



Audit Committee

Tuesday 5 January 2016 at 7.00 pm

Board Room 1&2 - Brent Civic Centre, Engineers Way,
Wembley HA9 0FJ

Membership:

Members

Mr Ewart (Chair)

Councillors:

A Choudry (Vice-Chair)

Davidson

Khan

Naheerathan

Nerva

Substitute Members

Councillors:

Hylton, Mahmood, McLeish and Thomas

Councillors:

For further information contact: Joe Kwateng, Democratic Services Officer
(020) 8937 1354; joe.kwateng@brent.gov.uk

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The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
1 Declarations of personal and prejudicial interests	
Members are invited to declare, at this stage of the meeting, any relevant financial or other interest in the items on this agenda.	
2 Deputations	
3 Minutes of the previous meeting	1 - 4
4 Matters arising	
5 Annual Audit Letter 2014-15 - LB Brent	5 - 10
This report summarises the key findings from KPMG's 2014/15 audit of the London Borough of Brent (the Authority).	
6 LB Brent Progress report - January 2016	11 - 12
This report provides a summary of work performed by KPMG since the September 2015 Audit Committee.	
7 Information Commissioner's Office Audit	13 - 50
This report outlines the position with the Information Commissioner's Office (ICO) data protection audit and the Council's action plan to address the findings from the audit. The report also lists the outcome of similar audits conducted at other Local Authorities recently.	

I have attached an executive summary of the report.

Ward affected: All Wards
Contact Officer: Peter Gadsdon, Operational Director, Strategic Commissioning
 Tel: 020 8937 1400 peter.gadsdon@brent.gov.uk

8 Internal Audit & Counter Fraud Progress Report for the period 1 August 2015 - 31 October 2015 51 - 82

This report provides an update on the progress against the internal audit plan for the period 1 August 2015 to 31 October 2015. The appendix to the report also summarises those assurance reports from the 2014/15 plan which have been finalised since the last meeting of the Audit Committee. The report also provides a summary of counter fraud work for the first two quarters of 2015/16 including October 2015

Ward affected: All Wards
Contact Officer: Conrad Hall, Chief Finance Officer
 Tel: 020 8937 6528 conrad.hall@brent.gov.uk

9 Treasury Management Strategy 83 - 100

Ward affected: All Wards
Contact Officer: Conrad Hall, Chief Finance Officer
 Tel: 020 8937 6528 conrad.hall@brent.gov.uk

10 Internal Audit Planning 2016/17 – Outline Approach 101 - 104

As per the requirements of the Public Sector Internal Audit Standards, an annual operational internal audit plan should be prepared for presentation to the Audit Committee for endorsement and approval. Whilst the draft Internal Audit Plan will be presented to the March 2016 Committee, due to the recent creation of the Audit and Investigation Shared Service, this report provides the Audit Committee with details of the proposed approach for the development of the 2016/17, including details of potential changes in Internal Audit focus, from previous audit plans developed.

Ward affected: All Wards
Contact Officer: Conrad Hall, Chief Finance Officer
 Tel: 020 8937 6528 conrad.hall@brent.gov.uk

11 Strategic Internal Audit Partner Procurement 105 - 106

Further to the previous report to the Audit Committee on 16 September 2015, this report provides an update on the status of the procurement exercise currently being undertaken by the LB Ealing to identify and

appoint a Strategic Internal Audit Partner for the Shared Service.

Ward affected: **Contact Officer:** Conrad Hall, Chief Finance Officer
All Wards Tel: 020 8937 6528 conrad.hall@brent.gov.uk

12 Audit shared service 107 -
126

Further to the request of the Committee held on 18 November 2015, this report provides details of the service specification agreed and included within the Formal Collaboration agreement which governs and monitors the performance requirements placed on the Shared Service.

Appendices 1 and 2 have been attached to this report.

Ward affected: **Contact Officer:** Conrad Hall, Chief Finance Officer
All Wards Tel: 020 8937 6528 conrad.hall@brent.gov.uk

13 Review of progress against previous KPMG recommendations 127 -
138

The audit committee has previously received reports in private from KPMG regarding the operation of financial controls and how these could be strengthened. Appendix One to this report shows the progress made in implementing their recommendations

Ward affected: **Contact Officer:** Conrad Hall, Chief Finance Officer
All Wards Tel: 020 8937 6528 conrad.hall@brent.gov.uk

14 Corporate Risk Register 139 -
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This report presents the council's current Corporate Risk Register. A total of five (5) appendices attached to the report are in respect of the following departments:

- i) Corporate
- ii) Adult Social Care
- iii) Chief Operating Officer's
- iv) Children and Young People
- v) Regeneration and Growth

Ward affected: **Contact Officer:** Conrad Hall, Chief Finance Officer
All Wards Tel: 020 8937 6528 conrad.hall@brent.gov.uk

15 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before the meeting in accordance with Standing Order 64.

16 Date of next meeting

The next scheduled meeting of the Audit Committee is scheduled to be held on 23 March 2016 at 7.00pm.



Please remember to set your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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LONDON BOROUGH OF BRENT

MINUTES OF THE AUDIT COMMITTEE Wednesday 18 November 2015 at 7.00 pm

PRESENT: Mr Ewart (Chair), Councillor A Choudry (Vice-Chair) and Councillors Davidson, Khan, Naheerathan and Nerva

Also present: Councillor Pavey

1. **Declarations of personal and prejudicial interests**

The Chair declared that he had formerly been the Director of Finance at the London Borough of Ealing.

2. **Minutes of the previous meeting**

RESOLVED:

that the minutes of the previous meeting held on 16 September 2015 be approved as a correct record, subject to correction of the spelling of the Head teacher's name in minute 5 to Zahida Shaheem.

3. **Matters arising**

None.

4. **Exclusion of Press and Public**

RESOLVED:

that the press and public be excluded from the meeting as the report is not for publication (below the line) because it contains information that is likely to reveal the identity of and individual and the financial or business affairs of a particular person (including the authority holding that information) as set out under Schedule 12A of the Local Government Act 1972.

5. **Investigation into Finance Services Centre payment processing**

Akhlaq Ahmed and Sameer Rafique from KPMG were present. Conrad Hall (Chief Finance Officer) introduced the item by explaining how a payment batch had been processed incorrectly and had led to duplicate payments being made. He also outlined the steps taken to ensure better processes were in place and staff understood their responsibilities. Conrad Hall explained that KPMG had been engaged to assist the Council in determining the exact sequence of events, what had happened and to make recommendations for improvement.

Mr Ahmed explained the findings as contained in the KPMG report and both he and Mr Rafique answered questions from the members of the Committee on how the errors were made and how the system operation allowed or contributed to the problems. Arising from this, it was recognised that because each of the six boroughs sharing Oracle had a small team of individuals authorised to make changes to the system, this resulted in a fairly large number of people at this level. It was felt by the committee that a small central team would be more efficient. During the period from 17 July when the first error was made to 7 September when another error in the payment run was made, it was clarified that senior finance officers, staff in the banking and accounting teams and the Oracle helpdesk were all aware of the position but delayed taking action while the Council's contractor worked on providing a data fix. It was stated that the investigation by KPMG found no evidence of fraud having taken place.

In recognising that there was a critical need to improve staff training and change the working culture of the office, it was reported that the Financial Services Centre was undergoing a review and staff would be subject to an assessment process before being slotted into new positions. The Chief Executive added that the problems the KPMG report exposed with the operation of the Financial Services Centre clearly had to be resolved and she provided an undertaking that action would be taken. A briefing would be sent to all councillors on the changes taking place.

Members asked if the new shared internal audit service would have the resources to undertake the checks necessary to ensure improvements were being made. Steve Tinkler (Head of Audit and Investigation) stated that his team would bring a fresh perspective to this work and re-assured the committee that he had the resources for this. It was felt that the functioning of the new shared internal audit service was something the committee would want to consider at its next meeting.

The Chair thanked Akhlaq Ahmed and Sameer Rafique for their attendance and responding to the questions from members. He thanked the officers and members for their contributions.

RESOLVED:

- (i) that the findings and recommendations of the KPMG investigation be received and endorsed;
- (ii) that a report be submitted to the next meeting of the committee outlining the specification for the shared internal audit service and the risks associated with moving such services into a shared arrangement.

6. Any other urgent business

None.

7. Date of next meeting

Noted that the next meeting will be on 5 January 2016.

The meeting closed at 9.00 pm

D EWART
Chair

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Annual Audit Letter 2014/15

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London Borough of Brent

October 2015

Agenda Item 5

The contacts at KPMG in connection with this report are:

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Report sections

■ Headlines

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Appendices

1. Summary of reports issued

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2. Audit fees

4

This report is addressed to the Authority and has been prepared for the sole use of the Authority. We take no responsibility to any member of staff acting in their individual capacities, or to third parties. The Audit Commission issued a document entitled *Statement of Responsibilities of Auditors and Audited Bodies* summarising where the responsibilities of auditors begin and end and what is expected from audited bodies. We draw your attention to this document which is available on Public Sector Audit Appointments' website (www.psaa.co.uk).

