

Brentwood Borough Council

INTERNAL AUDIT PROGRESS REPORT

November 2014



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Definitions of assurance

PROGRESS AGAINST PLAN

Internal Audit

This report is intended to inform the Audit and Scrutiny Committee of progress made against the 2014/15 internal audit plan which was approved by this Committee in March 2014. 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 section 2 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.

Work outside of the Internal Audit Plan

No additional work has taken place.

Overview of 2014/15 work to date

Since the previous Audit and Scrutiny Committee in September, we have completed and finalised the report for Performance Management.

The following reviews are underway and the final reports will be brought to the Audit and Scrutiny Committee in January:

- Property Management
- Housing System
- Repairs and Maintenance
- Car Park and Gold Club income

We are also currently planning the Main Financial Systems audit, which will cover the general ledger, payroll, revenues and housing benefits.

The review of Partnership Arrangements continues to be underway. We have continued to experience delays with this audit due to the availability of key staff. Management are aware of the delays.

Note that a review on Affordable Housing was originally agreed in the Audit Plan, however we agreed with the Interim Head of Housing and the Acting Chief Executive that it would be more useful for us to look at the processes in place for repairs and maintenance instead. We will look at Affordable Housing in future years.

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Modern Council					
Customer Service	20	Q1	Complete	Moderate	Moderate
Transformation Programme	20	Q4	Agreed to move to Q4 due to change in staffing arrangements in this area.		
Performance Management	20	Q2	Complete	Moderate	Moderate
Financial systems	95	Q3/4	Planning		
Risk and Governance	20	Q4			
IT strategy, governance and data security	40	Q4	Agreed to move to Q4 due to current review in this area.		
Counter Fraud	15	Q4			
Car Parking and Golf Income	15	Q3/4	In progress		
	245				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Safe Borough					
Partnership Working	20	Q1/Q2	In progress - continued delays with key staff.		
	20				

PROGRESS AGAINST PLAN

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
A Prosperous Borough					
Capital developments	25	Q3/4	Planning		
	25				

Area	2014/15 days	Date work to be undertaken	Progress Update	Assurance - System Design	Assurance - Operating Effectiveness
Housing, Health and Wellbeing					
Housing systems	30	Q3/4	In progress		
Repairs and Maintenance	20	Q3	In progress		
Property management	20	Q3	Draft report		
	70				

PROGRESS AGAINST PLAN

Area	2014/15	Description of the Review
Planning/ liaison/ management	20	
Recommendation follow up	10	We will follow up high and medium priority recommendations raised by the previous internal auditors.
Audit Committee		
Contingency	10	
Total	40	
Total	400	

SUMMARY AUDIT REPORT: Performance Management

COUNCIL STRATEGIC RISKS

Risk	RR Reference: 9	Lack of strategic direction <ul style="list-style-type: none">Poor performance management.Poor delivery of priorities.Failure to communicate effectively.
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LEVEL OF ASSURANCE (SEE APPENDIX II FOR DEFINITIONS)

Design	Moderate	Generally a sound system of internal control designed to achieve system objectives with some exceptions.
Effectiveness	Moderate	A small number of exceptions found in testing of the procedures and controls.

OVERVIEW

The performance management and project delivery frameworks were reviewed as part of this audit. As at October 2014 the project management framework was under review and had not been fully implemented and we were able to review and provide moderate assurance over the design of the process at the current stage, but were not able to review the effectiveness of the controls in place as these had not been implemented in practice.

Our review found the following areas of good practice:

- The Contract and Corporate Projects Manager has a clear vision for the structure and framework that they wish to see in place for the managing of performance indicators and projects, and is already implementing improvements to the processes
- The Corporate Plan's objectives are set out in a clear and concise way such that they can guide the setting of key performance indicators and the Corporate Leadership board
- The framework proposed for the implementing, monitoring and delivery of projects is well structured, appropriate for the Council and should improve the Council's selection of key projects to further its corporate priorities and the outcomes from these projects.

