



INTERNAL AUDIT ANNUAL REPORT AND ANNUAL STATEMENT OF ASSURANCE

Brentwood Borough Council

2022/23

IDEAS | PEOPLE | TRUST



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SUMMARY OF 2022/23 WORK

Internal Audit 2022/23

This report details the work undertaken by internal audit for Brentwood Borough Council and provides an overview of the effectiveness of the controls in place for the full year. The following reports have been issued for this financial year:

- Main financial systems
- Payroll shared service
- Policy review
- Cyber security
- Climate change advisory review
- Sheltered accommodation
- Environment - Street cleansing, fly tipping and enforcement
- Leisure services
- Licensing
- Democratic services.

We have also issued a draft report for the Partnership with Rochford audit.

We have detailed the opinions of each report and key findings on pages 6 to 15. Our internal audit work for the year ended 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

Head of Internal Audit Opinion

The role of internal audit is to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

The basis for forming my opinion is as follows:

- An assessment of the design and operation of the underpinning Assurance Framework and supporting processes;
- An assessment of the range of individual opinions arising from risk based audit assignments contained within internal audit risk based plans that have been reported throughout the year;
- This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses; and
- Any reliance that is being placed upon third party assurances.

Overall, we are able to provide **moderate** assurance that there is a sound system of internal control, designed to meet the Council's objectives and that controls are being applied consistently.

In forming our view we have taken into account that:

- The Council's draft unaudited Statement of Accounts for 2022/23 indicates an underspend of £121,000 against budget, maintaining the general fund at the same level as the prior year (being £2.874 million) and increasing general fund earmarked reserves by £3.213 million over the year.
- The Council is in a period of change, as it is undergoing a One Team Transformation Programme with Rochford District Council, under a joint corporate leadership team formed during 2022/23.
- We have delivered 11 of the planned 13 reviews for 2022/23, of which 10 final reports have been issued and one report is in draft (the Partnership with Rochford audit). For the 10 final reports, nine related to audits on which we provided an opinion and one was an advisory review which carried no audit opinion.
- Due to a delayed start in the audit programme for the year (which could not be started until we were contractually engaged and the audit plan was approved) and further delays experienced in securing audit start dates, we have agreed with management to defer one audit (Data protection regulations) into 2023/24 and to expand the scope of our financial planning audit in 2023/24.
- We have not included the summary from the Partnership with Rochford audit in this report as the draft report has not yet been agreed with officers. However, this does not impact on our overall opinion for the year.
- We agreed with management to split the scope of our work on the main financial systems this year into two components: Audit of key controls (as reported below and feeding into our overall opinion); and an advisory review to provide an independent assessment of how fit for purpose Brentwood and Rochford's finance systems are. The choice of which system to use is ultimately for each Council to make, using a range of factors including cost, future plans, functionality etc. Our review has provided input into this decision but we have not recommended a system. We have not included the findings from this review in this report.
- In respect of the design of the controls, substantial assurance was provided in one out of nine audits (payroll), moderate assurance opinions were provided in seven areas and limited in one area (sheltered accommodation). These opinions are a deterioration compared with 2021/22, when substantial assurance was provided in seven out of twelve audits, moderate assurance opinions were provided in four areas and there was one limited assurance in an operational area (see page 16).
- In respect of the operational effectiveness of the controls, moderate assurance opinions were provided in all nine areas. These opinions are a deterioration compared with 2021/22, when an opinion of substantial assurance was provided in four areas and moderate assurance in eight areas (see page 16).

-
- Officers specifically requested that we carry out the sheltered accommodation audit, instead of the planned housing management audit, as this was recognised as an area in need of improvement.
 - Management has responded positively to reports issued and action plans have been developed to address the recommendations raised, although we have experienced some delays in responses to reports and audit requests.
 - We have confirmed that 82% of recommendations due for implementation by the date of reporting had been completed, which is fairly similar to the 83% in the prior year.
 - Overall, therefore, we have noted some deterioration in the control environment compared to last year, although not to the extent that is necessary to downgrade our overall opinion.

Our annual report and head of internal audit opinion has been prepared based on the audit work undertaken in respect of the financial year ended 31 March 2023.