External auditors do not act as a substitute for the audited body's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Philip Johnstone, the engagement lead to the Authority, who will try to resolve your complaint. If you are dissatisfied with your response please contact the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, Trevor Rees (on 0161 246 4000, or by email to trevor.rees@kpmg.co.uk). After this, if you are still dissatisfied with how your complaint has been handled you can access PSAA's complaints procedure by emailing generalenquiries@psaa.co.uk, by telephoning 020 7072 7445 or by writing to Public Sector Audit Appointments Limited, 3rd Floor, Local Government House, Smith Square, London, SW1P 3HZ.

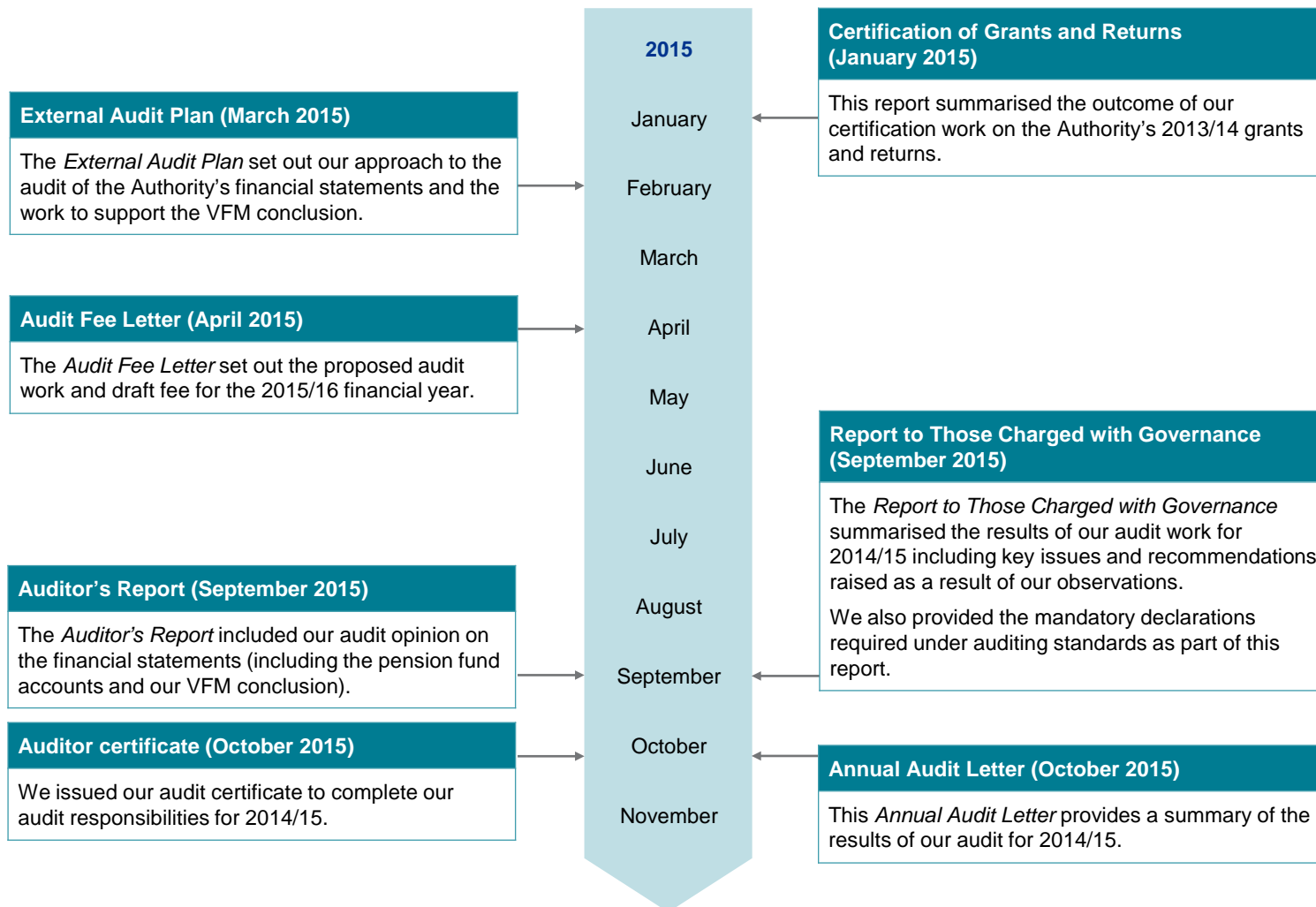
This report summarises the key findings from our 2014/15 audit of the London Borough of Brent (the Authority).

Although this letter is addressed to the Members of the Authority, it is also intended to communicate these issues to key external stakeholders, including members of the public.

Our audit covers the audit of the Authority's 2014/15 financial statements and the 2014/15 VFM conclusion.

VFM conclusion	<p>We issued an unqualified conclusion on the Authority's arrangements to secure value for money (VFM conclusion) for 2014/15 on 30 September 2015. This means we are satisfied that you have proper arrangements for securing financial resilience and challenging how you secure economy, efficiency and effectiveness.</p> <p>To arrive at our conclusion we looked at your financial governance, financial planning and financial control processes as well as the arrangements for prioritising resources and improving efficiency and productivity. This included the processes followed to set and approve the budget for 2015/16 and the successful delivery of the 2014/15 budget.</p>
Audit opinion	<p>We issued an unqualified opinion on your financial statements on 30 September 2015. This means that we believe the financial statements give a true and fair view of the financial position of the Authority as at 31 March 2015 and of its expenditure and income for the year then ended. The financial statements also include those of the pension fund.</p>
Financial statements audit	<p>The audit identified four significant audit adjustments. The impact of the adjustments was to increase the net worth of the Authority as at 31 March 2015 by £4.1 million and related to:</p> <ul style="list-style-type: none"> ▪ Adjustment made to estimates for the year end school bank position of £4.6 million; ▪ Reallocation of reversals of valuation losses of £74.3 million on Council dwellings between HRA expenditure and income; ▪ Decrease in valuation of other Land and Buildings within Property, Plant and Equipment by £1.2 million due to an incorrect revaluation calculation; and ▪ Adjustment to deferred income of £5.6 million as a result of the PFI contract variation.
Annual Governance Statement	<p>We reviewed your <i>Annual Governance Statement</i> and concluded that it was consistent with our understanding of the Authority.</p>
Pension fund audit	<p>There was one potential audit difference of £1.3 million relating the Pension Fund that the Authority did not adjust as it was not material and the Authority wanted to investigate it further. We issued an unqualified opinion on the pension fund financial statements as part of our audit report. In addition we issued our opinion on the Pension Fund Annual Report stating it was consistent with the financial statements.</p>
Whole of Government Accounts	<p>We reviewed the consolidation pack which the Authority prepared to support the production of Whole of Government Accounts by HM Treasury. We reported that the Authority's pack was consistent with the audited financial statements.</p>
Audit fee	<p>Our fee for 2014/15 for the Authority's accounts was £270,164 and for the Pension Fund £21,000, both excluding VAT. This compared to the planned fee of £266,120 as we were required to complete additional work relating to questions asked by local electors.</p>
Certificate	<p>We issued our audit certificate on 13 October 2015 following the completion of our work on questions asked by local electors. The certificate confirms that we have concluded the audit for 2014/15 in accordance with the requirements of the <i>Audit Commission Act 1998</i> and the Audit Commission's <i>Code of Audit Practice</i>.</p>

This appendix summarises the reports we issued since our last *Annual Audit Letter*.



This appendix provides information on our final fees for the 2014/15 audit.

To ensure transparency about the extent of our fee relationship with the Authority we have summarised below the outturn against the 2014/15 planned audit fee.

External audit

Our final fee for the 2014/15 audit of the Authority was £270,164* (2013/14: £266,120). This compares to a planned fee reported to the Audit Committee in March 2015 of £266,120. The variance of £4,044 related to additional audit work required to respond to local elector questions.

Our final fee for the 2014/15 audit of the Pension Fund was in line with the planned fee of £21,000 (2013/14 £21,000).

* The final fee is subject to agreement with Public Sector Audit Appointments and the Authority.

