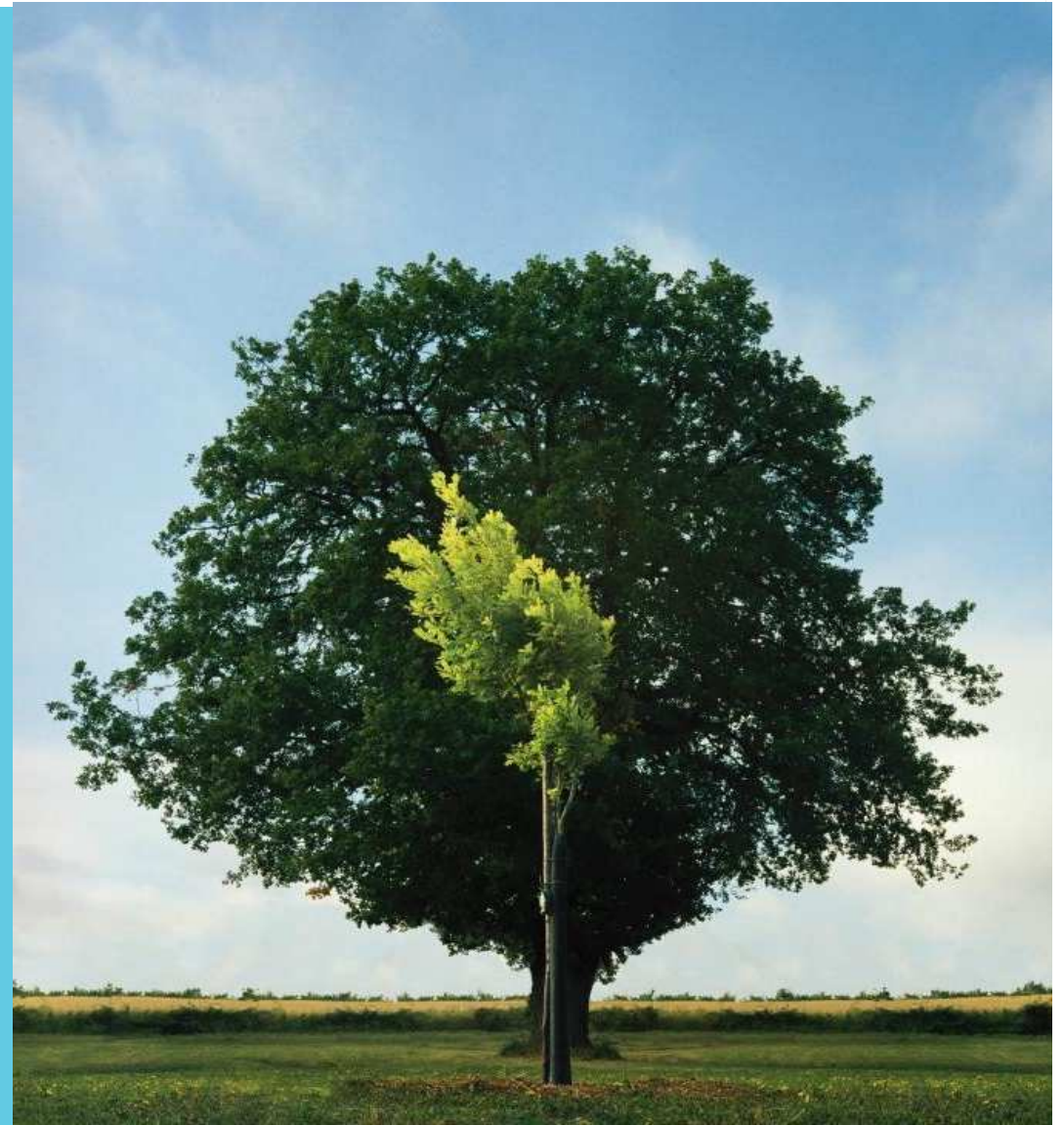


Brentwood Borough Council

INTERNAL AUDIT PLAN

2014 - 2017 STRATEGIC

2015- 2016 OPERATIONAL



CONTENTS

Internal audit approach	3
Audit risk assessment	4
Proposed resources and outputs	5
Indicative Internal Audit Strategic Plan 2014-17	6
Indicative Internal Audit Operational Plan 2015-16	9

Restrictions of use

The matters raised in this report are only those which came to our attention during the course of our audit and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. The report has been prepared solely for the management of the organisation and should not be quoted in whole or in part without our prior written consent. BDO LLP neither owes nor accepts any duty to any third party whether in contract or in tort and shall not be liable, in respect of any loss, damage or expense which is caused by their reliance on this report.

INTERNAL AUDIT APPROACH

Introduction

Our role as internal auditors is to provide independent, objective assurance designed to add value and improve your performance. Our approach, as set out in the Firm's Internal Audit Manual, is to help you accomplish your objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

Our approach complies with best professional practice, in particular, CIPFA Internal Audit Standards and Public Sector Internal Audit Standards.