REVIEW OF 2022/23 WORK

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
Main Financial Systems	0	3	2	Moderate	Moderate	<p>The purpose of the audit was to carry out a detailed annual review of the Council’s main financial systems, focusing on the following areas: General Ledger (including reconciliations for system interfaces and journals), Business Rates, Council Tax, and the Council’s processes for managing supply chain risks.</p> <p>We identified several areas of good practice such as appropriate managing of general ledger system user access, general ledger journal approvals, the application of Council Tax and Business Rates discounts and exemptions and meeting KPIs (timeframes) to process new housing benefit claims.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • Our review of the procurement and contract management practices found that the Corporate Business Continuity Plan does not include provision for supplier failure, risks of supplier failure are not included in the risk register and the contracts register does not consistently include the values of all contracts over £5,000 as required by the Local Government Transparency Code. • Our sample testing of claimants with Universal Credit identified one instance where the suspension and cancellation of the Housing Benefit took three months, and therefore was not completed in a timely manner. Additionally, in two instances the Council did not maintain effective contact with the claimants to ensure that the Housing Benefit could be cancelled. • Our review of a sample of General Ledger reconciliations identified two Council Tax (Receipts) and one Business Rates (Receipts) reconciliations that were not completed within a month or reviewed within two weeks of completion.

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						<ul style="list-style-type: none"> • Our review of a sample of billing and benefits user accounts with access to the system found that one user did not have an authorised access form in place to approve their access to the revenues system. • The requirement for a Senior Officer to approve any business rates accounts with discretionary discount applied is not documented in the procedure notes, and the procedure notes for purchasing and procurement do not contain completed version control sections detailing the procedures approval and future review dates.
Payroll Shared Service	0	3	0	Substantial	Moderate	<p>The purpose of the audit was to provide assurance over the contractual monitoring arrangements over the shared payroll service, interfaces between the Council and the shared service and the adequacy and effectiveness of controls over inputs and amendments to the payroll system.</p> <p>Our review found that effective controls are in place and working well around the administration and management of the payroll and identified that the interfaces between the Council and the payroll provider work effectively with requests made by the Council actioned appropriately. Leavers were promptly processed and removed from the payroll and monthly reconciliations completed by the Corporate Finance Manager.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • Quarterly KPI reports should form part of the contract monitoring arrangements per the contract, but these are not being received by the Council from the payroll shared service provider. • Staff vacancies resulted in a gap in contract monitoring meetings between November 2022 and March 2023. Meetings have since resumed but no minutes or other formal records of these are kept. • Our testing of a sample of long-term sick and maternity absence requests found that in one case an incorrect option was mistakenly entered in the online sickness absence request, resulting in an overpayment. While the error was subsequently detected by the

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						Council, HR should carry out a review to determine if there are other errors of this nature.
Policy Review	0	1	0	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of policy management processes to ensure that the Council's policies remain up to date, relevant and appropriate.</p> <p>Our review found that the Council's policies are accessible to all staff via the intranet and that the proposed policy approval process is sufficiently robust. The Council's draft policy template fulfils all expected criteria and a policy review timetable/policy register is currently being developed.</p> <p>Whilst our testing identified a number of inconsistencies and inefficiencies in the current policy review arrangements, as part of the partnership working, the Council had already developed draft policy templates and new processes to address the identified weaknesses.</p> <p>We identified further scope for improvement in the following area:</p> <ul style="list-style-type: none"> The current suite of policies is not consistently supported by policy owners and there is a lack of clarity regarding assigned responsibility for individual policies. Furthermore, policies are not always subject to periodic review and senior leadership approval, to ensure they remain up-to-date and in line with the relevant legislation and good practice.
Cyber Security	1	1	2	Moderate	Moderate	<p>The purpose of this audit was to provide assurance over the design and operation of the controls in place to protect the Council's IT systems, services, and information against a cyberattack.</p> <p>Our review found that the Council has effective processes in place for the monitoring of its infrastructure in addition to responding to cyber incidents and threats by working proactively with its managed service provider, Hytec.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> Vulnerabilities identified by Hytec are prioritised, remediated and monitored using knowledge and expertise of staff, however there are no