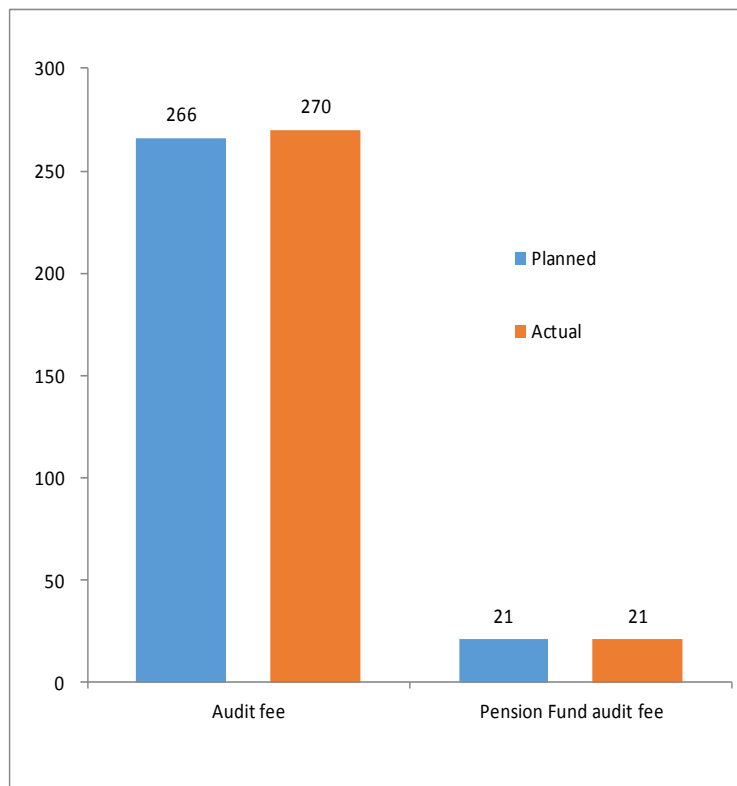
Certification of grants and returns

Under our terms of engagement with Public Sector Audit Appointments we undertake prescribed work in order to certify the Authority's housing benefit grant claim. This certification work is still ongoing. The final fee will be confirmed through our reporting on the outcome of that work in December 2015.

Other services

During the financial year ending 31 March 2015 we charged non audit fees of £34,500 relating to the certification of a Government Return, VAT and tax services.

External audit fees 2014/15 (£'000)





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Agenda Item 6

External Audit: Progress Report

London Borough of Brent

January 2016

London Borough of Brent

External Audit: Progress report

<p>Summary of work performed by KPMG since the September 2015 Audit Committee</p>	<p>Audit of Accounts 2014/15</p> <p>Following the Audit Committee on 16 September 2015 we completed our audit and issued our unqualified audit opinion and value for money conclusion on 30 September 2015. We also reported that the Authority's Whole of Government accounts pack was consistent with the audited financial statements.</p> <p>We were unable to issue our audit certificate at the same time as we had questions from local electors outstanding. These were responded to and we issued our audit certificate on 15 October 2015 which closed the 2014/15 audit.</p> <p>We issued in October 2015 our Annual Audit Letter which summarises the findings of the audit for the year. This is a separate item on the agenda.</p> <p>Grant claims</p> <p>We are appointed by Public Sector Audit Appointments Limited to audit your housing benefit grant claim. This was completed on 30 November 2015 and we issued a qualified audit report which is similar to previous years. There was a reduction in the number of errors relating to self employed income which had been identified as a weakness in 2013/14. We are currently drafting our grants report including reviewing the timing of when the errors arose to see how much improvement was made during the year after we raised the issue in our audit work in October 2014.</p> <p>We were requested by the Authority to issue an assurance report on both the Teachers' Pension return and the pooling of housing capital receipts return. There were no issues we needed to report to the Government Departments on these returns.</p>		
<p>Summary of work proposed over next quarter</p>	<p>Our work over the next quarter will focus on:</p> <ul style="list-style-type: none"> • Preparing and agreeing our grants report which will be presented to the next Audit Committee; • Planning for our 2015/16 financial statements and value for money audits which will include meeting key officers; • Preparing our 2015/16 Audit Plan for the Authority and its Pension Fund for presentation at the Audit Committee in March 2016; • Planning our interim accounts audit where we update our knowledge of your financial systems and your overall control environment, review the findings of internal audit and test the key financial controls supporting the production of financial information for inclusion within your financial statements; and • Discussing with officers the arrangements for our opinion audit visit and how we can ensure the audit is delivered with maximum efficiency for both the Authority and ourselves. 		
<p>Actions</p>	<p>The Audit Committee is asked to:</p> <ul style="list-style-type: none"> • NOTE this progress report. 		
<p>Contacts</p>	<table> <tr> <td data-bbox="261 1572 811 1854"> <p>Phil Johnstone <i>Director</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2091 Mob: 077 6974 2275 Philip.johnstone@kpmg.co.uk</p> </td><td data-bbox="818 1572 1366 1854"> <p>Steve Lucas <i>Senior Manager</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2184 Mob: 078 2500 8824 Stephen.lucas@kpmg.co.uk</p> </td></tr> </table>	<p>Phil Johnstone <i>Director</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2091 Mob: 077 6974 2275 Philip.johnstone@kpmg.co.uk</p>	<p>Steve Lucas <i>Senior Manager</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2184 Mob: 078 2500 8824 Stephen.lucas@kpmg.co.uk</p>
<p>Phil Johnstone <i>Director</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2091 Mob: 077 6974 2275 Philip.johnstone@kpmg.co.uk</p>	<p>Steve Lucas <i>Senior Manager</i> <i>KPMG LLP</i></p> <p>Tel: 020 7311 2184 Mob: 078 2500 8824 Stephen.lucas@kpmg.co.uk</p>		

 <p>Brent</p>	<p>Audit Committee 5 January 2016</p> <p>Report from the Director of Policy Partnerships and Performance</p>
<p>For Action</p> <p>Wards affected: None</p>	
<p>Information Commissioner's Office Audit</p>	

1.0 Summary

- 1.1 This report outlines the position with the Information Commissioner's Office (ICO) data protection audit.
- 1.2 It outlines the Council's action plan to address the findings from the audit.
- 1.3 It also list the outcome of similar audits conducted at other Local Authorities recently.

2.0 Recommendations

The Committee is asked to:

- 2.1 Review the Executive Summary from the ICO audit.
- 2.2 Endorse the Action Plan to address the audit recommendations.
- 2.5 To note that the Executive Summary of the ICO audit will be published on the ICO website.

3.0 Details

3.1 ICO Data Protection Audit

- 3.1.1 An invitation to undertake a data protection audit by the ICO was received dated 23 January 2015. The purpose of the audit is to provide the Information

Commissioner and the Council with an independent assurance of the extent to which the Council, within the scope of this agreed audit, is complying with the Data Protection Act 1998 (DPA). The assurance and recommendations are assessed against best practice.

- 3.1.2 The ICO's auditors came on site on 8th, 9th and 10th September 2015. They concentrated on three areas:
- Security of personal data
 - Subject access requests
 - Data sharing
- 3.1.3 On 2 November 2015, the council received the final version of the auditor's reports. One report contained an executive summary, which is publishable, and the second contained the detailed findings and a proposed action plan. The Council completed its responses to the recommendations, which were agreed by the ICO's Audit team.
- 3.1.4 The Audit provided an overall conclusion of Limited Assurance (Amber grading). This states there is a limited level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.
- 3.1.5 The Audit provided a conclusion of Reasonable Assurance (Yellow) for Security of Personal Data, and Limited Assurance for Subject Access Requests and Data Sharing (Amber).
- 3.1.7 The associated action plan has been formalised by the ICO and included under Attachment A. The implementation of the plan is monitored and overseen by the Corporate Information Governance Group. The target is to complete all the actions by May 2016.
- 3.1.8 The executive report identifies the main areas of improvement, and the most significant ones are:
- Improved technical controls for portable memory devices. This equates to blocking these devices from the network
 - Implementing annual mandatory refresher training for all staff and contractors. Currently, training is required every four years
 - Increasing the target for complying with the SAR statutory timeframes to 95% sooner. Currently the target is 80% for 2015 and 95% for 2016.
- 3.1.9 The ICO will undertake a purely desk based follow up of the audit in the next 6-9 months. This will assess progress against recommendations shown in Attachment A and should include senior sign off at Chief Executive or Board member level. They will contact the council in approximately a month before the follow up exercise to formalise the arrangements for this.
- 3.1.10 Attachment B summarises the findings of other Local Authorities that have been audited recently.

4.0 Financial Implications

4.1 None.

5.0 Legal Implications

5.1 None.

6.0 Diversity Implications

6.1 None.

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 None.

Background Papers

Information Commissioner's Audit – Executive Summary (LBoB - executive summary.pdf)

Contact Officers

Peter Gadsdon, Director, Policy Partnerships and Performance
Rajesh Seedher, Information Governance Manager

Attachment A – Detailed Findings and Action Plan

Area	Findings	Action	Target	Responsible
Security	A 2. LBBC should implement standard document and version control for all key information governance policies and procedures to provide staff with assurances that all policies are reviewed on an annual basis, that they are the most up to date versions and to provide a historical record of all changes that have been made during the lifecycle of the policy.	To review all key information governance policies and procedures to ensure they have consistent format and version control. CMT to agree statement that all key information governance policies and procedures to be reviewed annually	Dec-15	Information Governance Manager
Security	A 5. LBBC should ensure that all staff that are mandated to read and sign acceptance of the Access to Information Rulebook do so within a timely manner. They should also undertake measures to improve their corporate monitoring of policy acceptance and compliance, for example via the utilisation of 'CALMS' (training software) in respect of key information governance and security policies and guidance.	To incorporate this function with the upgrade to CALMS during January 2016	Mar-16	Information Governance Manager
Security	A 9. Document a procedure to ensure information security risk assessments take place on an appropriate and regular basis.	Revised change procedure	Dec-15	Head of Infrastructure and Delivery