Internal Audit at Brentwood Borough Council

We have been appointed as internal auditors to Brentwood Borough Council to provide the s151 officer, the Audit and Scrutiny Committee, the Chief Executive and other Heads of Service with assurance on the adequacy of internal control arrangements, including risk management and governance.

Responsibility for these arrangements remains fully with management, who should recognise that internal audit can only provide 'reasonable assurance' and cannot provide any guarantee against material errors, loss or fraud. Our role at the Council will also be aimed at helping management to improve risk management, governance and internal control, so reducing the effects of any significant risks facing the organisation.

In producing the internal audit plan for 2014-17 we have sought to further clarify our initial understanding of the business of Brentwood Borough Council together with its risk profile in the context of:

- The overall business strategy and objectives of the Council
- The key areas where management wish to monitor performance and the manner in which performance is measured
- The financial and non-financial measurements and indicators of such performance
- The information required to 'run the business'
- The key challenges facing the Council.

AUDIT RISK ASSESSMENT

Background

Our risk based approach to Internal Audit uses the Council's own risk management process and risk register as a starting point for audit planning as this represents the client'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 Brentwood Borough Council's current risk profile.

Planned approach to internal audit 2014-17

The indicative Internal Audit programme for 2014-17 is shown from page 6, with an indicative plan for 2015-16 shown from page 9 . We will meet with the Corporate Leadership Board and the Audit Chair in order to bring together a full plan which will be presented at the March Audit and Scrutiny Committee. 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 risk would be looked at over a three year audit cycle. Our aim is also to bring the planned days closer to the norm for a District Council of your size and risk level. This is reflected in the strategic plan but is dependent on the control environment being generally sound and no major new risks.

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.

Variations to the Plan

Significant variations to the plan arising from our reviews, changes to the Council's risk profile or due to management requests will be discussed in the first instance with the s151 officer and approved by the Audit and Scrutiny Committee before any variation is confirmed.

PROPOSED RESOURCES AND OUTPUTS

Staffing

The core team that will be delivering the programme to you is shown below:

Name	Grade	Telephone	Email
Greg Rubins	Partner	0238 0881892	Greg.Rubins@bdo.co.uk
Liana Nicholson	Audit Manager	01473 320715	liana.nicholson@bdo.co.uk
Richard Haynes	Senior Auditor (advisory)	01473 320794	Richard.haynes@bdo.co.uk

The core team will be supported by specialists from our national Risk and Advisory Services Team and wider firm as and when required.

Our indicative staff mix to deliver the programme for 2015/16 is shown below:

Grade	Annual days	Grade Mix (%)
Partner	35	10
Audit Manager	70	20
Team Leader	70	20
Auditors (including Qualified) & Specialist Staff	175	50
Total	350	100

Reporting to the Audit and Scrutiny Committee

We will submit the indicative Internal Audit Plan for discussion and approval by the Audit and Scrutiny Committee in March 2015. We will liaise with the Executive Directors and other senior officers as appropriate to ensure that internal audit reports summarising the results of our visits are presented to the appropriate Audit and Scrutiny Committee meeting.

Following completion of the Internal Audit programme each year we will produce an Internal Audit Annual Report summarising our key findings and evaluating our performance in accordance with agreed service requirements.

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

We have detailed below our indicative strategic audit plan, this covers some of the areas that we think will be important to you over the duration of the contract.

Area	2014/15	2015/16	2016/17	Description of the Review
Core audits				
Main Financial Systems	95	50	40	Detailed review to include GL controls, system interfaces, journals etc as well as cyclical audits of debtors, creditors , payroll, budgetary control, treasury management, council tax and NNDR.
Housing	30	20	20	This will encompass a number of areas over the span of the contract including rents, benefits , fraud arrangements , property maintenance.
Risk Management and Governance Arrangements	20	15	10	Review the process in place for risk management, including risk appetite, identification, mitigation .
Localism and building community capacity		20	20	Review effectiveness of approach to localism issues such as CT benefits, local budgets, planning, social enterprise.
Local Development Plan/Regeneration	20	20	10	Review the strategy for regeneration of the local economy, including attracting inward investment and arrangements in place for joint strategic needs assessments .
Customer service	20	15	10	Focus on areas such as effectiveness of customer service centre, customer feedback and complaints , telephony.
Transformation programme	20		20	Review of the process in place for ensuring objectives are achieved, eg identification and project management of savings .
Performance Management	20		10	Review of the performance management processes, eg strength of business planning, use of data, governance, follow up of areas not meeting targets .
Corporate Plan and Priorities		20		Review of the Council's Corporate Plan, including development and ownership. This review will also include a follow up on Contract and Performance Management and how these areas feed into the Corporate Plan.
Policy Review			10	Independent review of the Councils policies to ensure they are transparent, robust and up to date.
Capital projects	25	20	20	Review of capital projects, to include the Town Hall remodelling and William Hunter Way.
Counter fraud	15	10	10	Fraud risk management assessment and preventative measures, eg presentations and advice on fraud.
Total	265	190	180	