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
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						<p>formal action plans in place to capture this work or to escalate risks and issues to senior management on a regular basis.</p> <ul style="list-style-type: none"> The Council’s policies pertaining to information governance and security are out of date, have gaps, and do not refer to current legislation such as UK GDPR. A report of all staff who have carried out the Cyber Awareness training showed that of the 300 individuals who have completed the training, ten had not achieved the required pass score of 80%. The process for monitoring, escalation and investigation of potential cyber security incidents, including Hytec’s role, has not been documented in the Cyber Incident Response Plan.
Climate Change Advisory Review	1	3	0	N/A - Advisory	N/A - Advisory	<p>The purpose of the advisory review was to assess the adequacy of the Council’s Environment Strategy, underlying actions plans and framework to measure and monitor achievement of carbon commitments.</p> <p>An Environment Strategy is in place for 2023-26 which sets out the Council’s vision and steps it will take to achieve its goals for reducing carbon emissions. The strategy has strong net zero targets for both the Council and the borough and actions have been assessed with regards to the carbon impact where possible. A public consultation has been completed and the results considered when redrafting the Strategy.</p> <p>We identified some areas for improvement, mostly focused on the need for improved communications and action planning, to assist in strengthening the monitoring of the agreed actions and support achievement of the Council’s objectives and targets in relation to climate change and carbon reduction. We noted that:</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> The Council’s website did not include that latest strategy document.

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
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						<ul style="list-style-type: none"> • There is no communications plan or strategy in place to distribute information and regular updates on progress. • Whilst consultations with external organisations were completed, this was minimal and reliance was being placed upon the public consultation. • The actions within the action plan have not been financially assessed to identify which would give the best value for money in reducing emissions. • There are no formal reporting lines or performance measures established to enable consistent and regular monitoring of the progress made against agreed actions. • Climate risks, which currently sit within the Community Risk Register, relate mainly to storm/flooding events and do not cover the Strategy and emissions or the wider impacts of climate change such as waves and drought. • Council decisions use a reporting template which does not include a mandatory consideration of environmental implications.
Sheltered Accommodation	3	4	0	Limited	Moderate	<p>The purpose of the audit was to provide an objective independent opinion on the adequacy and effectiveness of controls / processes in relation to sheltered housing.</p> <p>Our review concluded that the Council has some good practice in place regarding weekly Team Tasking meetings, reporting of activities to the Housing Committee, carrying out regular health and safety checks, ensuring all sheltered housing schemes receive regular responsive and planned maintenance and ensuring that allocations for sheltered accommodation are reviewed and independently authorised prior to accommodation being assigned to residents.</p>

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						<p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • A lack of formal operational procedures and working in silo from the rest of the Housing team and other related services. • Case records were found to be largely paper based before being scanned into Orchard. All welfare visits and tenancy issues are recorded outside of the two main housing systems, and no evidence was found regarding a formal approach to document retention. • The Business Continuity Plan for Housing was still in draft form and had not yet been approved and disseminated or tested for effectiveness. • Our sample testing identified instances whereby the Sheltered Housing Assessment was not held within Locata. In addition, the current support plan template has not been reviewed in 15 years. • There was evidence of poor communication between repairs and the Sheltered Housing team and no guidance in place to record and follow-up on onsite communication with residents. • There is no clear service plan or specification setting out the services provided or expected outcomes. • Void turnaround times should be monitored and measures should be taken to ensure void turnaround times meet the Council's target of 22 days.
Environment - Street cleansing, fly tipping and enforcement	0	3	0	Moderate	Moderate	<p>The purpose of the audit was to review the Council's arrangements for keeping streets clean, including health and safety risk assessments and enforcement activity.</p> <p>We noted several areas of good practice, including the daily patrols in the borough to deal with fly tipping, littering, abandoned vehicles and waste, and the use of the National Enforcement Solutions for investigation into fly tipping. KPIs are in place, including numbers of Joint Patrols and Fixed Penalty Notices for litter and fly tipping. Additionally, regular management information related</p>

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						<p>to fly tipping by ward and cost is also produced and scrutinised and an action tracker is maintained to support control implementation.</p> <p>The Council's risk assessment processes for the Fly Tipping and Street Cleansing service are robust, accessible and transparent.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • Both the Council's Health & Safety policy and Environmental Health Enforcement policy are out of date and have not been reviewed in line with the agreed process. • There are area cases where fly tipping is removed before adequate evidence can be secured to identify a perpetrator. In addition, our sample testing of fly tips confirmed that not all cases were cleared within 15 days of the fly tip being reported. • There are no formal and documented procedures/protocols in place that provide guidance on how workload is scheduled, conducted, completed, managed and how resources are allocated.
Leisure Services	0	4	0	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of the key processes in place to deliver the Leisure Strategy and underlying action plans.</p> <p>The Council has a clear and comprehensive Leisure Strategy that has been both approved and reviewed. The Leisure Strategy is aligned to the Local Development Plan and Asset Management strategy and the Head of Leisure Services has provided an annual update on progress of the strategy to relevant committees against the six key workstreams: built facilities, open spaces, play areas, sport, health and wellbeing and leadership, management and oversight.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • No risk register for leisure services. • There has been no formal consideration of an exit strategy for the Brentwood Leisure Centre and Football Hub business activities, or

Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<p>review and approval of the sufficiency of an associated sinking fund for the replacement of assets when they reach the end of their expected lifespan in future years.</p> <ul style="list-style-type: none"> • There are no arrangements in place to validate any of the key measures and underlying system data reported by the Brentwood Centre operator and no clear performance management monitors/KPIs in place for the Brentwood Centre operator covering leadership, management and oversight. There are also no arrangements for the Council to perform checks on the quality of leisure services being offered. • There is no tracking or monitoring of mandatory and development training for Council staff and the Brentwood Centre operator and no policies and procedures readily accessible for the benefit and guidance of Council staff and Brentwood Centre operator staff.
Licensing	0	3	1	Moderate	Moderate	<p>The purpose of the audit was to provide assurance that appropriate controls have been designed and are operating effectively to enable the Licensing service to fulfil its statutory duties and achieve its aims.</p> <p>We identified several areas of good practice. There is a Licensing Committee and Sub-Committee, which discharges all functions conferred upon the Council as a licensing authority under the Licensing Act 2003. There is a Statement of Licensing Policy, which was under review by the Committee, and trading activities are covered by detailed guidance on the Council's website. Licensing fees and charges for 2022/23 were set in accordance with the Council's medium-term resources strategy and a licensing register is in place which shows details of granted licenses and certificates.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • There is no comprehensive monitoring of the mandatory and statutory staff training and development relating to licensing, licences, regulations and trading standards, and best practice.

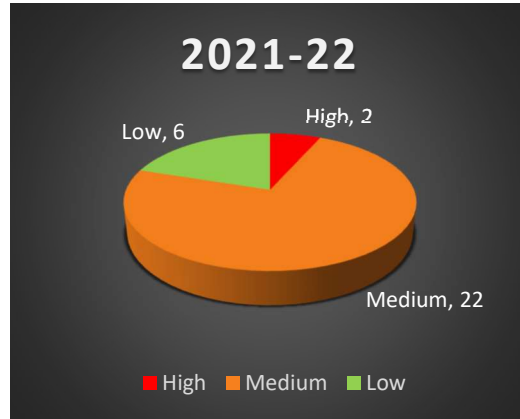
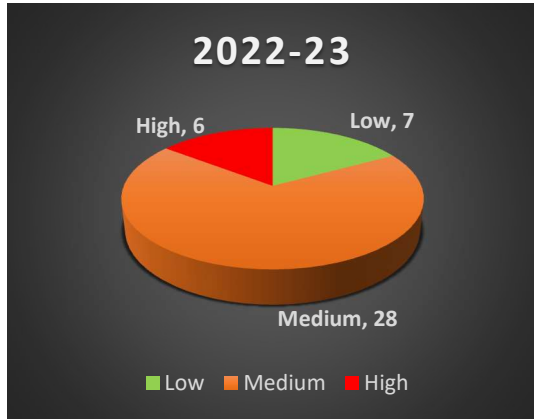
Report Issued	Recommendations and significance			Overall Report Conclusions (see Appendix 1)		Purpose of Audit and Summary of Key Findings / Recommendations
	H	M	L	Design	Operational Effectiveness	
						<ul style="list-style-type: none"> • Our review of a sample of licenses processed identified an inspection report that was not sufficiently comprehensive and detailed; and there was insufficient evidence that the conditions of the licence were met prior to the license being granted. • Our review of a sample of enforcement cases noted a case where enforcement requirements were not confirmed. In addition, there was no operational plan 2022/23 for enforcement action, including licensed premises inspections, and tracking of all enforcement activity. • The Licensing Enforcement Policy was last updated in 2016 and did not reflect the shared licensing and enforcement with the licensing team at Thurrock Council.
Democratic Services	1	3	2	Moderate	Moderate	<p>The purpose of the audit was to review the adequacy and effectiveness of democratic processes and support for the senior leadership team (now the corporate leadership team).</p> <p>Our audit identified a number of areas of good practice in Democratic Services that assist the Council in functioning in an open and transparent way, including processes for publication of Committee papers and decisions, member declaration of interests and approval of changes to the Council's Constitution.</p> <p>However, we identified scope for improvement in the following areas:</p> <ul style="list-style-type: none"> • There was inadequate evidence to support the processes and notifications underpinning the complaints against Councillors that we sampled in the audit, as there is no central filing system for this documentation. • The published training record for councillors indicated that 16 out of 37 councillors had not completed Code of Conduct training (a requirement of the Council's Constitution) since the published training record commenced in 2018.