Area	Findings	Action	Target	Responsible
Security	A17. Ensure provisions are in place to mitigate the risk in the event of the Information Governance Manager leaving or being absent long term from the organisation.	Information Governance Manager to train Information Governance team members to provide cover	Jan-16	Information Governance Manager
Security	A20. Carry out training needs analysis to provide assurances for level and consistency of knowledge for individuals undertaking the role of an IAO (Information Asset Owner).	IAO to complete a training needs analysis form and to follow up requirements via a classroom base training session	Mar-16	Information Governance Manager
Security	A24. Ensure all risk registers are updated when risks reach their target date.	Audit and investigation to document procedure to update risk before they reach their target date	Dec-15	Head of Audit and investigation
Security	A25. Ensure PIA's (Privacy Impact Assessments) are carried out for all new and changes in processes which involve personal data supplemented by a requirement of when to carry out a PIA documented in policy.	Update the change process to incorporate PIA being done when there is change involving personal data	Dec-15	Head of Infrastructure and Delivery
Security	A28. Develop a training needs matrix to identify and document appropriate information security training courses and enable those who require specialist information security training for their role to be identified.	To conduct a training need analysis to identify specialist training requirements using a training matrix. Then schedule a programme of training.	Apr-16	Information Governance Manager
Security	A30. Ensure all staff complete the mandatory four e-learning courses in a timely manner and that reports produced capture all employees. Report training completion rates to an appropriate group (eg the IGG) to provide	To implement automated reminders to staff in the new version of CALMS, and automated reporting to services. To ensure that training performance is part of the IGG agenda.	Mar-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
	(Information Governance Group).			
Security	A31. Document the training follow up process in a formal procedure which includes targets for managers to adhere to, to ensure training is completed by their reports within a set timeframe where it has been identified that there is a gap in completion.	CMT to agree statement around training. To add training performance to the corporate statistics.	Feb-16	Information Governance Manager
Security	A32. The ICO would recommend that some form of general staff data protection and information security refresher training, or awareness campaign is delivered on an annual basis. Where this is not feasible or practicable, then the organisation should have a documented refresher training plan in place to document the rationale and make the agreed frequency clear.	To incorporate annual training in the new version of CALMS, which will refresh training after 12 months.	Mar-16	Information Governance Manager
Security	A36. Document procedure for regular review of IAR and implement review.	The IAR procedure will be updated to incorporate regular review. IAOs will be instructed to update the current IAR.	Jan-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Security	A37. Ensure all laptops are added to the asset register.	Asset register to be updated	Dec-15	Head of Infrastructure and Delivery
Security	A40. Implement some form of end point control to restrict the import or export of data or malware using media.	To block USB memory sticks	Jan-16	Head of Infrastructure and Delivery
Security	A44. Correct Mobile iron's "check in" system to ensure mobile devices security measures are updated as appropriate.	To ensure that a documented procedure is in place to ensure that mobile devices security measures are updated.	Dec-15	Head of Infrastructure and Delivery
Security	A48. Ensure targeted security checks of high risk areas such as the server room are carried out.	High risk areas to be identified an included in the daily security check	Dec-15	Head of Infrastructure and Delivery
Security	A71. Update Records Management Policy to document role of Information Asset Owners with regards to setting and reviewing retention and disposal dates.	Record Management Policy to be updated to document the role of the IAOs with regards to setting and reviewing retention and disposal dates.	Jan-16	Information Governance Manager
Security	A73. Review and where necessary update the Cryptography Policy.	The Cryptography policy to be included in the annual review of policies.	May-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Security	A86. Ensure all losses of mobile devices are reported so they can be investigated appropriately and any lessons learned.	Update IT procedures and the Access to Information rule book to instruct staff to report all losses of mobile devices to digital services	Dec-15	Head of Digital Service
Security	A90. Ensure briefings on new systems and processes are taking place at team meetings.	To incorporate briefings on new systems and processes in the change procedure/checklist	Dec-15	Head of Infrastructure and Delivery
Subject access requests	B 1. Ensure that job descriptions include specific subject access responsibilities.	JDs will be reviewed and where generic descriptions do not cover specific SAR responsibilities they will be modified.	Apr-16	HR Director
Subject access requests	B 3. a) LBBC should consider making the location of the data protection page more immediately obvious from the homepage, for example via a quick link on the homepage footer. b) LBBC should clarify the contact details section of the leaflet to provide appropriate context as to when to contact LBBC and when to contact the ICO.	To consider adding a quick link on the homepage footer and the leaflet will be modified to provide context as to when to contact LBBC and when to contact the ICO.	Feb-16	Information Governance Manager
Subject access requests	B 4. The Service leads should periodically discuss and provide feedback to the IGT to resolve common problems or promote areas of good practice, for example by providing a regular update to the IGT or meeting as a forum.	To arrange quarterly meeting to discuss any issues and feedback to information governance group.	Jan-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Subject access requests	B 8. LBBC should amend the DPP and the Access to Information Rule Book to include reference to the specific DPO email inbox in the context of the subject access sections. LBBC should also ensure that such policies do not refer to corporate or local guidance (explicitly or implicitly) which may have existed under the previous subject access handling process.	To amend the DPP and the Access to Information Rule Book to incorporate the DPO email inbox and to remove references to the previous subject access handling process.	Jan-16	Information Governance Manager
Subject access requests	B 9. LBBC should amend the DPP to remove the reference to information requests via email being invalid.	The DPP policy to be updated to allow for email requests.	Nov-15	Information Governance Manager
Subject access requests	B11. LBBC should amend the IGT guidance to incorporate the process in respect of subject access requests for open Social Care cases.	Guidance for IGT to be updated to include open cases	Nov-15	Information Governance Manager
Subject access requests	B13. LBBC should ensure that contracts specify data processor obligations with regard to subject access, principally the requirement to notify LBBC upon receipt of a request, who they need to notify at LBBC, how and within what timescale.	To implement changes to new or reviewed contracts	Mar-16	Legal Contract lawyer

Area	Findings	Action	Target	Responsible
Subject access requests	B17. LBBC should ensure that Infostore includes fields to denote which specific systems have been searched for the requested information, whether specific subject exemptions or redactions have been applied and whether there has been any quality assurance in respect of the response. This will improve oversight of subject access compliance as well as monitoring of the status of individual requests.	To update infostore to include the names of the systems searched, whether exemptions or redactions have been applied and whether quality assurance was carried out.	Dec-15	Information Governance Manager
Subject access requests	B19. LBBC should ensure that the CMT reports include the number and nature of subject access complaints.	To include data protection complaints on future CMT reports	Feb-16	Information Governance Manager
Subject access requests	B22. LBBC should ensure that they have a formally established plan to achieve a KPI of 90-95% in respect of subject access compliance within a reasonable timeframe, monitor performance against this target and include this KPI within monitoring reports.	To include the 90-95% target in the CMT report	Feb-16	Information Governance Manager
Subject access requests	B23. LBBC should ensure that they prioritise requests which are in danger of falling outside the statutory 40 calendar day period as failing to comply with this period constitutes a breach of the DPA.	To update the SAR monitoring process to prioritise requests that are in danger of failing to comply with the 40 calendar day period.	Jan-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Subject access requests	B25. LBBC should amend the content of the Data Protection e-learning to reflect the current process for handling subject access requests, in particular the requirement for all requests to be forwarded to the DPO mailbox and that it is LBBC's corporate policy not to levy a fee.	To update the data protection elearning course content to include the use of the DPO mailbox and to inform staff that LBBC do not apply a fee. This will be done as part of the new update of the CALMS system.	Mar-16	Information Governance Manager
Subject access requests	B26. LBBC should enforce the same high pass mark for completion of the Data Protection e-learning on a corporate basis.	To include pass mark ratings in the training performance reports to services, and discussion at the IGG meetings	Mar-16	Information Governance Manager
Subject access requests	B29. LBBC should ensure that all employees with core responsibilities for subject access requests receive specialised training and that relevant records of this are maintained.	To carry out a needs analysis and to provide specialist training to staff that deal with SARs.	Mar-16	Information Governance Manager
Subject access requests	B31. LBBC should provide a standard form of authority for third parties, perhaps within the template subject access form, to ensure that such is fit for purpose.	To amend the council's subject access request form to include a template for authority and a list of acceptable proof of identity.	Jan-16	Information Governance Manager
Subject access requests	B34. LBBC should amend the template correspondence to clarify that the requester should raise any complaint about the subject access request directly with them and progress the complaint with the ICO only if and when they are unable to resolve the matter with LBBC.	To amend the SAR templates to ensure that complaints should be raised initially and directly with the council first before raising matters with the ICO	Dec-15	Information Governance Manager

Area	Findings	Action	Target	Responsible
Subject access requests	B37. LBCC should ensure that where detailed redactions are proposed by Service leads, these are accompanied by the relevant rationale which is documented for the IGT.	To update the instructions to the providers of SAR data to include rationale for any proposed redactions and to document this in the SAR system.	Jan-16	Information Governance Manager
Subject access requests	B42. Outline purpose for processing, recipients to which data may be disclosed, exemptions applied for redactions where able to do so and the systems searched for requested information in all SAR responses to data subjects. Adjust any template responses as necessary.	To update the template for sending information to recipients to include the systems searched and also any exemptions that were applied if it is appropriate to do so.	Dec-15	Information Governance Manager
Data sharing	C 3. LBBC should amend the IGG terms of reference to include relevant document controls and outline the IGG chair, membership and responsibility for the oversight of all data sharing. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	To update the IGG terms of reference in accordance with the ICO's Data Sharing Code of Practice	Feb-16	Information Governance Manager
Data sharing	C 5. LBBC should ensure that job descriptions in respect of individuals with key roles in systematic data sharing or one-off disclosures include specific corresponding responsibilities. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	JDs will be reviewed and where generic descriptions do not cover specific data sharing responsibilities they will be modified.	Apr-16	HR Director

