



**INTERNAL AUDIT
ANNUAL PLAN**

Brentwood Borough Council

2023/24

IDEAS | PEOPLE | TRUST



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AUDIT RISK ASSESSMENT

BACKGROUND

Our risk-based approach to internal audit uses Brentwood Borough Council's own risk management process and risk register as a starting point for audit planning as this represents the Council's own assessment of the risks to it achieving its strategic objectives.

The extent to which we can rely on management's own perception of risk largely depends on the maturity and effectiveness of the Council's own risk management arrangements. In estimating the amount of audit resource required to address the most significant risks, we have also sought to confirm that senior management's own assessment of risk accurately reflects the Council's current risk profile.

PLANNED APPROACH TO INTERNAL AUDIT 2023/24

The indicative Internal Audit programme for 2023/24 is set out on pages 7 to 12. We obtained views from the Strategic and Executive Directors in bringing together a full plan which will be presented at this Audit and Scrutiny Committee for formal review and approval. We will keep the programme under continuous review during the year and will introduce to the plan any significant areas of risk identified by management during that period.

The plan is set within the context of a multi-year approach to internal audit planning, such that all areas of key risks would be looked at over a three-year audit cycle. We have suggested future areas of focus as part of the three-year strategic internal audit plan, set out on pages 5 to 6.

INDIVIDUAL AUDITS

When we scope each review, we will reconsider our estimate for the number of days needed to achieve the objectives established for the work and to complete it to a satisfactory standard in light of the control environment identified within the Council. Where revisions are required, we will obtain approval from the appropriate Executive Director prior to commencing fieldwork.

In determining the timing of our individual audits, we will seek to agree a date which is convenient to the Council and which ensures availability of key management and staff and takes account of any operational pressures being experienced.

VARIATIONS TO THE PLAN

We review the three-year strategic plan each year to ensure we remain aware of your ongoing risks and opportunities. Over the coming pages we have mapped your key risks along with the audit work we propose to undertake, demonstrating we are focussing on your most important issues.

As such, our strategic audit programme follows the risks identified during our planning processes and confirmed via discussions with the Strategic and Executive Directors. If these were to change, or emerging risks were to develop during this period, we would take stock and evaluate our coverage accordingly.

OUR NEXT GEN INTERNAL AUDIT APPROACH

Our new and innovative Next Gen approach to internal audit ensures you maximise the potential added value from BDO as your internal audit provider and the expertise we bring from our dedicated Public Sector Internal Audit team and wider BDO specialist teams.

The Next Gen approach has allowed us to move away from the traditional approach of compliance auditing, transitioning in to delivering a healthy mix of assurance that is forward looking, flexible and responsive and undertaken in partnership with yourselves. The key components to this approach are outlined below and underpin our proposed plan coverage:

CORE ASSURANCE

Reviews of fundamental finance and operational systems to provide assurance that core controls and procedures are operating as intended.

SOFT CONTROLS

Reviews seek to understand the true purpose behind control deficiencies and provide a route map to enhance their effectiveness.

FUTURE FOCUSED ASSURANCE

Rather than wait for implementation and then comment on identified weaknesses, we will work with you in an upfront / real time way.