We also found a number of areas for improvement or development:

- The key performance indicators set were in some cases not in line with the Corporate Plan and there was little evidence that the Corporate Plan was embedded in the performance management process, e.g. recycling targets were lower. (High priority)
- Performance targets set were not always consistent in the level of challenge set, some had been set at a high level to challenge and push staff, where as others were set at a level to be achievable with limited work towards improvement. The targets set also lacked specific timescales. (High priority)
- There is no additional corporate action taken when performance is not being met, eg no additional corporate monitoring (High priority)
- The performance targets and management of the targets was not well embedded in the organisation and with staff; some senior officers were unaware of policy documents and IT software that the Council had in place to set and monitor targets. There were inconsistent strategies employed by management in the setting and monitoring of targets; some departments had an inclusive approach that meant targets were discussed by the team as whole on a regular basis, in other departments only senior officers were involved in the setting and monitoring of targets. (Medium priorities)

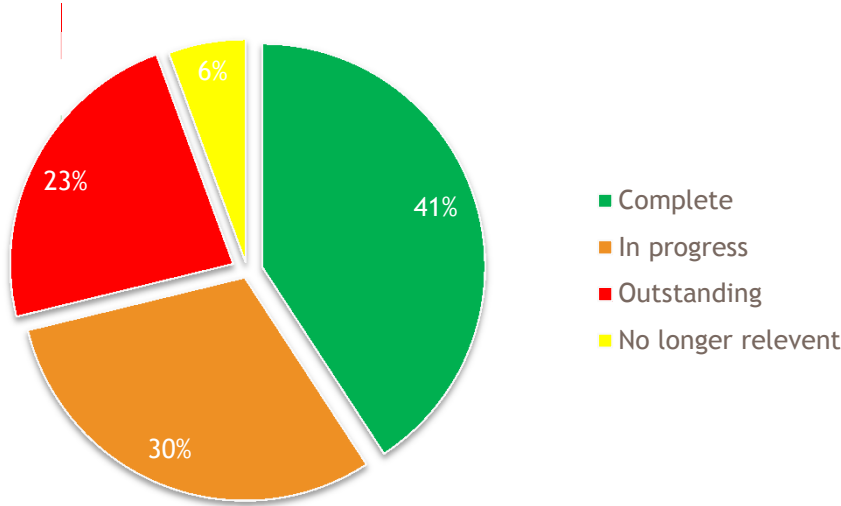
Overall, we have provided moderate assurance, which reflects that the Council is making progress to date but recognises that these processes are still currently being improved. We raised 10 recommendations in total (3 high priority and 7 medium) and an action plan has been agreed to address the recommendations.

FOLLOW UP ON RECOMMENDATIONS

Follow up of prior year recommendations

We have followed up and gained evidence on the progress made against the high and medium recommendations raised during 2013/14 by the previous internal auditors, which are due to be completed before this Audit and Scrutiny Committee.

The diagram on the right shows the percentage of recommendations in progress and implemented. Since the previous Audit and Scrutiny Committee we have been able to verify the status of all recommendations and the progress being made to implement them. We will continue to monitor the status of these recommendations. 10 high priority recommendations are either in progress or outstanding.



	Number	Percentage
Complete	51	41%
In progress	38	30%
Outstanding	29	23%
No longer relevant	7	6%
Total prior year recommendations	125	100%