Area	Findings	Action	Target	Responsible
Data sharing	C 7 . LBBC should amend the content of the Data Protection e-learning to include basic guidance in respect of what systematic data sharing is and who should be consulted, and to highlight the Brent Information Sharing Code of Practice.	To update the elearning Data Protection course as part of the updated CALMS system to include basic guidance around data sharing and to highlight the Brent Information Sharing Code of Practice	Feb-16	Information Governance Manager
Data sharing	C 9. LBBC should amend the BIS COP to detail Service level responsibilities in respect of systematic data sharing.	To amend the BIS COP to detail Service level responsibilities in respect of systematic data sharing.	Jan-16	Information Governance Manager
Data sharing	C11. LBBC should amend the corporate induction checklist to specify key data sharing policies new starters must read.	To amend the corporate induction checklist to specify key data sharing policies new starters must read.	Mar-16	HR Director
Data sharing	C16. LBBC should ensure that all DSAs and Protocols explicitly cover fair processing, including relevant exemptions. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	For the DSAs that LBBC are able to change, fair processing is to be included. To include this in the Brent Information Sharing Code of Practice.	Feb-16	Information Governance Manager
Data sharing	C17. LBBC should ensure that fair processing requirements are set out in corporate policies relevant to data sharing. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	To review policies that are relevant to Information sharing to ensure fair processing requirements are set out.	Mar-16	Information Governance Manager
Data sharing	C19. LBBC should ensure that all DSAs (Data Sharing Agreements) which may involve the obtaining of consent contain template forms.	For the DSAs/Protocols that LBBC are able to change, consent template forms are to be included. To include this in the Brent Information Sharing Code of Practice	Feb-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Data sharing	C23. LBBC should underline the need to consider data minimisation within the PIA template.	To amend the PIA to include explicit statement to consider data minimisation	Dec-15	Information Governance Manager
Data sharing	C25. To be effective the PIA process must include consideration of all the relevant factors. LBBC should ensure that the PIA template documents the complete, accurate and consistent consideration of these factors. The Council may wish to refer to the ICO's Conducting Privacy Impact Assessment Code of Practice in this regard.	To update the PIA in accordance with the ICO's Conducting Privacy Impact Assessment Code of Practice	Dec-15	Information Governance Manager
Data sharing	C27. a) LBBC should amend the BIS COP (Code of Practice) to include a copy of the corporate data sharing template agreement. b) LBBC should raise awareness of and monitor use of the corporate data sharing template agreement.	To modify the BIS COP to include a copy of the corporate data sharing template agreement. To improve awareness and monitor use of the template by updating the Information Governance web page.	Feb-16	Information Governance Manager
Data sharing	C28. LBBC should ensure that all signatories to DSAs sign accompanying statements of compliance.	To write to the authors of the DSAs and request an amendment to contain a statement of compliance during the next review. To include a template statement on compliance in the Brent sharing template	Mar-16	Legal Contract Lawyer
Data sharing	C29. LBBC should ensure that all DSAs cite and implement a review cycle.	To write to the authors of the DSAs and request an amendment to contain a statement of compliance during the next review.	Mar-16	Legal Contract Lawyer

Area	Findings	Action	Target	Responsible
Data sharing	C31. LBBC should ensure that DSAs provide specific detail as to how data will be securely shared. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	To write to the authors of the DSAs and request an amendment to contain a specifics of how data should be shared securely.	Mar-16	Legal Contract Lawyer
Data sharing	C32. Update MASH and WSIC DSAs to include organisational points of contact who have involvement in day to day sharing arrangements.	To write to the authors of the DSAs and request an amendment to contain organisational points of contact.	Mar-16	Legal Contract Lawyer
Data sharing	C34. LBBC should ensure that they complete outstanding entries in the Information Sharing Register and that those entries relate strictly to data sharing arrangements with other data controllers.	To update the Information Sharing Register to complete the outstanding entries	Mar-16	Information Governance Manager
Data sharing	C35. Carry out review of template agreement and ensure all DSA's conform to it.	To review known DSAs are compared against the template agreement and to write to the authors of the DSAs to suggest amendments if appropriate.	Mar-16	Legal Contract Lawyer
Data sharing	C36. LBBC should ensure that DSAs to which they are a party consider whether the shared data distinguishes between fact and opinion to help determine how shared data is viewed/used. The Council may wish to refer to the ICO's Data Sharing Code of Practice in this regard.	To review the DSAs and to write to the authors of the DSAs to suggest amendments if appropriate.	Mar-16	Legal Contract Lawyer
Data sharing	C37. LBBC should ensure that the DSAs to which they are a party require the source to inform recipients when shared data has been amended or updated.	To review the DSAs and to write to the authors of the DSAs to suggest amendments if appropriate.	Mar-16	Legal Contract Lawyer

Area	Findings	Action	Target	Responsible
Data sharing	C39. LBBC should ensure that the DSAs to which they are party contain specific provisions with regard to ensuring the quality of shared data.	To review the DSAs and to write to the authors of the DSAs to suggest amendments if appropriate.	Mar-16	Legal Contract Lawyer
Data sharing	C41. a) LBBC should ensure that the DSAs they are party to specifically prescribe that the recipients of shared data must destroy or return that data once the relevant purpose is served or any relevant retention period expires. b) LBBC should ensure that the DSAs and supporting procedural documentation specifically outline appropriate retention periods for shared data.	To review the DSAs and to write to the authors of the DSAs to suggest amendments if appropriate	Mar-16	Legal Contract lawyer
Data sharing	C43. LBBC should amend the DPP and the Brent Information Guide to include reference to forwarding requests to the DPO at the specific email inbox or postal address.	To modify the DPP to include reference to forwarding requests to the DPO at the specific email inbox or postal address.	Dec-15	Information Governance Manager
Data sharing	C44. LBBC should ensure that responsibility for responding to third party requests for disclosure continues to be undertaken by a relevant individual.	To ensure that following the restructure that the responsibility for responding to third party requires continues to be undertaken by a relevant individual.	Feb-16	Operational Director Strategic Commissioning
Data sharing	C46. LBBC should establish more in-depth verification procedures to confirm the identity of third party requesters to reduce the risk of disclosing personal data inappropriately.	To develop a verification procedure and update templates and website to include the verification procedures to confirm the identity of third party requestors.	Feb-16	Information Governance Manager

Area	Findings	Action	Target	Responsible
Data sharing	C48. a) LBBC should formalise the network of Service leads with responsibility for third party requests. b) LBBC should require Service leads to formally notify the Information Governance Team of all direct responses to requests and ensure that there is some form of approval of the response before it is issued at Service level.	To update the disclosure procedures to ensure that Service leads formally notify the IGT of all direct responses to request and that there is some form of approval at service level.	Mar-16	Information Governance Manager
Data sharing	C53. LBBC should specify the identity of the third party making the request for disclosure and include a field for exemptions within the Disclosure Log.	To create exemption and an ID verified fields in the disclosure log and also to update the disclosure procedure to include verification.	Feb-16	Information Governance Manager
Data sharing	C54. LBBC should ensure that they undertake periodic quality assurance assessments of one-off disclosures to satisfy themselves that they are handling such requests appropriately.	To include a quality assurance field in the disclosure log and to update the disclosure procedure to include assurance checks and criteria.	Feb-16	Information Governance Manager

Attachment B – Survey of Other Authorities Recently Audited

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
Islington - Feb 2015	Reasonable Assurance	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.</p> <p>We have made two reasonable and one limited assurance assessments where controls could be enhanced to address the issues.</p>	<ul style="list-style-type: none"> • Data Security Working Group (DSWG) in place • Mandatory IG training for all staff accessing network. • PSN accreditation, GCSx email system • Support for secure remote and agile working • There is a clear reporting mechanism for both data breaches and IT security incidents, with staff required to report all incidents (including 'near misses') to the IT Service Desk, who automatically escalate them to both the Data Security Manager and the Digital Services management team • All incidents are reported to both the DSWG and the Corporate Governance Group. 	<ul style="list-style-type: none"> • IARs are not yet embedded and being used by IAOs to assess the risk to information held in their business areas • There are occasions when both new starters and locums are given access to the Adult Social Services system prior to receiving any training. • Call recording is not disabled when service users provide payment card details, which is a breach of the Payment Card Industry (PCI) • There is no centralised system for logging, processing and oversight of SARs,