FLEXIBLE AUDIT RESOURCE

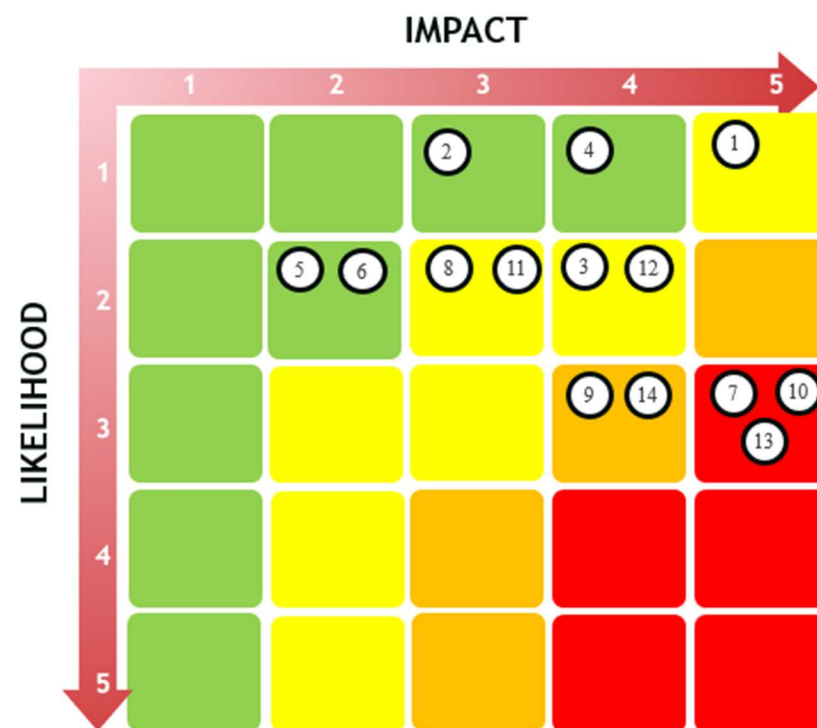
Undertake proactive work across the Council, perhaps in preparation for regulatory reviews or change management programmes.



MAPPING YOUR STRATEGIC RISKS

REF	STRATEGIC RISKS FROM YOUR CORPORATE RISK REGISTER *	SCORE
RSK1	Failure to adopt a Local Plan in line with national policy	5
RSK2	Failure to develop an Environmental strategy and action plan	3
RSK 3	Failure to deliver a clear Leisure Strategy	8
RSK 4	Failure to deliver the Strategic Housing Development Plan	4
RSK 5	Lack of Strategic Direction	4
RSK 6	Failure to deliver objectives within the Corporate Strategy	4
RSK 7	General Fund budget forecasts could fall below minimum levels	15
RSK 8	We will be unable to react to a major incident	6
RSK 9	Lack of capacity to effectively govern the organisation	12
RSK 10	We may be unable to meet income projections	15
RSK 11	We may not be compliant with data protection legislation	6
RSK 12	Contract/Partnership failure within organisation	8
RSK 13	The Council is at risk from a critical cyber threat	15
RSK 14	Inflationary pressures	12

* These are risks in the Council's risk register, not necessarily current issues. There are mitigations in place that reduce the likelihood and impact of the risks and Internal Audit contributes to the assurance regarding these mitigations.



MAPPING YOUR CORPORATE RISK REGISTER TO THE STRATEGIC PLAN

REF	STRATEGIC RISKS FROM YOUR CRR *	2023/24	2024/25	2025/26
1	Failure to adopt a Local Plan in line with national policy		<ul style="list-style-type: none"> Data quality 	
2	Failure to develop an Environmental strategy and action plan	<ul style="list-style-type: none"> Estates management Waste management services Trees management 	<ul style="list-style-type: none"> Climate change 	
3	Failure to deliver a clear Leisure Strategy	<ul style="list-style-type: none"> Follow-ups from 2022/23 audit 		
4	Failure to deliver the Strategic Housing Development Plan		<ul style="list-style-type: none"> Housing management 	
5	Lack of Strategic Direction	<ul style="list-style-type: none"> Workforce strategy 		<ul style="list-style-type: none"> Corporate Plan and Priorities
6	Failure to deliver objectives within the Corporate Strategy	<ul style="list-style-type: none"> Waste management services 		
7	General Fund budget forecasts could fall below minimum levels	<ul style="list-style-type: none"> Financial planning and monitoring 	<ul style="list-style-type: none"> Financial planning and monitoring 	<ul style="list-style-type: none"> Financial planning and monitoring

