

Brentwood Borough Council

INTERNAL AUDIT PLAN

2014 - 2017 STRATEGIC

2016- 2017 OPERATIONAL



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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, Scrutiny and Transformation Committee, the Head of Paid Service 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 2016-17 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
Andrew Barnes	Audit Manager	01473 320745	Andrew.Barnes@bdo.co.uk
Ryan Barlow	Assistant Manager	0203 219 4066	Ryan.Barlow@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 2016/17 is shown below:

Grade	Annual days	Grade Mix (%)
Partner	30	10
Audit Manager	60	20
Team Leader	60	20
Auditors (including Qualified) & Specialist Staff	150	50
Total	300	100

Reporting to the Audit, Scrutiny and Transformation Committee

We will submit the indicative Internal Audit Plan for discussion and approval by the Audit, Scrutiny and Transformation Committee in March 2016. 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, Scrutiny and Transformation 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	15	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		15		Review effectiveness of approach to localism issues such as CT benefits, local budgets, planning, social enterprise.
Licensing			20	Review of effectiveness of licensing policies and arrangements in place to ensure public safety.
Local Development Plan/Regeneration	20	20	15	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		30	Review of the process in place for ensuring objectives are achieved, eg identification and project management of savings .
Performance Management	20			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	Review of the Council's policies to ensure that relevant policies are in place and up to date.
Capital projects	25		15	Review of capital projects, to include the Town Hall remodelling and William Hunter Way.
Counter fraud	15	18	20	Fraud risk management assessment and preventative measures, eg presentations and advice on fraud.
Total	265	168	190	

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		Reviews of waste collection arrangements, recycling, carbon footprint .
Management of Property	20			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		15		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.
Review of Accounts Payable Arrangements		12		Review of the arrangements in place in relation to the changing of supplier details as a result of a fraud that occurred at the Council.
Procurement of Legal Services		5		Review of the procurement of legal services through the contract in place with London Borough of Barking, Dagenham and Thurrock Borough Council.
Total	55	107	20	

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		20	Review to include information governance, customer data security, adherence to Caldicott and cyber security.
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 (additional audits to be agreed with the Finance Director)	10	10	25	
Total	40	40	55	
Grand Total	400	350	300	

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017


Area	No of days	Risk Register Reference	Timing	Description of the Review
Environment and Housing				
Housing	20	Risk 12	Qtr 4	This review will cover general arrangements for Housing Stock as well as the Council's arrangements in place for right to buy properties.
Total	20			
Community and Health				
Localism review covered in 2015/16.				
Total				
Economic Development				
Capital Projects	15	Risk 10,13	Qtr 3	Review of progress with current capital projects.
Total	15			
Planning and Licensing				
Local Development Plan	15	Risk 2,13	Qtr 4	Follow up of progress made with the Local Development Plan including the adoption of the Community Infrastructure Levy.
Licensing	20	Risk 2	Qtr 2	Review of effectiveness of licensing policies and arrangements in place to ensure public safety.
Total	35			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017

Area	No of Days	Risk register reference	Timing	Description of the Review
Transformation				
Financial Systems	40	Risk 1, 7	Qtr 4	Systems audit of key financial systems, exact scope of work to be discussed and agreed with external audit and the Council - to include council tax and NNDR.
Risk management and governance	10	All risks	Qtr 4	Review the process in place for risk management, including risk appetite, identification, mitigation.
Customer service	10	Risk 1	Qtr 3	Review using specialists from our Advisory team on the Council's progress with implementing the Customer Access Strategy.
Commercialisation and Cost Savings	30	Risk 1, 7	Qtr 2	Review focused on the Council's savings plans and commercial activities to deliver a 'transformed' Council.
Policy Review	10	All risks	Qtr1	Review of the Council's policies to ensure that relevant policies are in place and up to date.
Contract Management and Procurement	20	Risk 8	Qtr 2	Review the process in place for contract management and procurement to ensure it is robust and transparent, including relationships with key partners.
Cyber Security	15	Risk 3	Qtr 3	Review of the Council's arrangements for Cyber Security.
IT Security and Governance	20	Risk 5	Qtr3	Detailed review of IT data security and governance arrangements, including benchmarking of efficiency.
Counter fraud	20	All risks	On-going	Fraud risk management assessment and preventative measures.
Total	175			

INDICATIVE INTERNAL AUDIT OPERATIONAL PLAN 2016-2017

Planning, Reporting, Follow-up and Contingency	
Planning/ liaison/ management	20
Recommendation follow up	10
Contingency (additional audits to be agreed with the Finance Director)	25
Total	55
Overall Total	300



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