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
Stoke-on-Trent -May 2015	Reasonable Assurance	<p>There is a reasonable level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.</p> <p>We have made two reasonable and one high assurance assessment where controls could be enhanced to address the issues</p>	<ul style="list-style-type: none"> • Data protection awareness training has to be taken within six weeks of commencing employment at SoTCC • Where an individual is unable to book on a data protection awareness course within six weeks, Organisational Development will arrange to deliver the training one to one, desk side. • The data protection training is constantly being reviewed and refreshed based on feedback from delegates • The CRM system supplier is ISO 27001 accredited. All data held on the system is encrypted and in named data centres within the EEA. • The contracts with the system supplier include clauses relating to retention and disposal requirements • All agile workers are supplied with SoTCC laptops which includes Cisco IPsec 	<ul style="list-style-type: none"> • Writable CD/DVD drives on desktop PCs are not locked down to prevent staff saving data to removable disks. • There is no working Information Asset Register (IAR) in place where information assets are identified, have owners assigned to them, are risk assessed and reviewed, and no information mapping exercises have been undertaken. • The Privacy Impact Assessment procedure has not been implemented

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
			VPN Client (which only authenticates known devices) and dual-factor authentication (utilising a physical token).	
Manchester City Council - May 2015	Limited Assurance	<p>There is a limited level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.</p> <p>We have made one reasonable and two limited assurance assessments where controls could be enhanced to address the issues</p>	<ul style="list-style-type: none"> • The Council have trained an established network of Information Asset Owners (IAOs) who have a good understanding of their data protection responsibilities • The Council have made a strong commitment to identifying staff who may have occasional access to personal data but do not have access to the DP e-learning on the corporate IT network. Training resources have been produced to enable managers to brief these staff at both formal classroom training and informally at team meetings. • Data protection and IT security incidents are 	<ul style="list-style-type: none"> • The SIRO would have more effective oversight of cross-cutting information governance (IG) issues, and their mitigation, with the development of a corporate IG Risk Register, which should be regularly reviewed. • There is no individual officer with oversight of data protection training • Mandatory data protection e-learning has been rolled out to all staff with access to IT but the target date for completion of October 2014 was not met. There have been some resource issues around compiling accurate statistics due to the incompatibility of the reporting function of the

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
			<p>reported via an online reporting tool. This automatically manages workflow and flags up incidents to Information Governance staff.</p> <ul style="list-style-type: none"> • Staff are made aware of how to report incidents through the Information Security Incident Management procedure and all incidents are logged, remedial action identified and lessons learnt implemented. • A useful Subject Access Request (SAR) checklist is employed which divides the process into four distinct stages; subject access form and acknowledgement; locating and retrieving the data; exempting and redacting; and making the disclosure. This ensures a consistent approach to dealing with 	<p>module and the Council's Learning Management System.</p> <ul style="list-style-type: none"> • New starters are required to complete the current mandatory data protection e-learning module. However, this module does not cover key areas of the Act, including the eight Data Protection principles and the right of Subject Access. • The Council should identify performance measures that reflect their SAR responsibilities and mitigate the risks that non-compliance with Principle 6 of the Data Protection Act may present to the authority. • Privacy Impact Assessment (PIA) guidance and templates are in the final stages of completion and the

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
			SARs.	obligation to carry out PIAs is about to be rolled out to commissioning and procurement teams. It is important these are embedded into all new projects involving personal data as soon as is practical.
Sefton Metropolitan Borough Council – Jan 2015	Limited Assurance	There is a limited level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA. We have made three limited	<ul style="list-style-type: none"> • SMBC have recently created a governance structure with accountability and responsibility for data protection matters • A needs based training programme is now in place and will be rolled out across the Council. The training material was 	<ul style="list-style-type: none"> • Data Protection/Information Governance policies and procedures are not adequate. • Although the IMG meet on a monthly basis, they do not have a formalised work plan or KPIs against which they can measure the progress and success of

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
		assessments relating to data protection governance, subject access requests and Freedom of Information governance and one reasonable assurance assessment relating to training and awareness where controls could be enhanced to address the issues.	<p>produced by the Information Governance Trainer and DPO and informed by ICO guidance</p> <ul style="list-style-type: none"> • The Council supply information in response to subject access requests (SARs) in an appropriate manner. • Software is used to redact information where required within responses to Freedom of Information requests. 	<p>their information governance initiatives.</p> <ul style="list-style-type: none"> • Privacy Impact Assessments (PIAs) are not mandatory for any new system or process that involves the processing of personal data. • There is no specialised training provided for key information roles such as the SIRO, DPO, SAR and Freedom of Information (FOI) request handlers, to ensure they are capable of carrying out their job effectively. • There is a recognised lack of resource for responding to SARs. In addition to this, many of the processes that have been developed for responding to SARs have not been formalised within relevant policies and procedures, and relevant job descriptions do not

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
				<p>reflect the responsibilities of staff.</p> <ul style="list-style-type: none"> • Oversight of compliance with the Freedom of Information act 2000 is not adequate. FOI matters are not included as a standing item to be discussed at the IMG. • Clauses have not yet been included within contracts with partner organisations to ensure that they deal appropriately with FOI requests.
<p>Cheshire West and Chester Council</p> <p>December 2014</p>	Limited Assurance	<p>There is a limited level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.</p> <p>We have made three limited</p>	<ul style="list-style-type: none"> • The importance of good information governance and security appears to have been recognised in the recent restructure • CWCC has been carrying out a gap analysis (in which this audit plays a part) following the restructure. It was encouraging for auditors to see that interviewees were 	<ul style="list-style-type: none"> • The management of information risk is underdeveloped. There are no embedded Information Asset Owners reporting to the Senior Information Risk Owner • Information Risk and Information Asset Registers are incomplete. • There was clear evidence that some old incidents

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
		assurance assessments where controls could be enhanced to address the issues .	<p>able to highlight deficiencies and existing action plans to deal with them, pre-empting many of the ICO's recommendations.</p> <ul style="list-style-type: none"> This awareness of current problems is informed by an active and engaged internal audit function, carrying out planned long-term audits and providing robust incident management follow-up CWCC's privacy notices (provided on the website and by individual services) were generally thorough and informative. 	<p>were inappropriately scored and managed.</p> <ul style="list-style-type: none"> There was no current systematic reporting of performance indicators to enable monitoring of information governance The security controls for some physical records and equipment disposal needed improvement, leading to a risk that information could be lost or stolen from storage areas.
London Borough of Tower Hamlets - Dec 2014	Limited Assurance	There is a limited level of assurance that processes and procedures are in place and delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the	<ul style="list-style-type: none"> There is a management structure in place to coordinate and support Information Governance (IG) across the Council. The Council has appropriate fair processing notices in place and 	<ul style="list-style-type: none"> Further development of the Information Asset Register is required, to include manual records, and be linked to the Council's retention schedules. Records management function could be improved

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
		<p>risk of non-compliance with the DPA.</p> <p>We have made one reasonable assurance assessment relating to security of personal data and two limited assurance assessments relating to records management and requests for personal data where controls could be enhanced.</p>	<p>provides an accessible booklet 'Your Records and You', which clearly explains how it obtains, holds, uses and discloses personal data.</p> <ul style="list-style-type: none"> The Council is compliant with the Public Service Network's (PSN) Code of Connection requirements, which allows it to connect to the secure GCSX network. They also adhere to ITIL for IT service management and have a framework for information security which includes other recognised standards including ISO 27001, the NHS' self-assessment IG toolkit and PCI DSS compliance. 	<p>by identifying performance measures that reflect their records management responsibilities and ascertain the risks that non-compliance</p> <ul style="list-style-type: none"> Performance measures and risks which have been identified should be documented and regularly reported to the Information Governance Group. The Council should make greater use of their Internal Audit function to independently review the effectiveness of policies and procedures concerning IG, data protection, IT security and records management. It is recognised that arrangements around starters / movers / leavers are in place but may benefit from being further enhanced.

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
				<ul style="list-style-type: none"> A single Council-wide process for collection, storage and disposal of confidential waste should be introduced which will help provide assurance that waste is being managed securely. The Council should review the type of containers being used in offices to store confidential waste before disposal and the security of areas holding bulk confidential waste before collection by the contractors.
London Borough of Barnet - October 2014	Reasonable Assurance	There is a reasonable level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified some scope for improvement in existing arrangements to reduce the risk of non-compliance with	<ul style="list-style-type: none"> Security incidents are reported to the Information Management Team (IMT) and staff are made aware of how to do this via the Security Incident Management Policy. The IMT log and investigate incidents, identifying remedial action and lessons learned to 	<ul style="list-style-type: none"> Some security issues were identified during the audit and these should be addressed as soon as possible. These included some Council Offices potentially being accessible to non-staff members; confidential waste being stored in an unlocked post room and non council