REF	STRATEGIC RISKS FROM YOUR CRR *	2023/24	2024/25	2025/26
8	We will be unable to react to a major incident	<ul style="list-style-type: none"> Disaster recovery and business continuity 	<ul style="list-style-type: none"> Insurance 	
9	Lack of capacity to effectively govern the organisation	<ul style="list-style-type: none"> Workforce strategy 	<ul style="list-style-type: none"> Inclusion and diversity Sickness absence management 	<ul style="list-style-type: none"> Use of consultants
10	We may be unable to meet income projections	<ul style="list-style-type: none"> Financial planning and monitoring 	<ul style="list-style-type: none"> Financial planning and budget monitoring 	<ul style="list-style-type: none"> Financial planning and monitoring Transformation programme
11	We may not be compliant with data protection legislation	<ul style="list-style-type: none"> Follow-ups from 2022/23 audit 		<ul style="list-style-type: none"> Data protection legislation
12	Contract/Partnership failure within organisation	<ul style="list-style-type: none"> Partnership with Rochford District Council OneTeam reviews 	<ul style="list-style-type: none"> Partnership with Rochford District Council 	<ul style="list-style-type: none"> Contract management and procurement
13	The Council is at risk from a critical cyber threat	<ul style="list-style-type: none"> Follow-ups from 2022/23 audit 	<ul style="list-style-type: none"> Cyber security 	<ul style="list-style-type: none"> IT data breaches
14	Inflationary pressures	<ul style="list-style-type: none"> Financial planning and monitoring 	<ul style="list-style-type: none"> Financial planning and monitoring 	<ul style="list-style-type: none"> Financial planning and monitoring

* These are risks in the Council's risk register, not necessarily current issues. There are mitigations in place that reduce the likelihood and impact of the risks and Internal Audit contributes to the assurance regarding these mitigations.

INTERNAL AUDIT OPERATIONAL PLAN 2023/24

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Core Assurance					
Risk management	All	10	Q3	Review of risk management and governance arrangements against the Council's risk management strategy and ensure that the Council is operating reasonably against the CIPFA Good Governance Code.	Links to all the Council's risks and was not covered in 2022/23.
Main financial systems	All	35	Q4	<p>Detailed annual review of general ledger controls, including:</p> <ul style="list-style-type: none"> • Annual review of control account reconciliations and journals • IT general controls • Cyclical audit of accounts receivable, including management of rent arrears during the current cost of living crisis • Cyclical audit of accounts payable • Follow up of issues identified in sample testing of financial controls in 2022/23. 	Cyclical review, links to all the Council's risks.
Financial planning and monitoring	RSK7 RSK10 RSK14	15	Q4	Review of budget setting processes, including how the Council is addressing budget gaps in the Medium-Term Financial Plan, and monitoring the achievement of its income, savings and efficiency targets.	Links to RSK7 (General Fund budget), RSK10 (Income projections) and RSK14 (Inflationary pressures).