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Area	2014/15	2015/16	2016/17	Description of the Review
Other Key Areas				
Human Resources		25		Review of internal processes for HR, including recruitment and appraisals, workforce planning, sickness absence, training and recruitment.
Safe and clean environment		15	10	Reviews of waste collection arrangements, recycling, carbon footprint .
Management of Property	20		15	Review the system in place for ensuring property is managed effectively and efficiently.
Repairs and maintenance	20			Review the processes and arrangements in place for managing repairs and maintenance of the Council's housing stock.
Affordable housing		10		Review of how effectively the Council is managing its strategy around provision of social housing and developing the private rented sector.
Contract Management and procurement			20	Review the process in place for contract management and procurement to ensure it is robust and transparent.
Planning		20		Review of the arrangements in place for responding to the modernising planning agenda.
Car Parking and Golf Club income	15			Review of the financial controls in place in these two areas, particularly around the collection and banking of income.
Revenues Shared Service Arrangement		15		A review of the shared service arrangement for Revenues and Benefits, including the testing of data migration.
Total	55	85	45	

INDICATIVE INTERNAL AUDIT STRATEGIC PLAN

Area	2014/15	2015/16	2016/17	Description of the Review
IT Audit				
Disaster recovery and business continuity		15	15	Audit of plans in place, to ensure they are comprehensive and effective, and are tested .
IT Transformation	20			Review of arrangements are in place for the delivery of the Council's IT Transformation Programme.
IT Strategy and Governance		20		Detailed review of strategy year one, including benchmarking of efficiency.
Data Security and PCI DSS	20			Review to include information governance, customer data security, adherence to Caldicott.
Network security			20	Standard review of security, eg password and access control.
Total	40	35	35	
Audit Management				
Follow Up Work	10	10	10	Rolling programme of follow up, including testing of high and medium risk recommendations.
Audit Management	20	20	20	
Contingency	10	10	10	
Total	40	40	40	
Grand Total	400	350	300	

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2015-2016


Area	No of Days	Risk register reference	Timing	Description of the Review
A Modern Council				
Planning	20	Risk 9	Qtr 1	Review of the arrangements in place for responding to the modernising planning agenda.
Customer service	15	Risk 6	Qtr 3	Review using specialists from our Advisory team on the Council's progress with implementing the Customer Access Strategy.
Corporate Plan and Priorities	20	Risk 9	Qtr 3	Review of the Council's Corporate Plan, including development and ownership. This review will also include a follow up on Contract and Performance Management and how these areas feed into the Corporate Plan.
Financial systems	50	Risk 1, 4	Qtr 4	Systems audit of key financial systems, exact scope of work to be discussed and agreed with external audit - to include council tax and NNDR.
Human Resources	25	Risk 4	Qtr 4	Review of internal processes for HR, including recruitment and appraisals, workforce planning, sickness absence and appraisals.
Risk management and governance	15	All risks	Qtr 4	Review the process in place for risk management, including risk appetite, identification, mitigation.
IT Security and Governance	20	Risk 5	Qtr 3	Detailed review of IT data security and governance arrangements, including benchmarking of efficiency.
Disaster recovery and business continuity	15	Risk 3	Qtr 3	Review of plans in place, to ensure they are comprehensive and effective and are tested.
Counter fraud	10	Risk 1	On-going	Fraud risk management assessment and preventative measures.
Total	190			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2015-2016

Area	No of days	Risk Register Reference	Timing	Description of the Review
Street scene and environment				
Safe and clean environment	15	Risk 9	Qtr 1	To review one of the following: waste collection arrangements, recycling or carbon footprint.
	15			
Housing, Health and Wellbeing				
Housing systems	15	Risk 9	Qtr 4	Audit of housing rents, including service charges and re-charges.
Affordable housing	15	Risk 9	Qtr 3	A review of the Council's strategy and achievement of its affordable housing objectives.
Revenues Shared Service Arrangement	15	Risk 9	Qtr 3	A review of the shared service arrangement for Revenues and Benefits, including the testing of data migration.
Total	45			
A Safe Borough				
				A review of Partnership arrangements took place as part of our Operational Plan in 2014/15.
Localism				
Localism and building community capacity	20	Risk 9	Qtr 1	Review effectiveness of how the Council works with neighbourhood groups, including any asset transfers.
Total	20			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2015-2016

Area	No of days	Risk Register Reference	Timing	Description of the Review
A Prosperous Borough				
Capital projects	20	Risk 7	Qtr 4	To review the Council's project management of the significant capital developments that are underway.
Local Development Plan/Regeneration	20	Risk 2, 7	Qtr 2	Review the strategy for regeneration of the local economy, including attracting inward investment and the governance arrangements in place.
Total	40			
Planning, Reporting, Follow-up and Contingency				
Planning/ liaison/ management	20			
Recommendation follow up	10			
Contingency	10			
Total	40			
Overall Total	350			



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