attack occurring.

A cyber-attack will exploit vulnerabilities in IT systems or the IT infrastructure that supports them in order to gain unauthorised access to the Council's information assets. A perceived lack of awareness regarding security issues have led to criminals successfully targeting local authorities. As recent incidents at other authorities have demonstrated, an attack can have a significant reputational and financial impact.

The Council is using Microsoft Azure as an Infrastructure as a Service (IaaS), for managing applications and services through a global network of Microsoft-managed data centres. In light of the Covid-19 pandemic, there have been significant changes in working arrangements, with employees working from home and remotely due to government guidelines.

The Council's overall transformation project, 'New Ways of Working', delivered the priority given to digital identity and digital channels for members and residents via an on-line portal. Cloud desktops and Office 365 provided the workspace for officers, and digital technologies supported all of that with an Azure tenancy (containing users, domains etc) and IaaS, and Platform as a Service (PaaS, which allows the development and management of applications).

The Council has contracted a third party provider, Hytec, for the management of the IT network, which filters traffic from all external connections, including to the internet. All office firewalls are owned by the Council and managed by Hytec.

Our work was designed to provide assurance that effective controls are in place to mitigate against cyber risks, but cannot provide absolute assurance that the Council would withstand an attack on its systems.

GOOD PRACTICE:

The following areas of good practice were noted during our review:

- There is an operational risk register which has identified cyber security as a risk and includes the mitigation controls, original and controlled risk ratings. The strategic risk register includes IT risks such as Information Management and Security, and Disaster Recovery and Business Continuity Planning. The risks are reviewed, based on the level of the risks, by the risk owners, Senior Leadership Team Risk Working Group and then Audit and Scrutiny Committee.

- There is an Information Security Policy in place to advise staff of the procedures to follow in relation to safeguarding information. This must be signed off by any new staff members to ensure that they understand the policy.

- There is an Agile Working Policy in place that provides a long-standing commitment to flexible working and includes the protocols for what is agile working.

- A report on Cyber Security and Awareness Training went to the Senior Leadership Team (SLT) in October 2020 to raise cyber awareness and SLT approved Executive Briefing and Awareness Session (EBAS) training for Members and senior management.

- The Council's external penetration test was performed by a third party, Prism Infosec Limited, in November 2020 and action plans have been developed for the identified weaknesses.

- There is a Public Services Network (PSN) Schematic diagram of the Council's network from November 2020, which includes a schematic representation of all the Council's services including Desktop as a Service (DaaS, which allows users to access the internet etc from PCs and laptops).

- Service Review meetings are held between the IT members and Hytec members on a monthly basis. The meetings cover performance issues, moving to proactive vulnerability scanning, new security centre alerts from Azure, and PSN renewal process activities.

- Extended support for Windows Server 2008 ended in January 2020. However, one of the benefits of the Council's Microsoft Azure as an Infrastructure as a Service (IaaS) is that Azure has provided free extended security updates for the Council's Windows 2008 servers.

- The Council has Azure defender Antivirus installed on its servers, which provides threat detection and advanced defences for Windows and Linux machines. For Windows, it integrates with Azure services to monitor and protect Windows based machines.

KEY FINDINGS:

During our review the following key findings were identified:

- Cyber security awareness training has not been provided to staff and Members this year (Finding 1- Medium).

- The draft cyber incident response plan has not yet been finalised and ratified (Finding 2 – Medium).

- Whilst there is a software tool in place that monitors and alerts cyber threats and the Council is continually adapting to new threat landscapes, currently no internal vulnerability scans are performed on the Council's IT network which leaves the Council at risk of vulnerabilities not being resolved (Finding 3- Medium).

CONCLUSION:

Overall, there is a robust framework in place for cyber security management and the Council has taken actions to design the configuration of its IT network perimeter security controls so that the exposure to a cyber-attack is reduced.

However, we found that absence of a defined cyber security training programme increases the risk that the actions of a member of staff result in the security of the Council's IT network being compromised. The plan to respond to cyber-incidents has not being finalised, which could affect the Council's ability to recover from an incident and could disrupt its ability to provide critical services to the public. Additionally, absence of regular scan for vulnerabilities and security issues increases the risk of security of the Council's IT network being compromised.