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						<ul style="list-style-type: none"> • Since 2021 we noted four instances of members of the Licensing Committee or previous Planning and Licensing Committee attending meetings before receiving the necessary training or refresher training, as required by the Council's Constitution. • An action log was not maintained for SLT meetings limiting the effectiveness of identifying and monitoring the completion of agreed actions. • 20% of the FOI requests sampled were not responded to within the required 20 working days and there was no evidence of an agreed extension. • At time of our audit fieldwork, updated declaration of interest forms had not been published for two Councillors since 2021, although they were subsequently uploaded.

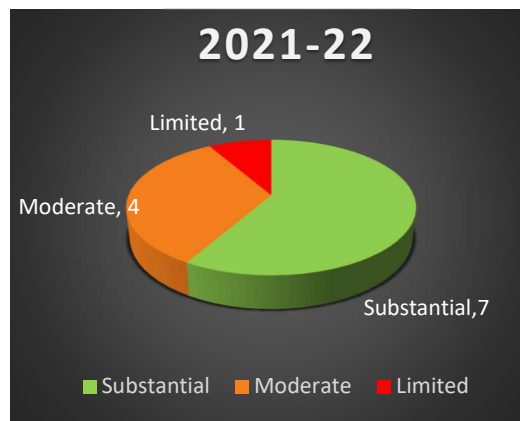
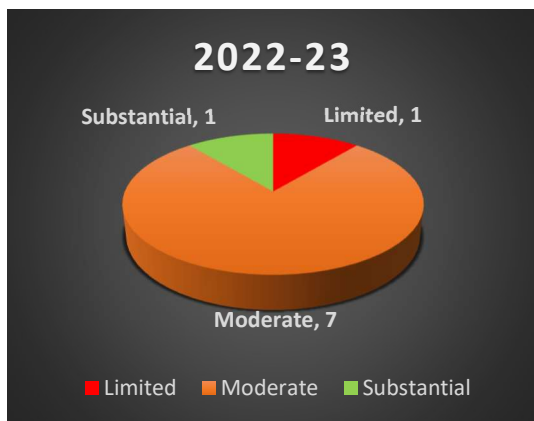
SUMMARY OF FINDINGS

RECOMMENDATIONS AND ASSURANCE DASHBOARD

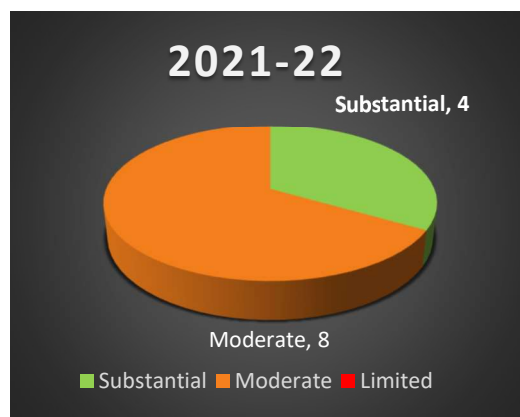
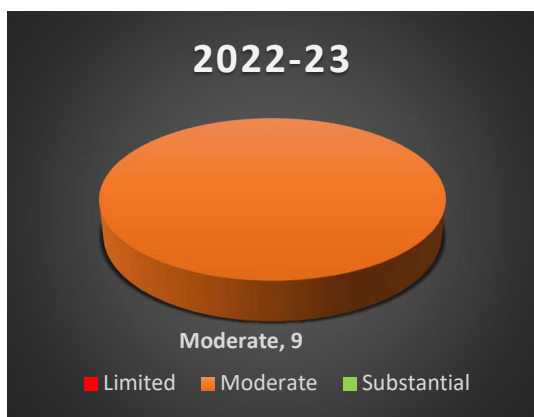
Recommendations and Significance



Control Design



Operational Effectiveness



ADDED VALUE



USE OF SPECIALISTS

We used our IT specialists to deliver the Cyber Security audit and an Environment specialist to deliver the Climate Change review.



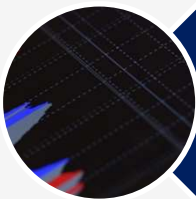
RESPONSIVENESS

We have been flexible with the plan to respond to emerging risks and concerns, e.g. by replacing the Housing Management audit with an audit of Sheltered Accommodation which officers identified as a riskier area, and carrying out an advisory review to compare the financial systems in place at Brentwood and Rochford District Council.