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Estates management	RSK2	20	Q3	Review of the Council's controls for ensuring that its corporate buildings comply with regulatory health and safety requirements (eg fire, water, gas etc).	Links to RSK2 (Environment strategy) and high operational risks A&E 1(Corporate property compliance), A&I2 (Health and safety).
Assets management	N/A	20	Q3	Review of the Council's processes for keeping track of its IT assets, vehicles and other plant and equipment, including controls over additions and disposals/replacements.	This area has not been audited in the past five years and controls in asset management are particularly important when hybrid remote/office working arrangements are in place and as the Council moves to more joint working with Rochford District Council.
Car parking	N/A	15	Q2	Review of the Council's arrangements for the administration, collection and recording of car parking income.	Cyclical audit, last audited in 2017/18. An audit was planned to be carried out in 2020/21 but was replaced by another audit due to the impact of the pandemic.
Total		115			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Soft controls reviews					
Communications and information sharing	N/A	10	Q2	Review of the Council's communications protocol and how the Council engages with stakeholders internally and externally, ensuring communications are in line with agreed corporate priorities.	This area has not been audited in the past five years.
Workforce strategy	RSK9	15	Q2	Review of the adequacy of the Council's Workforce Strategy and the effectiveness of underlying processes in addressing vacancies, targeting recruitment appropriately, aligning job responsibilities with changing service departments under the One Team Transformation Programme with Rochford District Council, and building resilience in service delivery.	Links to RSK5 (Strategic direction), RTSK 9 (Lack of capacity) and high operational risk C&D2 (Effective service delivery).
Waste management services	RSK2 RSK6	20	Q2	Review of the Council's arrangements for improving the management of its waste and recycling collections.	Links to RSK2 (Environment strategy), RSK6 (Corporate Strategy) and high operational risk ENV3 (LGV waste drivers).
Total		45			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Future focussed reviews					
Partnership with Rochford District Council	RSK12	15	Q4	Ongoing review of the governance arrangements for the strategic partnership with Rochford District Council, the management of any emerging risks and benefits realisation processes.	Links to RSK12 (Contract/Partnership failure)
Disaster recovery and business continuity	RSK8	15	Q3	Review of business continuity plans and procedures under joint arrangements with Rochford District Council, including processes for ensuring that IT systems remain stable while the Council continues to invest in Cloud technologies.	Links to RSK8 (Major incident) and high operational risks C&D3 (Loss of business applications) and C&D4 (Loss of Customer facing digital platforms). From our follow up of prior recommendations we are aware that testing of Business Continuity plans has been put on hold while officers develop a One Team approach to emergency planning and business continuity with Rochford District Council.
Total		30			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Flexible Live Assurance - To be allocated during the year as required but could include the examples shown below					
OneTeam reviews	RSK12	25	Q2	Advisory review of the OneTeam reviews to be carried out by officers during 2023/24, with a view to assisting the process. Scope and timing to be agreed with officers.	Links to RSK12
Trees management	RSK2	10	Q3	Review of the Council's progress in managing the risks associated with unmaintained woodland and non-woodland trees.	Links to RSK2 (Environment strategy) and operational risk ENV1 (Unmaintained trees) which the Council is working to address.
Counter fraud	N/A	10	All	Fraud risk assessment and preventative measures, e.g. training presentations, advice, liaison with external audit. Exact scope to be agreed with officers.	Links to all risks.
Total		45			

AREA	CRR	DAYS	TIMING	DESCRIPTION OF THE REVIEW	REASON FOR INCLUSION
Contract Management					
Planning / liaison / management	N/A	10	Q1 - Q4	Creation of audit plan, meeting with Executive Directors	Effective contract management
Recommendations follow up	N/A	20	Q1 - Q4	Assessment and reporting of status of implementation of recommendations raised	Assurance for Executive Team and Audit and Scrutiny Committee
Audit and Scrutiny Committees	N/A	10	Q1 - Q4	Attendance at Audit and Scrutiny Committee meetings and pre-meetings	Effective contract management
Total		40			

SUMMARY	DAYS
Core Assurance	115
Soft Controls	45
Future Focused Reviews	30
Flexible Audit Resource	45
Contract Management	40
Total days	275

APPENDIX I

INTERNAL AUDIT CHARTER - ROLE AND SCOPE OF INTERNAL AUDIT

PURPOSE OF THIS CHARTER

This charter is a requirement of Public Sector Internal Audit Standards (PSIAS).

The charter formally defines internal audit's mission, purpose, authority and responsibility. It establishes internal audit's position within Brentwood Borough Council and defines the scope of internal audit activities.

Final approval resides with the Council, in practice the charter shall be reviewed and approved annually by management and by the Audit and Scrutiny Committee on behalf of the Council of Brentwood Borough Council.

INTERNAL AUDIT'S MISSION

Internal audit's mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

STANDARDS OF INTERNAL AUDIT PRACTICE

To fulfil its mission, internal audit will perform its work in accordance with PSIAS, which encompass the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF): Definition of Internal Auditing, Code of Ethics, and International Standards for the Professional Practice of Internal Auditing.

INTERNAL AUDIT DEFINITION AND ROLE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Internal audit acts primarily to provide the Audit and Scrutiny Committee with information necessary for it to fulfil its own responsibilities and duties. Implicit in internal audit's role is that it supports management to fulfil its own risk, control and compliance responsibilities. The range of work performed by internal audit is set out in PSIAS and not repeated here.