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
		<p>the DPA.</p> <p>We have made two reasonable assurance assessments in respect of requests for personal data and data sharing and one limited assurance assessment in respect of records management where controls could be enhanced to address the issues</p>	<p>ensure the incident does not recur.</p> <ul style="list-style-type: none"> • The i-Casework case management system provides a detailed audit trail of how subject access requests have been handled. • Assigning “link officer” (LOs) responsibilities to members of staff at departmental level has been effective in enabling the Council to meet its subject access duties under the Data Protection Act. • A review of fair processing information given to data subjects has been undertaken and as a result, the standard fair processing notice has been improved and must be included on all data collection forms. • The process for information sharing with partner agencies is standardised via the Tier 1 and Tier 2 Information Sharing Protocols. Tier 1 sets out common rules to be followed by partners when sharing data and Tier 2 	<p>staff members being allowed to find their own way to meetings and events unescorted.</p> <ul style="list-style-type: none"> • Information Asset Registers and associated Information Asset Owners are not yet in place • The Council should establish a register detailing the types of information held, how the information is used and transferred and who is able to access it. • Information assets should be assigned owners who should carry out regular risk assessments feeding the results to IMT and the SIRO as appropriate. • The retention schedule is not applied in a regular and systematic way to electronic and manual records. • The Council receive a number of section 29 requests for third party information, particularly within the corporate anti-fraud

Overall Conclusion				
Organisation	Assurance Level	Summary	Areas of good practice	Areas for Improvement
			<p>outlines how data will be shared including the method of transfer, security, disposal and SAR response arrangements. Information Sharing Agreements are logged and are reviewed every 12 months to ensure they remain fit for purpose.</p>	<p>(CAF) team. It does not take sufficient steps to verify the identity of requesters and to ensure the requirements for disclosure of information under section 29 have been met. In addition to this, there is no consistent quality assurance or senior oversight of responses to section 29 requests.</p> <ul style="list-style-type: none"> Although work has been carried out to encourage use of PIAs, they are not mandatory.

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London Borough of Brent Council

Data protection audit report

Executive summary
October 2015

1. Background

- 1.1 The Information Commissioner is responsible for enforcing and promoting compliance with the Data Protection Act 1998 (the DPA). Section 51 (7) of the DPA contains a provision giving the Information Commissioner power to assess any organisation's processing of personal data for the following of 'good practice', with the agreement of the data controller. This is done through a consensual audit.
- 1.2 The Information Commissioner's Office (ICO) sees auditing as a constructive process with real benefits for data controllers and so aims to establish a participative approach.
- 1.3 London Borough of Brent Council (LBBC) agreed on 11 February 2015 to a consensual audit of their processing of personal data by the ICO Good Practice Department.
- 1.4 An introductory teleconference was held on 2 July 2015 with LBBC to identify and discuss the scope of the audit.

2. Scope of the audit

2.1 Following pre-audit discussions with LBBC it was agreed that the audit would focus on the following areas:

- a. Security of personal data – The technical and organisational measures in place to ensure that there is adequate security over personal data held in manual or electronic form.
- b. Subject access requests - The procedures in operation for recognising and responding to individuals' requests for access to their personal data.
- c. Data sharing - The design and operation of controls to ensure the sharing of personal data complies with the principles of the Data Protection Act 1998 and the good practice recommendations set out in the Information Commissioner's Data Sharing Code of Practice.

3. Audit opinion

- 3.1 The purpose of the audit is to provide the Information Commissioner and LBBC with an independent assurance of the extent to which LBBC, within the scope of this agreed audit, is complying with the DPA.
- 3.2 The recommendations made are primarily around enhancing existing processes to facilitate compliance with the DPA.

Overall Conclusion	
Limited Assurance	<p>There is a limited level of assurance that processes and procedures are in place and are delivering data protection compliance. The audit has identified considerable scope for improvement in existing arrangements to reduce the risk of non-compliance with the DPA.</p> <p>We have made one reasonable and two limited assurance assessments where controls could be enhanced to address the issues which are summarised below and presented fully in the 'detailed findings and action plan' in section 7 of this report.</p>

4. Summary of audit findings

4.1 Areas of good practice

- The council's management direction and support for information security is outlined in a number of key policies including an Information Security Policy (ISP) and an Information Risk Policy (IRP) which are owned and approved by the Information Governance Group (IGG). The policies are published on the Information Governance homepage and regular updates are posted on the intranet as reminders and to raise awareness amongst staff.
- The council's intranet sets out the procedure for reporting security breaches and differentiates the process depending on the nature of the breach. This is supplemented by the Security Incident Management Operational Process which outlines the roles, responsibilities and procedures involved for staff in the event of a security incident. Contractors are required to sign a confidentiality agreement which sets out what information can be used for and how it should be handled and are required to adhere to the incident management process set out by the council.
- Privacy Impact Assessments (PIA) are well established at the council and take place prior to the commencement of new or changing systems/processes.

4.2 Areas for improvement

- At present LBBC have not implemented any endpoint controls which would restrict the import and export of data using portable devices, resulting in the risk that an individual could download personal information without authorisation or potentially introduce malware onto the council's network.
- There is currently no formally established programme of data protection or information security related refresher training in place, with the last training of this nature being delivered via e-learning in 2012. Staff who commenced employment at the council prior to the last refresher training in 2012 may not have had data protection or information security refresher training for a significant period of time.
- LBBC reported a 64% subject access compliance rate during 2014. This increased to 78.6% during January to May 2015, and LBBC are targeting 80% during 2015 and 95% for 2016.

The ICO believes this latter target is more appropriate and LBBC should seek to attain this as soon as possible. LBBC should also ensure that they prioritise requests which are in danger of falling outside the statutory 40 calendar day period.

- LBBC have aimed to raise awareness of data sharing policies through a combination of methods which include e-learning and use of the intranet. Despite this, awareness of specific data sharing policies and / or guidance amongst operational staff was low, with interviewees unable to make reference to specific policies.
- There are inconsistencies in the use and completion of the Data Sharing Agreement (DSA) template and no specific provisions within the DSAs viewed as part of the audit to distinguish between fact and opinion within shared data. In addition not all the DSAs and supporting procedural documentation specify retention periods for shared data or prescribe that the recipients of shared data must destroy or return that data once the relevant purpose is served or any relevant retention period expires.

5. Audit approach


- 5.1 The audit was conducted following the Information Commissioner's data protection audit methodology. The key elements of this are a desk-based review of selected policies and procedures, on-site visits including interviews with selected staff, and an inspection of selected records.
- 5.2 The audit field work was undertaken at Brent Civic Centre between 8 and 10 September 2015.

The matters arising in this report are only those that came to our attention during the course of the audit and are not necessarily a comprehensive statement of all the areas requiring improvement.

The responsibility for ensuring that there are adequate risk management, governance and internal control arrangements in place rest with the management of London Borough of Brent Council.

We take all reasonable care to ensure that our audit report is fair and accurate but cannot accept any liability to any person or organisation, including any third party, for any loss or damage suffered or costs incurred by it arising out of, or in connection with, the use of this report, however such loss or damage is caused. We cannot accept liability for loss occasioned to any person or organisation, including any third party, acting or refraining from acting as a result of any information contained in this report.

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 Brent	Audit Committee 5 th January 2016 Report from the Chief Finance Officer
For Information	Wards Affected: ALL
Internal Audit & Counter Fraud Progress Report for the period 1 August 2015 – 31 October 2015	

1. Summary

- 1.1 This report provides an update on the progress against the internal audit plan for the period 1 August 2015 to 31 October 2015. The appendix to the report also summarises those assurance reports from the 2014/15 plan which have been finalised since the last meeting of the Audit Committee. The report also provides a summary of counter fraud work for the first two quarters of 2015/16 including October 2015.

2. Recommendations




- 2.1. That the Audit Committee notes the progress made in achieving the 2015/16 Internal Audit Plan and the review of fraud work.

3. Detail

- 3.1. The Internal Audit Plan for 2015/16 comprises 996 days. 590 days will be delivered by Mazars. The in-house resource will deliver a further 406 days.
- 3.2. The key points to note with regards to progress for the current year are:
- There are 79 internal audit assignments included within the agreed 2015/16 plan (excluding follow up and advisory work). Work has commenced on 39 of these.
 - Twenty two assignments have been completed to draft or final stage since the last report to the Audit Committee September 2015 (twenty seven for the year to date). Of the twenty two assignments, eighteen had an assurance opinion associated with them and four were in respect of non-assurance work including a grant and trust account certification.