BENCHMARKING AND BEST PRACTICE

We have applied our experience of the local government sector, including knowledge of legal requirements e.g. Licensing and Environment - Street cleansing, fly tipping and enforcement audits.



INNOVATION

We applied advisory methodology in our review of Climate Change, rather than carrying out a traditional audit, to reflect the Council's needs regarding the evolving nature of the strategy.

KEY THEMES



PEOPLE

Clarity of roles and responsibilities was evident in the majority of areas reviewed. However, we found that there is a need to update training provided in some areas and ensure monitoring of training is in place e.g. Cyber security awareness, Licensing and trading standards and Leisure Services.



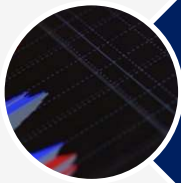
SYSTEMS & PROCESSES

The Council's policies and procedures are generally being complied with, although there are instances where the documentation does not adequately evidence the checks carried out, as noted in our audits of Sheltered Accommodation, Licensing and Cyber Security.



POLICES & PROCEDURES

Policies and procedures are in need of updating in some areas e.g. Information Governance and Security, Sheltered Accommodation, Environmental Health and Safety, Environmental Health Enforcement, and Licensing Enforcement. There are plans to update policies and procedures as part of the collaborative partnership with Rochford District Council.



KEY PERFORMANCE INDICATORS

A few of our audits identified the need for key performance indicators to be implemented to enable measuring and monitoring of performance e.g. Payroll shared service.

BACKGROUND TO ANNUAL OPINION

Introduction

Our role as internal auditors to Brentwood Borough Council is to provide an opinion to the Council, through the Audit and Scrutiny Committee, on the adequacy and effectiveness of the internal control system to ensure the achievement of the organisation's objectives in the areas reviewed. Our approach, as set out in the firm's Internal Audit Manual, is to help the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our internal audit work for the year ended 31 March 2023 was carried out in accordance with the internal audit plan approved by management and the Audit and Scrutiny Committee, adjusted during the year for any emerging risk issues. The plan was based upon discussions held with management and was constructed in such a way as to gain a level of assurance on the main financial and management systems reviewed. There were no restrictions placed upon the scope of our audit and our work complied with Public Sector Internal Audit Standards.

The annual report from internal audit provides an overall opinion on the adequacy and effectiveness of the organisation's risk management, control and governance processes, within the scope of work undertaken by our firm as outsourced providers of the internal audit service. It also summarises the activities of internal audit for the period.

Audit Approach

We have reviewed the control policies and procedures employed by Brentwood Borough Council to manage risks in business areas identified by management set out in the 2022/23 Internal Audit Annual Plan approved by the Audit and Scrutiny Committee. This report is made solely in relation to those business areas and risks reviewed in the year and does not relate to any of the other operations of the organisation. Our approach complies with best professional practice, in particular, Public Sector Internal Audit Standards, the Chartered Institute of Internal Auditors' Position Statement on Risk Based Internal Auditing.

We discharge our role, as detailed within the audit planning documents agreed with Brentwood Borough Council management for each review, by:

- Considering the risks that have been identified by management as being associated with the processes under review
- Reviewing the written policies and procedures and holding discussions with management to identify process controls
- Evaluating the risk management activities and controls established by management to address the risks it is seeking to manage
- Performing walkthrough tests to determine whether the expected risk management activities and controls are in place
- Performing compliance tests (where appropriate) to determine that the risk management activities and controls have operated as expected during the period.

The opinion provided on page 4 of this report is based on historical information and the projection of any information or conclusions contained in our opinion to any future periods is subject to the risk that changes may alter its validity.

Reporting Mechanisms and Practices

Our initial draft reports are sent to the key officer responsible for the area under review in order to gather management responses. In every instance there is an opportunity to discuss the draft report in detail. Therefore, any issues or concerns can be discussed with management before finalisation of the reports.

Our method of operating with the Audit and Scrutiny Committee is to agree reports with management and then present and discuss the matters arising at the Audit and Scrutiny Committee meetings.

Management actions on our recommendations

Management have generally been conscientious in reviewing and commenting on our reports and have responded positively to the report findings. The responses indicate that appropriate steps to implement our recommendations are expected.

Recommendations follow-up

Implementation of recommendations is a key determinant of our annual opinion. If recommendations are not implemented in a timely manner then weaknesses in control and governance frameworks will remain in place. Furthermore, an unwillingness or inability to implement recommendations reflects poorly on management's commitment to the maintenance of a robust control environment.