Recommendations not Implemented

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Data/ Information Security	Review and Update of Incident Management Policy - The Incident Management policy should be fully updated to ensure all job titles are current and up to date and that there is full coverage on how to deal with a loss or breach of data. This review should include: ensuring job roles in the policy align to those in BBC; the who and how of the incident management team should be defined; review if the BERR Process is suitable for BBC to handle and if not, what should be done about the elements that are not; and there should be included details on how to handle and report an information breach or loss as well as a technical security incident.	H	The Executive support officer has been in post for two weeks - work will be underway to update the policy.	Laura Needham (formally Lee Taylor)	31/03/14	From discussions with the new Executive officer we noted that work was underway to identify the policies that require updating. We will follow this up in December 2014 to ensure that the policy has been updated.
Business Continuity	Formalised Timetable for Plan Testing - A formal timetable of testing should be put in place covering different aspects of the plans to ensure it will function correctly if required. This testing and the results can then inform any plan revisions and amendments.	H	Testing of Business Continuity plans will only commence once all plans have been revised and managers made aware of their respective roles and responsibilities. Testing of the plans will occur by 30/07/2015.	Ashley Culverwell	15/05/14	We will follow up on this recommendation in August 2015, once the plans have been revised.
Business Continuity	Centralised Committee of BCP Owners - There should be established a regular (suggest quarterly or six monthly) meeting of plan owners to discuss changes to plans in relation to organisational changes and ensure best practice is shared.	H	Once all plans are completed then plan-owner meetings are to be arranged. Plans will be discussed by 31/05/2015 and ahead of testing.	Ashley Culverwell	31/05/14	We will follow up this recommendation in June 2015, once the plan owners have been identified.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Planning Applications & Enforcement	Procedures (1) - The Planning Charters should be reviewed and updated in line with current legislation and the latest planning procedures. An up to date Validation Checklist should be produced and used by all staff responsible for validating and processing a planning application. The checklist should be signed and dated when the application has been assessed as valid. The procedures should be periodically reviewed and updated if necessary with the date of review recorded on the document.	H	The new administrative processes have been implemented as far as the core planning application processing is concerned. The renewed focus on these has contributed to much improve performance in processing times. However, there are several areas of less priority that have suffered as a consequence. For example, back scanning of applications has been delayed and needs to be addressed corporately.	Tony Pierce	30/04/13	From discussions with Tony Pierce we confirmed that the Planning Charters are going to be reviewed in November. A Validation Checklist has not been completed - There have been changes to the national regulations so a checklist has not been completed. It was noted that information requirements would be more useful than a checklist as all plans are different and therefore a one size fits all checklist would not be suitable. This recommendation will be revisited at the end of the year.
Planning Applications & Enforcement	Procedures (2) - The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	H	The Council should continue the efforts to fill the vacant posts and prioritise existing resources appropriately.	Tony Pierce	30/08/12	We can confirm from discussions with Tony Pierce that at present there are 6 vacancies. For 5 vacancies staff have been employed and are waiting to start, however 1 vacancy has not been filled and the vacancy closing date has passed. Planning are currently suffering from a high turnover of staff.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Data/ Information Security	The Incident Management policy should be fully updated to ensure all job titles are current and up to date and that there is full coverage on how to deal with a loss or breach of data. This review should include: ensuring job roles in the policy align to those in BBC; the who and how of the incident management team should be defined; review if the BERR Process is suitable for BBC to handle and if not, what should be done about the elements that are not; and there should be included details on how to handle and report an information breach or loss as well as a technical security incident.	H	Policies reviewed and currently in draft	Laura Needham (formally Lee Taylor)	31/03/14	At the time of the review we were not provided with the policy, as a result we were unable to verify if the policy was at a draft stage. This recommendation will be revisited at the end of the year.
Planning Enforcement	Planning Enforcement Policy - The Draft Planning Enforcement Policy should be updated to ensure that all amendments are addressed. The policy should be presented to members for consideration and agreement and produced as a final version when approved. The targets and timeframes endorsed within the Draft Planning Enforcement Policy should be embedded within the Councils working practices. It should be ensured that robust version control is maintained and any changes are formally documented.		A draft planning enforcement plan has been approved and published setting out revised targets and response times for investigation. As part of implementation of the plan, it is hoped that all future reporting of cases will be through the public website. However, this requires the purchased middleware between the web site and Uniform to be implemented. Once this is done, monitoring of performance using Uniform can be put into place, including key indicators set out in the draft planning enforcement plan.	Tony Pierce	30/09/14	The Planning Enforcement Policy has been drafted and is going to committee in November for sign off. However, for this policy to be effective the officer delegation must be changed as this is out of date. In addition, middleware software must be purchased in order to input the information from the website to Uniform. As middleware software is yet to be purchased records are not comprehensive. This recommendation will be revisited at the end of the year.

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Business Continuity	Revision of BC Plan - The template and supporting guidance should be fully revised prior to an organisational refresh of BC arrangements. This review should include: key contacts in relation to BCP; staff roles throughout the Council; Evacuation arrangements and alternative accommodation; Current P-Card holders; and Details of virtual communications. As part of a refresh and review of the BC plans, once the correct plan managers are in place, a review of the battle boxes and their contents should be undertaken. It should be noted that it is not sufficient to have a battle box available only online as there needs to be information available in the event of a loss IT and/or power. The 42 other staff should be identified or removed from the BIA.	H	<p>The Brentwood Business Continuity Plan is being totally revised along with the individual service plans which are not fit for purpose. The plans will follow the systemised approach taken by Braintree DC. The location and contents of all battle boxes have been checked and a contents list has been provided to all Heads of Service. New battle boxes have been obtained where any have been found missing.</p> <p>The Brentwood BCP will be completed by 30/04/2015 together with all service BCP's.</p>	Ashley Culverwell	30/06/14	<p>From review of the Business Continuity work plan we can confirm that work is underway to revise the council's business continuity arrangements. We have also noted that the battle box content record was circulated to all managers on the 7th May 2014.</p> <p>We will follow up this recommendation in May 2015 to ensure that the Business Continuity Plan has been revised and is complete.</p>

