

Committee: Audit and Scrutiny	Date: 5 July 2022
Subject: Internal Audit Progress Report 2021/22	Wards Affected: All
Report of: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer	Public
Report Author/s: Jacqueline Van Mellaerts, Corporate Director (Finance and Resources) and Section 151 Officer Telephone: 01277 312500 E-mail: Jacqueline.vanmellaerts@brentwood.gov.uk Janine Combrinck	For Information

Summary

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2021/22 internal audit plan.

The following reports have been finalised since the last Committee:

- Capital projects (Substantial/Moderate)
- Financial planning and monitoring (Substantial/Substantial)
- Main financial systems (Moderate/ Substantial)
- Risk management (Substantial/Moderate)
- Partnerships (Substantial/Moderate)

Main Report

Introduction and Background

1. This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2021/22 internal audit plan. It summarises the work internal audit have done, together with their assessment of the systems reviewed and the recommendations they have raised.
2. Their work complies with Public Sector Internal Audit Standards. As part of their audit approach, they 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 them to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

3. The Audit Committee approved the 2021/22 annual audit plan in March 2021. The progress against plan is reported at every Audit and Scrutiny Committee during 2021/22.

Issue, Options and Analysis of Options

4. The following reports have been finalised since the last Committee:
 - Capital projects (Substantial/Moderate)
 - Financial planning and monitoring (Substantial/Substantial)
 - Main financial systems (Moderate/ Substantial)
 - Risk management (Substantial/Moderate)
 - Partnerships (Substantial/Moderate)

The conclusion of the audits are as follows:

Capital projects (Substantial/Moderate)

5. From our review of the Council's capital project arrangements, it is clear there are sound controls in place in relation to procurement and monitoring of approved capital projects, both in terms of progress and financially, and support is provided by qualified project management staff. There is a significant underspend on the capital programme for the year due to slippage in schemes, the reasons for which are understood by officers. Improvement is required in relation to the documentation of growth bids to evidence review and approval of all capital bids and supporting options appraisals by senior officers at the budget setting stage.

Overall, we provide substantial assurance on design and moderate assurance on the effectiveness of the key controls. We have raised one medium priority recommendation.

Financial planning and monitoring (Substantial/Substantial)

6. Whilst the Council's financial position remains challenging over the medium term, there are robust processes in place for budget setting and budget monitoring. We provide substantial assurance on design and substantial assurance on the effectiveness of the key controls.

There are no recommendations arising from this audit

Main financial systems (Moderate/ Substantial)

7. Our audit has found a number of effective controls within the Council's main financial systems. These include control account reconciliations, posting of journals, verification checks on new suppliers, authorisation of expenditure and payment runs, and the preparation of VAT returns. However, there is scope for improvement in the design of controls in respect of evidencing risk and affordability assessments on borrowing and cash flow reporting. We have

therefore provided moderate assurance over the control design and substantial assurance over operational effectiveness.

We have raised two medium and three low priority recommendations.

Risk management (Substantial/Moderate)

8. Overall, we provide substantial assurance on design and moderate assurance on the effectiveness of the key controls. The Council has an adequate risk management framework and we have noted areas of good practice in the Council's risk management arrangements.

We have raised three medium priority recommendations in relation to risk management training for staff, the articulation of risks in the risk registers, and documentation of actions taken to support all reductions in risk scores.

Partnerships (Substantial/Moderate)

9. There is comprehensive policy in place that sets out the processes to follow for assessment, establishment and monitoring of partnership arrangements, which is supported by checklists and a partnerships register. However, improvement is required in ensuring that the policy is fully complied with in terms of completing the partnerships checklist, establishing the risk level, evidencing approval and carrying out annual performance assessments for all partnerships.

We have therefore provided substantial assurance over the control design and moderate assurance over operational effectiveness. We have raised two medium priority recommendations.

10. A Summary of outstanding Recommendations from previous audits are included in Appendix B – Follow up report.
11. 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.

Consultation

Not applicable.

References to Corporate Strategy

To ensure the Council is effective and efficient by delivering services that are value for money and meet the needs of our residents.

Implications

Financial Implications

Name/Title: Jacqueline Van Mellaerts, Corporate Director (Finance & Resources) and Section 151 Officer.

Tel/Email: 01277 312500/jacqueline.vanmellaerts@brentwood.gov.uk

There are no direct financial implications arising from this report.

Legal Implications

Name & Title: Amanda Julian, Corporate Director (Law & Governance) and Monitoring Officer

Tel & Email: 01277 312500 / amanda.julian@brentwood.gov.uk

There are no legal implications arising from this report.

Economic Implications

Name/Title: Phil Drane, Corporate Director (Planning & Economy)

Tel/Email: 01277 312500/philip.drane@brentwood.gov.uk

There are no direct economic implications arising from this report.

Background Papers

None

Appendices to this report

Appendix A: Internal Audit Progress Report

Appendix B: Internal Audit Follow Up Report