INTERNAL AUDIT'S SCOPE

The scope of internal audit activities includes all activities conducted by Brentwood Borough Council. The Internal Audit Plan sets out those activities that have been identified as the subject of specific internal audit engagements.

The provision of assurance services is the primary role for internal audit in the UK public sector. This role requires the chief audit executive to provide an annual internal audit opinion based on an objective assessment of the framework of governance, risk management and control.

Assurance engagements involve the objective assessment of evidence to provide an independent opinion or conclusions regarding an entity, operation, function, process, system or other subject matter. The nature and scope of the assurance engagement are determined by internal audit.

Consulting engagements are advisory in nature and are generally performed at the specific request of management, with the aim of improving governance, risk management and control and contributing to the overall opinion. The nature and scope of consulting engagement are subject to agreement with management. When performing consulting services, internal audit should maintain objectivity and not assume management responsibility.

EFFECTIVE INTERNAL AUDIT

Our internal audit function is effective when:

- It achieves the purpose and responsibility included in the internal audit charter
- It conforms with the Standards
- Its individual members conform with the Code of Ethics and the Standards
- It considers trends and emerging issues that could impact the organisation.

The internal audit activity adds value to Brentwood Borough Council (and its stakeholders) when it considers strategies, objectives and risks, strives to offer ways to enhance governance, risk management and control processes and objectively provides relevant assurance.

We will agree with you an audit plan for a total number of days activity. Once agreed, we will turn this into a cash budget which we will work to, in order to ensure that you have certainty around the fees you will pay us.

INDEPENDENCE AND INTERNAL AUDIT'S POSITION WITHIN BRENTWOOD BOROUGH COUNCIL

To provide for internal audit's independence, its personnel and external partners report to the Head of Internal Audit, who reports functionally to the Audit and Scrutiny Committee. The Head of Internal Audit has free and full access to the Chair of the Audit and Scrutiny Committee. The Head of Internal Audit reports administratively to the Director of Resources who provides day-to-day oversight.

The appointment or removal of the Head of Internal Audit will be performed in accordance with established procedures and subject to the approval of the Chair of the Audit and Scrutiny Committee.

The internal audit service will have an impartial, unbiased attitude and will avoid conflicts of interest. The internal audit service is not ordinarily authorised to perform any operational duties for Brentwood Borough Council.

In the event that internal audit undertakes non-audit activities, safeguards will be agreed to ensure that independence or objectivity of the internal audit activity are not impaired. This might include a separate partner review of the work or a different team undertaking the work. Approval of the arrangements for such engagements will be sought from the Audit and Scrutiny Committee prior to commencement.

In the event that internal audit provides assurance services where it had previously performed consulting services, an assessment will be undertaken to confirm that the nature of the consulting activity did not impair objectivity and safeguards will be put in place to manage individual objectivity when assigning resources to the engagement. Such safeguards will be communicated to the Audit and Scrutiny Committee.

Internal audit must be free from interference in determining the scope of internal auditing, performing work and communicating results. Should any interference take place, internal audit will disclose this to the Audit and Scrutiny Committee to discuss the implications.

INTERNAL AUDIT'S ROLE IN COUNTERING FRAUD, BRIBERY AND CORRUPTION

Management, not internal auditors are responsible for the prevention and detection of fraud, bribery and corruption. Auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption as well as seeking to identify indications that fraud and corruption may have been occurring. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud and corruption will be detected. In the event that internal audit suspects a fraud, this will be referred to appropriate management in the first instance and then the Audit and Scrutiny Committee.

ACCESS TO RECORDS AND CONFIDENTIALITY

There are no limitations to internal audit's right of access to Brentwood Borough Council officers, records, information, premises, or meetings which it considers necessary to fulfil its responsibilities.

When the auditors receive confidential information about your affairs it shall at all times be kept confidential, except as required by law or as provided for in regulatory, ethical or other professional pronouncements applicable. All information will be maintained in line with appropriate regulations, for example the Data Protection Act 2018.