We have raised three medium priority findings. We conclude there is a moderate assurance over the design and operational effectiveness of the controls in place for the Council in relation to cyber security.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. Cyber Security Training Programme 1.1 The Council should establish a cyber security awareness programme for all staff and implement the approach that is planned to raise awareness for Members and senior management.	Medium	Awareness training for Extended Leadership has been carried out (5th Feb 2021). The Senior leadership Training is booked in for 9th March 2021 and Member training to be arranged.	Tim Huggins (ICT Manager) 31 July 2021
1.2 Training completion should be monitored and there should be a record of all the training that has been provided and completed.		Training for all staff will be through our GDPR e-learning course which should be undertaken yearly.	Tim Huggins (ICT Manager) 31 July 2021

| Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
2 **Cyber Incident Response Plan** 2.1 The draft Cyber Incident Response Plan should be finalised and approved and made available to all relevant members of staff.	Medium	Work has begun on the Cyber Incident Response Plan and the final draft for version is aimed for May 2021. This we be a regularly reviewed document to reflect the continuing change within Cyber security and the threat landscape.	Tim Huggins (ICT Manager) 31 May 2021
3 **Vulnerability Scanning** 3.1 The Council should either deploy appropriate vulnerability scanning tools or approach Hytec for adding extra functionality to Alien Vault to identify all vulnerabilities present across its IT network on a routine basis (monthly/quarterly). 3.2 There should be defined procedures in place for addressing vulnerabilities as and when they are identified.	Medium	A lot of this work has already taken place, with MS Azure auto-highlight vulnerabilities on servers, and Alien Vault using AI to scan with Millions of events from Azure and Office365 to hunt out threat patterns. The IT Health check, mandatory for PSN was carried out in November and carried out a vulnerability scan. Our aim is to go above this good practice and have proactive scanning, which links the current proactive scanning in assure with Alien Vaults AI to bring issues to the surface quicker. Hytec provide a Security Operations Centre (SOC) service, which review highlighted threats and attack, who then work with Brentwood's IT team to resolve or stop. This service is reviewed monthly to monitor current trends. We are also looking into joining up with another partner to have quarterly Cyber strategic discussions to carry out horizon scanning. We are a member of Essex Warp which allows information from Central government to be shared, plus also share threats and attack in realtime across local authorities in Essex. This also links in processes with the Essex Resilience forum. Therefore, project already started and will continue over next six months and will finish with BaU handover, adding to the procedures being finished for 3.2 – September 2021.	Tim Huggins (ICT Manager) 30 September 2021 Tim Huggins (ICT Manager) 30 September 2021

EXECUTIVE SUMMARY – PROCUREMENT AND CONTRACT MANAGEMENT

EXECUTIVE SUMMARY		
LEVEL OF ASSURANCE:		
Design	Substantial	There is a sound system of internal control designed to achieve system objectives.
Effectiveness	Moderate	Evidence of non-compliance with some controls that may put some of the system objectives at risk.

SUMMARY OF RECOMMENDATIONS:

High	0
Medium	4
Low	2
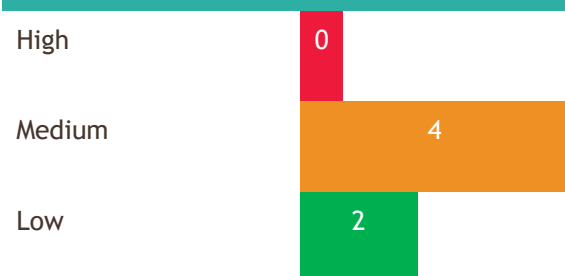
TOTAL NUMBER OF RECOMMENDATIONS: 6

BACKGROUND:

The achievement of many aspects of Brentwood Borough Council's purpose and vision relies on effective procurement and contract management, alongside the management of relationships with key partners.

Local authorities are required to demonstrate sound financial administration supporting protection of the public purse, and work to rules governing how the Council will conduct procurement and ensure fair and transparent competition in the award of contracts.

Public Contracts Regulations set out detailed procedure requirements for award of contracts above certain values. The thresholds from 1 January 2020 are £189,330 for supply, services and design contracts and £4,733,252 for works contracts.

The Council's standing orders include instructions for purchases of £10,000 to £50,000, and for purchases over £50,000 which are required to go through a full tender process to help ensure that the Council achieves value for money. Standing orders are updated when thresholds change. The Council also has a procurement strategy, which is currently being updated.

Sound contract management practices are essential for ensuring that contracts continue to meet their aims and support Council objectives, along with timely information on potential contract issues to facilitate early resolution.

The Council maintains a contracts register, which is published on the Council's website and periodically updated from information provided by the departments. The Senior Procurement

Officer advises on procurement pathways depending on value and oversees tender exercises. She keeps track of invoices/purchase orders over £10,000 on the procurement system and checks whether due processes were followed.

Paper copies of contracts are physically stored within the Council and electronic copies are held by the Legal Team. An exercise to scan all paper contracts and convert them into electronic versions is underway.

Contract performance monitoring is done at departmental level.