Recommendations in Progress

Audit	Recommendation made	Priority Level	Council Comments	Manager Responsible	Due Date	Internal Audit Comments
Business Continuity	Detailed IT BCP - The IT BC plan should contain far more detail on restoring the IT and infrastructure. This should include the where and how computers can be sourced and paid for, how many as a minimum would be required in what circumstances, who has the ability to work remotely and how people (including how many) can be set up quickly in the time of a BC event to do so. Similarly, the use of the Brentwood Centre needs to be detailed with the amount of people that could be supported there, how many points and ports are available, etc. to enable priority planning over who should get the facilities available.	H	Once all plans are completed then plan-owner training is to be arranged.	Ashley Culverwell	30/09/14	We will check progress in April/May 2015.
Business Continuity	Centralised Record of BC Priorities - Once all plan priorities have been reviewed and revised, there should be out in place one overarching plan for BBC that can be accessed in the time of an event affecting all or several parts of BBC that shows the priorities for the whole Council to enable the correct prioritisation of resources.	H	An overarching plan is currently in development. The Brentwood Business Continuity Plan will be completed by 30/04/2015 together with all service Business Continuity Plans.	Ashley Culverwell	31/08/14	From discussion with the Environmental Health manager we can confirm that the overarching plan is being developed, which the individual plans will be informed by. We will follow up this recommendation in May 2015 to ensure that the Business Continuity Plan has been revised and is complete.

KEY PERFORMANCE INDICATORS

Performance measures for internal audit

<i>Coverage</i>	
Audits completed against the Annual Audit Plan.	We expect to complete the audit plan by the end of the financial year, however we have experienced some delays with current work due to staff turnover and absence of key staff at the Council.
Actual days input compared with Annual Audit Plan.	All days are in line with the plan.
<i>Reporting</i>	
Issuance of draft report within 3 weeks of fieldwork `closing` meeting.	All draft reports have been issued within 3 weeks of the closing meeting.
Finalise internal audit report 1 week after management responses to report are received.	All draft reports have been finalised within 1 week of management responses being received.
<i>Relationships and customer satisfaction</i>	
Customer satisfaction reports - overall score at least 70% for surveys issued at the end of each audit.	Good feedback has been received on all audits completed.
Annual survey to Audit Committee to achieve score of at least 70%.	A year end customer satisfaction questionnaire will be issued to key stakeholders, the results of which will be included in our year end plan.
<i>Staffing & training</i>	
At least 60% input from qualified staff.	100% of staff working on the Customer Services review have been qualified. 60% of qualified staff have been used on the audits.
<i>Audit Quality</i>	
Reliance on work by EY where appropriate.	Not applicable at this stage.
Positive result from any external review.	Not applicable at this stage.

KEY PERFORMANCE INDICATORS

Performance measures for management and staff

<i>Response to reports</i>	
Audit sponsor to respond to terms of reference within one week of receipt and to draft reports within two weeks of receipt.	<ul style="list-style-type: none"> Partnership Review: Terms of reference was agreed by the audit sponsor within two weeks of receipt. Draft report not yet issued as audit work is in progress. All other terms of reference and draft reports have been agreed within the timescale.
<i>Implementation of recommendations</i>	
Audit sponsor to implement all audit recommendations within the agreed timeframe.	Not applicable at this stage.
<i>Co-operation with internal audit</i>	
Internal audit to confirm to each meeting of the Audit Committee whether appropriate co-operation has been provided by management and staff.	Appropriate co-operation has been provided by management and staff to date.

SECTOR UPDATE

Publications and articles

- **Government published response on local authority parking strategies:** The government launched a consultation paper on local authority parking enforcement in 2013. The consultation closed in February 2014 and the government has now responded with a number of proposals, including:
 - Amending guidance to make it clear that motorists parking at an out-of-order meter should not be issued a penalty charge where there are no alternative ways to pay;
 - Banning the use of CCTV cameras to enforce parking contraventions in the vast majority of cases, but with some exceptions (eg restricted areas outside of schools);
 - Widening the powers of parking adjudicators. This could include, for example, measures to protect drivers where adjudicators have repeatedly identified a problem at a specific location (such as inadequate signage) and parking tickets have repeatedly been issued; and
 - Introducing a mandatory 10 minute free period at the end of paid-for on-street parking either through amendments to statutory guidance or regulations.
- 2.2% pay deal for local government staff gets the go ahead.
http://www.lgcplus.com/5076775.article?WT.tsrc=email&WT.mc_id=Newsletter33
- Record levels of fraud being detected by English Councils, fraud detection at its highest rate in 25 years according to the audit commission.
<http://www.publicfinance.co.uk/news/2014/10/record-levels-of-fraud-being-detected-by-english-councils-report-finds/>
- **Rebuild 'Broken' finance system:** Will full retention of business rates make councils self-sufficient?
<http://www.publicfinance.co.uk/news/2014/10/rebuild-broken-local-government-finance-system-says-commission/>

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APPENDIX I - DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS of internal controls	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
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.

Recommendation Significance	
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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