Effort has been made in the year and to the date of this report to implement recommendations and to provide evidence to close long outstanding recommendations. However, progress in addressing outstanding internal audit recommendations is still in need of improvement.

Relationship with external audit

All our final reports are available to the external auditors through the Audit and Scrutiny Committee papers and are available on request. Our files are also available to external audit should they wish to review working papers to place reliance on the work of internal audit.

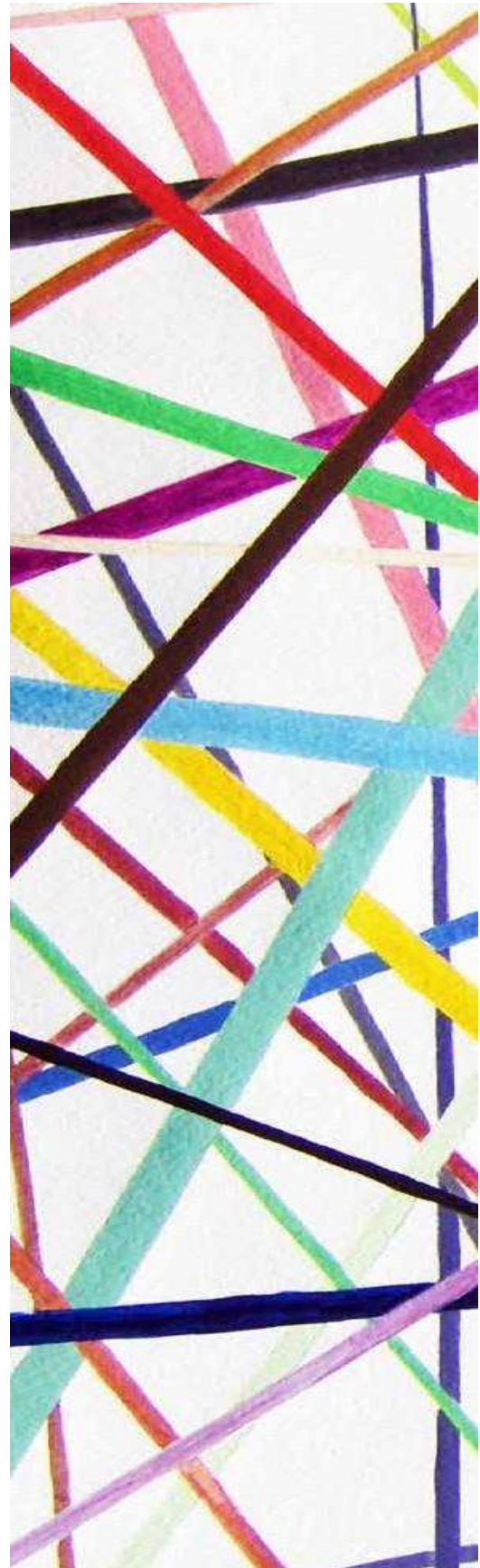
Report by BDO LLP to Brentwood Borough Council

As the internal auditors of Brentwood Borough Council we are required to provide the Audit and Scrutiny Committee and officers with an opinion on the adequacy and effectiveness of risk management, governance and internal control processes, as well as arrangements to promote value for money.










In giving our opinion it should be noted that assurance can never be absolute. The internal audit service provides Brentwood Borough Council with Moderate assurance that there are no major weaknesses in the internal control system for the areas reviewed in 2022/23. Therefore, the statement of assurance is not a guarantee that all aspects of the internal control system are adequate and effective. The statement of assurance should confirm that, based on the evidence of the audits conducted, there are no signs of material weaknesses in the framework of control.

In assessing the level of assurance to be given, we have taken into account:

- All internal audits undertaken by BDO LLP during 2022/23
- Any follow-up action taken in respect of audits from previous periods for these audit areas
- Whether any significant recommendations have not been accepted by management and the consequent risks
- The effects of any significant changes in the organisation's objectives or systems
- Matters arising from previous internal audit reports to Brentwood Borough Council
- Any limitations which may have been placed on the scope of internal audit - no restrictions were placed on our work.