COORDINATION AND RELIANCE WITH OTHER ASSURANCE PROVIDERS

In co-ordinating activities internal audit may rely on the work of other assurance and consulting service providers.

A consistent approach is adopted for the basis of reliance and internal audit will consider the competency, objectivity, and due professional care of the assurance and consulting service providers. Due regard will be given to understanding of the scope, objectives and results of the work performed by other providers of assurance and consulting services.

Where reliance is placed upon the work of others, internal audit is still accountable and responsible for ensuring adequate support for conclusions and opinions reached by the internal audit activity.

INTERNAL AUDIT'S COMMITMENTS TO BRENTWOOD BOROUGH COUNCIL

Internal audit commits to the following:

- Working with management to improve risk management, controls and governance within the organisation
- Performing work in accordance with PSIAS
- Complying with the ethical requirements of PSIAS
- Dealing in a professional manner with Council staff, recognising their other commitments and pressures
- Raising issues as they are identified, so there are no surprises and providing practical recommendations
- Liaising with external audit and other regulators to maximise the assurance provided to the Council
- Reporting honestly on performance against targets to the Audit and Scrutiny Committee.

INTERNAL AUDIT PERFORMANCE MEASURES AND INDICATORS

The tables below contain some of the performance measures and indicators that are considered to have the most value in assessing the efficiency and effectiveness of internal audit.

The Audit and Scrutiny Committee should approve the measures which will be reported to each meeting and / or annually as appropriate. In addition to those listed here we also report on additional measures as agreed with management and included in our Progress Report.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

As required by PSIAS, an external assessment of the service will be performed at least every five years. BDO also has an internal quality assurance review process in place, which takes place annually. This is performed by a separate team independent to the internal audit team.

The results of internal and external assessments will be communicated to the Audit and Scrutiny Committee as part of the internal audit annual report, along with corrective action plans.

TABLE ONE: PERFORMANCE MEASURES FOR INTERNAL AUDIT

MEASURE / INDICATOR
<p>Audit Coverage</p> <p>Annual Audit Plan delivered in line with timetable. Actual days are in accordance with Annual Audit Plan.</p>
<p>Relationships and customer satisfaction</p> <p>Customer satisfaction reports - overall score at average at least 3.5 / 5 for surveys issued at the end of each audit. Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%. External audit can rely on the work undertaken by internal audit (where planned).</p>
<p>Staffing and Training</p> <p>At least 60% input from qualified staff.</p>
<p>Audit Reporting</p> <p>Issuance of draft report within 3 weeks of fieldwork `closing` meeting. Finalise internal audit report 1 week after management responses to report are received. 90% recommendations to be accepted by management. Information is presented in the format requested by the customer.</p>
<p>Audit Quality</p> <p>High quality documents produced by the auditor that are clear and concise and contain all the information requested. Positive result from any external review.</p>

MANAGEMENT AND STAFF COMMITMENTS TO INTERNAL AUDIT

The management and staff of Brentwood Borough Council commit to the following:

- Providing unrestricted access to all of Brentwood Borough Council's records, property, and personnel relevant to the performance of engagements
- Responding to internal audit requests and reports within the agreed timeframe and in a professional manner
- Implementing agreed recommendations within the agreed timeframe
- Being open to internal audit about risks and issues within the organisation
- Not requesting any service from internal audit that would impair its independence or objectivity
- Providing honest and constructive feedback on the performance of internal audit.

MANAGEMENT AND STAFF PERFORMANCE MEASURES AND INDICATORS

The following three indicators are considered good practice performance measures but we go beyond this and report on a suite of measures as included in each Audit and Scrutiny Committee Progress Report.

TABLE TWO: PERFORMANCE MEASURES FOR MANAGEMENT AND STAFF

MEASURE / INDICATOR

Response to Reports

Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.

Implementation of recommendations

Audit sponsor to implement all audit recommendations within the agreed timeframe.

Co-operation with internal audit

Internal audit to confirm to each meeting of the Audit and Scrutiny Committee whether appropriate co-operation has been provided by management and staff.

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