GOOD PRACTICE:

We identified the following good practice areas from our fieldwork:

- Comprehensive guidance is available to staff on contract management and procurement requirements, including information regarding national and OJEU thresholds and procedures to be followed based on the value of contracts.
- Robust contract monitoring arrangements are in place to ensure regular liaison, reporting and review of performance indicators.

KEY FINDINGS:

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

- Training on contract management and procurement has not been provided to staff since 2016 (Finding 1 – Medium).
- Our testing of procurement processes identified two suppliers for which the Council did not comply with its policy of obtaining quotations and carrying out tender exercises (the value of each was approximately £40k), one instance of inconsistent documentation and one instance where evidence to support a procurement exercise was not made available for the audit (Finding 2 – Medium).
- Our testing of contract extensions found one instance where evidence to support approval of the contract extension was not available (Finding 3 – Medium).
- Our testing of procurement processes and contract management identified a total of four instances where there was no signed contract in place (Finding 4 – Medium).

We also raised two low priority recommendations in respect of the approval of procurement and contract management guidance and the completeness of the contracts register.

CONCLUSION:

The Council has a well-designed system for procuring goods and services and managing its contracts. Contract monitoring arrangements are operating effectively. However, the Council's procurement policies are not always being complied with, or evidence retained to support processes, and we identified instances of signed contracts not being in place. Consequently, we have concluded an opinion of substantial assurance over the design of the control framework and moderate assurance over its operational effectiveness. We have raised four medium and two low priority recommendations.

MANAGEMENT ACTION PLAN:

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
1. **Staff training relating to contract management and procurement**	Medium		
1.1 A training need analysis should be carried out and a training programme for contract management and procurement devised.		Agreed. Training on contract management and procurement was discussed at a Senior Leadership Team meeting in February 2021. Actions agreed were to repeat a diagnostic of the Council's contract management capability, and then to arrange further training.	Jane Mitchell (Senior Procurement Officer) 30 June 2021
1.2 Training in this area should be delivered to relevant members of staff according to their needs and completion of training should be overseen by the Senior Leadership Team.			Jane Mitchell (Senior Procurement Officer) 30 September 2021
2. **Procurement processes**	Medium		
2.1 A senior member of the procurement team should review contract waiver documentation for current waivers to ensure that correct procedures are being followed and that information contained within the documents is consistent.		Agreed. This was a one off error.	Jane Mitchell (Senior Procurement Officer) 30 June 2021
2.2 Evidence to support procurement activity should be organised and stored appropriately. A senior member of the procurement team should review procurement files to ensure accuracy and completeness.		Agreed. Providing training to members of staff will further improve documentation.	Jane Mitchell (Senior Procurement Officer) 30 June 2021
2.3 The Council's procurement policies should be followed for all purchases over £10,000		Agreed. Providing training to members of staff will further improve procurement processes.	Jane Mitchell (Senior Procurement Officer)

Recommendation	Priority	Management Response	Responsible Officer and Implementation Date
(the minimum level at which quotations and tender exercises are required).			30 September 2021
3. **Evidence to support contract extensions**	Medium		
3.1 Evidence to support contract extensions should be organised and stored appropriately so that they are easily retrievable for future use. A senior member of the procurement team should review the documentation for adequacy and completeness.		When reviewing the Contracts Register and asked to extended a contract, the Procurement Officer to ask for evidence for the extension.	Jane Mitchell (Senior Procurement Officer) 31 January 2022
4. **Existence of signed contracts**	Medium		
4.1 Officers should be reminded of the need to send instructions for drawing up contracts on a timely basis and the importance of obtaining signed contracts.		Agreed. To form part of Contract Management training.	Jane Mitchell (Senior Procurement Officer) 30 September 2020
4.2 The finance team should be advised not to release payments to suppliers where a valid contract is not in place		Disagreed. Contracts do not have to be signed to be legal and cannot agree this at it would expose the Council to legal proceedings.	n/a

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 8 out of 8 audits (see table below).	🟢
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 8 out of 8 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 11 out of 13 audits (see table below). The KPI regarding draft report has been met for 3 out of 8 audits (see table below).	🟡
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 37 recommendations raised in 2020/21, 1 has been completed, 9 are in progress and 27 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	05/02/21	10/02/21 (KPI 9 met)				
Financial Planning and Monitoring	08/02/21	10/02/21 (KPI 9 met)				
Contract Management and Procurement	12/08/20	19/08/20 (KPI 9 met)	08/02/21	26/02/21 (KPI 6 met)	02/03/21 (KPI 9 met)	02/03/21 (KPI 7 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)	02/03/21 (KPI 9 not met)	03/03/21 (KPI 7 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)	03/03/21 (KPI 9 not met)	03/03/21 (KPI 7 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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