KEY PERFORMANCE INDICATORS 2022/23

Quality Assurance as per the Internal Audit Charter	KPI Results	RAG Rating
1. Annual Audit Plan delivered in line with timetable.	The timing of a number of audits was delayed due to a delay in approving the audit plan for the year. 2 out of 13 audits have not been completed before the issue of our Annual Report and have been deferred into 2023/24.	
2. Actual days are in accordance with Annual Audit Plan.	The days associated with the deferred audits will be carried out in 2023/24.	
3. Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Survey responses received to date have been positive.	
4. Annual survey to Audit and Scrutiny Committee to achieve score of at least 70%.	Annual survey for 2022/23 not yet carried out.	
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 10 out of 11 reviews (see table below).	
7. Finalise internal audit report 1 week after management responses to report are received.	This KPI has been met for 10 out of 10 reviews (see table below).	
8. Positive result from any external review.	In June 2021 an External Quality Assessment by the Institute of Internal Auditors reported that BDO LLP's Public Sector Internal Audit Team 'generally conforms' with the International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS). This is the highest of the three ratings categories.	
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 5 out of 11 audits (see table below). The KPI regarding draft report has been met for 4 out of 10 audits.	
10. Audit sponsor to implement audit recommendations within the agreed timeframe.	Of the 34 high and medium priority recommendations raised in 2022/23, 2 have been completed, 1 is in progress and the rest are 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.	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 (2022/23 AUDITS)





Audit	Draft TOR issued	Management response to TOR received	Closing meeting	Draft report issued	Management response to draft report received	Final report issued
Main Financial Systems	24/01/23	24/01/23 (KPI 9 met)	19/05/23	29/05/23 (KPI 6 met)	15/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Payroll Shared Service	17/03/23	29/03/23 (KPI 9 not met)	18/05/23	31/05/23 (KPI 6 met)	19/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Partnership with Rochford	23/12/22	12/01/23 (KPI 9 not met)	19/06/23	23/06/23 (KPI 6 met)	TBC	TBC
Policy Review	15/02/23	09/05/23 (KPI 9 not met)	09/05/23	30/05/23 (KPI 6 met)	12/06/23 (KPI 9 met)	12/06/23 (KPI 7 met)
Cyber Security	16/09/22	29/09/22 (KPI 9 not met)	20/01/23	06/02/23 (KPI 6 met)	16/02/23 (KPI 9 met)	23/02/23 (KPI 7 met)
Climate Change (Advisory Review)	25/01/23	02/02/23 (KPI 9 not met)	17/03/23	04/04/23 (KPI 6 met)	24/04/23 (KPI 9 not met)	26/04/23 (KPI 7 met)
Sheltered Accommodation	28/11/22	05/12/22 (KPI 9 met)	14/05/23	19/05/23 (KPI 6 met)	14/06/23 (KPI 9 not met)	21/06/23 (KPI 7 met)
Environment - Street Cleansing, Fly Tipping and Enforcement	02/12/22	02/12/22 (KPI 9 met)	03/05/23	31/05/23 (KPI 6 not met)	15/06/23 and 27/06/2023 (KPI 9 not met)	28/06/23 (KPI 7 met)
Leisure Services	08/02/23	13/02/23 (KPI 9 met)	07/06/23	14/06/23 (KPI 6 met)	27/06/23 (KPI 9 met)	28/06/23 (KPI 7 met)
Licensing	28/11/22	01/12/22 (KPI 9 met)	02/03/23	16/03/23 (KPI 6 met)	21/04/23 (KPI 9 not met)	24/04/23 (KPI 7 met)
Democratic Services	10/03/22	08/04/22 (KPI 9 not met)	10/01/23	11/01/23 (KPI 6 met)	11/01/23 (KPI 9 met)	13/01/23 (KPI 7 met)

KEY FOR RAG RATING:

-  = met target
-  = partly met target
-  = not met target
-  = not applicable

APPENDIX I

ANNUAL OPINION DEFINITION	
Substantial - Fully meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance.
Moderate - Significantly meets expectations	Our audit work provides assurance that the arrangements should deliver the objectives and risk management aims of the organisation in the areas under review. There is some risk of failure or non-compliance.
Limited - Partly meets expectations	Our audit work provides assurance that the arrangements will deliver only some of the key objectives and risk management aims of the organisation in the areas under review. There is a significant risk of failure or non-compliance.
No - Does not meet expectations	Our audit work provides little assurance. The arrangements will not deliver the key objectives and risk management aims of the organisation in the areas under review. There is an almost certain risk of failure or non-compliance.

REPORT OPINION SIGNIFICANCE DEFINITION				
Level of Assurance	Design Opinion	Findings	Effectiveness Opinion	Findings
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 noncompliance 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.

RECOMMENDATION SIGNIFICANCE DEFINITION	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

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