



COMMITTEE TITLE: AUDIT AND SCRUTINY

DATE: 11 JULY 2023

REPORT TITLE:	Internal Audit Progress Report
REPORT OF:	Tim Willis, Interim Director Resources and Section 151 Officer

REPORT SUMMARY

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2022/23 internal audit plan.

The following reports have been finalised since the last Committee meeting:

- Main financial systems (Moderate/Moderate)
- Payroll (Substantial/Moderate)
- Climate change (no opinion as advisory review)
- Licensing (Moderate/Moderate)
- Sheltered accommodation (Limited/Moderate)
- Policy review (Moderate/Moderate)
- Environment - fly tipping, street cleaning and enforcement (Moderate/Moderate)
- Leisure services (Moderate/Moderate).

RECOMMENDATIONS

To note the progress made against the 2022/23 internal audit plan and the findings from the audits completed since the last Committee meeting.

SUPPORT ING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

Internal audit is required to report the findings of their work to the Council, through the Audit and Scrutiny Committee.

2.0 OTHER OPTIONS CONSIDERED

None.

3.0 BACKGROUND INFORMATION

BDO has been the appointed Internal Auditor for the Council since 1 April 2014.

Their work complies with Public Sector Internal Audit Standards. As part of the audit approach, they agreed terms of reference for each piece of work with the risk owner, identifying the headline and sub-risks which were covered as part of each assignment. This approach is designed to enable internal audit to give assurance on the risk management and internal control processes in place in the Council to mitigate the risks identified.

The Audit Committee approved the 2022/23 annual audit plan in November 2022, after review of an outline audit plan in July 2022 and a full audit plan in September 2022. The progress against plan is reported at every Audit and Scrutiny Committee meeting.

Progress report

The following final internal audit reports have been issued since the last Committee meeting and internal audit's overall conclusions are set out below. Further details included in Appendix A – Internal Audit Progress Report.

Main financial systems (Moderate/Moderate)

We have raised three medium and two low level findings.

We identified several areas of good practice in respect of general ledger system access, journal approvals, the application of Council Tax and Business Rates discounts and exemptions, and the time taken to process new housing benefit claims.

However, we identified scope for improvement in contract management practices with regards to completeness of the contracts register, risks around supplier failure and associated detail in the Corporate Business Continuity Plan; timeliness of general ledger reconciliations; timeliness in responding to universal credit notifications; completion of access forms for the Revenue and Benefits system; and some key details omitted from the Council's documented procedure notes.

As a result of our audit, we have concluded moderate assurance over both the design and effectiveness of the Council's arrangements in relation to the general ledger, Council Tax and Business Rates, Housing Benefits and procurement and contract management.

Payroll (Substantial/Moderate)

Our review found that effective controls are in place and working well around the administration and management of the payroll.

However, we identified a scope for improvement in contract monitoring arrangements, specifically around roles and responsibilities and performance information, and an error in the completion of an online sickness absence request form.

We have raised three medium priority recommendations.

Overall, we provide substantial assurance over the design of controls in payroll processes and moderate assurance in relation to the effectiveness of controls.

Climate change (no opinion as advisory review)

From our review of the environment strategy, it can be concluded that the Council has a solid basis for the reduction of carbon emissions.

We identified some areas for improvement, mostly focused on the need for improved communications and action planning. Our recommendations will 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.

Licensing (Moderate/Moderate)

We have raised three medium and one low priority recommendation to improve the Council's controls over licensing, regarding monitoring staff training and development, quality of inspection reports, tracking enforcement activity, and updating the enforcement policy.

Consequently, we conclude moderate assurance over the design and moderate assurance over the operational effectiveness of the controls in place to enable the Licensing service to fulfil its statutory duties and achieve its aims.

Sheltered accommodation (Limited/Moderate)

Based on the work performed, we noted that at the time of this audit, there was no clear service plan or specification setting out the Sheltered Housing services provided or expected outcomes. Further, there was a lack of operational procedures or robust performance monitoring which makes it difficult to demonstrate that the Council is delivering an efficient and effective service.

We raised a number of recommendations to address the findings identified by this review with the aim to positively improve the control environment and aid the Council in effectively managing its risks.

Overall, we provide limited assurance on the design of controls and moderate assurance on the operating effectiveness of the controls in place.

Policy review (Moderate/Moderate)

Whilst our testing identified a number of inconsistencies and inefficiencies in the current policy review arrangements, as part of the partnership working the Council has already developed draft policy templates and new processes in place to address the identified weaknesses.

As a result of our review, we provide moderate assurance over the design and operational effectiveness of the Council's arrangements in place to support the management of its policies.

We have raised one medium priority recommendation to ensure that the new processes and templates are finalised and implemented effectively and in line with Council process.

Environment - fly tipping, street cleaning and enforcement (Moderate/Moderate)

Our review identified a number of areas where current controls could be strengthened further and these related to additional training around preserving fly tipping evidence, updating of the overarching policy documentation and developing and formalising Street Cleaning teams' procedures and protocols.

This has led to a moderate assurance over the design and the operational effectiveness of the Council's arrangements in relation to its Street Cleaning, Fly Tipping & Enforcement activity.

We have raised three medium priority recommendations.

Leisure services (Moderate/Moderate)

We have raised four medium priority recommendations to improve the Council's controls over leisure services. These relate to the need for a comprehensive risk register; a feasibility study for an exit strategy for the Brentwood Leisure Centre and Football Hub business activity, including scrutiny of the associated sinking fund; access to the underlying data for the performance monitoring/KPI reporting received from Everyone Active; and tracking and monitoring of training for Council staff and Everyone Active, as well as the need for documented policies and procedures in this area.

Follow up report

A summary of outstanding recommendations from previous audits is included in Appendix B – Internal Audit Follow Up Report.

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 by the Committee date.

4.0 FINANCIAL IMPLICATIONS

Name & Title: Tim Willis, Director – Resources & Section 151 Officer
Tel & Email: 01277 312500 / tim.willis@brentwood.rochford.gov.uk

There are no direct financial implications arising from the report.

5.0 LEGAL IMPLICATIONS

Name & Title: Andrew Hunkin, Director – People & Governance & Monitoring Officer
Tel & Email 01277 312500 / andrew.hunkin@brentwood.rochford.gov.uk

There are no direct legal implications arising from the report.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

There are no direct resource implications arising from the report.

7.0 RELEVANT RISKS

There are no direct risks arising from the report. The internal audit programme of work is designed to review risk areas within the Council.

8.0 ENGAGEMENT/CONSULTATION

Not applicable.

9.0 EQUALITY IMPLICATIONS

Name & Title: Kim Anderson, Corporate Manager - Communities, Leisure and Health
Tel & Email 01277 312500 kim.anderson@brentwood.gov.uk

There are no direct equality implications arising from the report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

Name & Title: Phil Drane, Director - Place
Tel & Email 01277 312500 / phil.drane@brentwood.rochford.gov.uk

There are no direct environment and climate change implications arising from the report.

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APPENDICES

- Appendix A: Internal Audit Progress Report
- Appendix A: Internal Audit Follow Up Report

BACKGROUND PAPERS

None.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Not applicable.	