Please see summary below:

Table 1 – Summary of Audits Completed Since last audit report

Total Number of Audits Completed	Substantial 	Limited 	None 	Non Assurance
22	13	5	0	4

- 3.3 The Head of Audit & Investigations alerted members to the slow progress being made against the plan at the Audit Committee meeting in September 2015. This has largely been due to the significant work required to finalise the outstanding 14/15 audits, during the first quarter. A number of audits scheduled to be carried out in the first and second quarters were either also removed from the plan or as a result of request by management that they should be deferred. This was partly caused due to structural changes within some departments, or system changes because the proposed assignments were similar to audits recently undertaken. Where assignments were removed or deferred, the consequent available resources were re-allocated. The key changes to the plan are set out below:

Table 2 – Planned Assignments Withdrawn from original plan

Audit		
Home Care Contract – ASC Department	10	Area had been subject to a recent review as a result of changes in delivery mechanism.
Public Realm Contract – COO Department	10	Area had been subject to a recent similar review.
Total	20	

Table 3 – Assignments Added to original plan

Audit		
DFG Grant Determination Certification	2	Grant required to be signed off by Head of Audit & Investigations.
Health and Safety – transferred from COO Contingency Budget	15	Review to be undertaken by Specialist from Mazars.
Pre audit verification – Information Governance	5	Audit work to prepare for visit from Information Commissioner's Office
Total	22	

Table 4 – Assignments Delayed

Audit		
START (Previously BACES) (R&G Department)	15	Request from Operational Director for audit to be delayed until December 2015 as a result of restructure of service and appointment of new Head of Service. Strategic Director notified.
Transport Services	15	Request from Operational Director for

		audit to be delayed until Q3 as a result of restructure of service. Strategic Director notified
BHP Recruitment & Retention	12	Request from HR Manager for audit to be delayed due no permanent recruitment being undertaken within the last 12 months
Recruitment Audit – Council	15	Request by the HR Director due to implementation of new recruitment system.
S17 Payments	15	Request from Head of Service and Operational Director for audit to be delayed due to Ofsted Inspection and another internal audit.
Safeguarding (BHP)	12	Request from Director of Operations for audit to be delayed to quarter 4 due to appointment of new head of service responsible for safeguarding.
Troubled Families Grant (August 2015 Grant claim)	5	No Claim submitted. Claim now due to be submitted in January 2016
Total	89	

A summary of progress is set out in table four below:

Table 5 – Delivery Status as at 31 October 2015

Delivery Status	
Total days in the plan	996
Number of days delivered to date	399
% of days delivered to date	40%
Days to be delivered	597
Total number of reports to be delivered in current plan	79
Number of draft/final reports/certifications issued to date	27
% of reports issued to date	35%

- 3.4 The Audit Committee will note that significant improvement in performance since the last progress report in September 2015 when only 6% of the reports had been issued. A number of planned audits as indicated above had to be rescheduled due to systems changes or other external reviews. There are also a number of assignments in progress with work on the key financial systems is scheduled to take place in the quarters 3 and 4.

3.5 Follow Up of 2014/15 Audit Recommendations

The Public Sector Internal Audit Standards requires the Chief Audit Executive (the Head of Audit & Investigation) to establish a process to monitor and follow up management actions to ensure that they have been actively implemented or that senior management have accepted the risk of not doing so.

Of the 200 recommendations arising from 2014/15 audits and due to be implemented by 30th October 2015, 113 had either been fully or partly implemented and 20 had yet to be implemented. We were unable to determine the status of 67 recommendations because responsible officers had not updated the relevant details on Infostore as required. As will be noted from the table below, some action plans agreed by management as part of the audit process are not being completed effectively and on a timely basis. Some officers are not updating the status of the implementation of recommendations on Infostore as part of the self assessment process agreed with management.

Table 6 – Status of 2014/15 Priority 1 and 2 Recommendations

Total Number of Recommendations	Priority	% Implemented	Partly Implemented	Not implemented	Status Unknown
Priority 1	71	42%	7%	13%	38%
Priority 2	129	55%	5%	9%	31%
Total	200	51%	6%	10%	33%

Internal Fraud

- 3.6. Internal fraud refers to fraud committed by employees, agency staff and staff in maintained Schools. For the purposes of this report, “fraud” includes instances of theft, fraud, misappropriation, falsification of documents, undisclosed conflicts of interest and serious breach of financial regulations. Activity for the first quarter of year to date is shown in table five below:

Table 7 – Internal Fraud 2015/16

Internal	2015/16 qtr 2 plus October 2015	2015/16 qtr 1
Open Cases b/f	33	33
New Referrals	6	26
Closed Cases	20	4
Fraud / Irregularity identified	5	2
Dismissal	2	0
Resignation/Officer Left	2	2
Warning	1	0
Open cases carried c/f	19	33

- 3.7. It should be noted that there has been an increase in internal fraud cases specifically identified via the National Fraud Initiative (NFI) data matching exercise. These relate to matches which suggest that staff are claiming housing benefit which they may not be entitled to. These cases are currently being subject to further assessment.

Housing Tenancy Fraud

- 3.8. Recovery of social housing properties has a significant impact upon the temporary accommodation budget. The Audit Commission has previously estimated that the average value, nationally, of each recovered tenancy is £18,000. Caseload information is set out in table six below.

Table 8 – Housing Fraud 2015/16

Housing Fraud	2015/16 qtr 2 plus October 2015	2015/16 qtr 1
Open cases b/f	182	185
New Referrals	131	73
Closed Cases	139	76
Fraud Found	29	21
Recovered Properties Brent	24	18
Applications Refused	1	1
Property Size Reduced (Rehousing)	3	0
Right to Buy Stopped	1	2
Value of properties recovered*	£432,000	£324,000
Value of Right to Buy Discount prevented**	£103,900	£177,700
Property Size Reduced	£54,000	£0
Open cases c/f	174	182
Cases with Legal for Possession	18	23

*Notional value of recovered properties is £18,000

** Actual amount of discount stopped

Actual value of housing fraud identified to date is £1,091,600

It should be further noted that in respect of the Right to Buy stopped case, a subsequent Suspicious Activity Report was submitted to the National Crime Agency under Anti Money Laundering Legislation.

Other External Fraud

- 3.8. This category includes all other external fraud/irregularity cases, such as blue badge, direct payments and council tax discounts.

Table 9 – Other External Fraud 2015/16

Other External Fraud	2015/16 qtr 2 plus October 2015	2015/16 qtr 1
Open cases b/f	12	18
New Referrals	71	9
Closed Cases	34	15
Fraud / Irregularity	6	0
Prosecution	0	0
Warning / Caution	3	0
Overpayment Identified	3	0
Open cases carried c/f	49	12

- 3.9. There has been an increase in new referrals due to the start of a new Service Level Agreement (SLA) with Revenues and Benefits Service with regards to council tax reduction referrals. An overpayment was identified which is in excess of £1,000.
- 3.10. A blue badge fraud operation was carried out in partnership with the Police and Parking Enforcement in September 2015. Four blue badges were seized for being misused, eleven parking charge notices were issued and the police arrested a driver at the scene as a result of this proactive operation.
- 3.11. The NFI matching exercise which dealt with single person's discount (where more than one adult was registered on the electoral role) and resulting in overpayments of £62,000 (including a case from Q1) was closed.

4. Financial Implications

- 4.1. The total value of the audit contract with Croydon Council, delivered by Mazars, is £192,000 in the current year and is funded within the Audit and Investigations base budget.

5. Legal Implications

- 5.1. None

6. Diversity Implications

- 6.1. None

7. Background Papers

- 7.1. None

8. Contact Officer Details

Steve Tinkler, Head of Audit & Investigation, Civic Centre, First Floor West.

Telephone –07525 893458

Conrad Hall
Chief Finance Officer

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**Internal Audit
Progress Report 1 August – 31 October
2015
London Borough of Brent
January 2016**

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Executive Summary

Introduction	<p>This report sets out a summary of the work completed against the 2014/15 and the 2015/16 Internal Audit Plans, including the assurance opinions awarded and any high priority recommendations raised. Those audits reported on at previous meetings have been removed, but reference can be made to the full list of assurance opinions in the cover report.</p>
Summary of Work Undertaken	<p>The Final Reports in respect of the 2014/15 period and issued since the last meeting relate to the following areas, with further details of these provided in the remainder of this report:</p> <ul style="list-style-type: none">• Blue Badges• Civic Centre Final Accounts• Payroll (Council)• AP Data Analytics• Parking Income• Payroll & SLA (BHP)• BHP Procurement - Integrated Asset Management Framework (Lot 1)• BHP Procurement – Surveying Consultants’ Framework (Lots 1-3)

Detailed summary of work undertaken

FULL / SUBSTANTIAL ASSURANCE REPORTS: 2014 /15

Audit	Assurance Opinion and Direction of Travel
General and Computer Audits	
Blue Badges	
Civic Centre Project Final Accounts	
Payroll (Council)	
BHP	
Procurement Integrated Asset Management Framework Lot 1	

Substantial Assurance Reports – General Audits

For all Substantial and Limited Assurance reports, we have included a brief rationale, together with details of any **priority 1** recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on from a risk perspective. The only exception is for any BHP reports, for which the details are reported separately to the BHP Audit Committee.

Payroll (Council)

The Council's Payroll Team forms part of Transactional Services which fall under the Human Resources Department. The Head of Transactional Services has overall responsibility for payroll operations. The system used by the Council to process payroll is One Oracle. The Council began using One Oracle in August 2014. Prior to August 2014, the Council used Interact, a web enabled HR and Payroll system. In addition to processing payroll for the Council staff, the Payroll Team are also responsible for processing the payroll for Brent Housing Partnership (BHP).



Area of Key weakness include: Authorised Signatories, Review of Net Pay Variance and Management Information.

Two priority 1 and seven priority 2 recommendations were raised as a result of this audit. The two priority 1 recommendations and management responses are set out below.

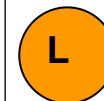
Recommendation	Management Response / Responsibility / Deadline for Implementation
Authorised Signatories The Payroll team should obtain an updated list of signatories from all Council departments. A copy of this list should be retained by Payroll and regularly reviewed and updated when necessary.	Agreed. Head of Employee Services / Principal Payroll Officer Immediate
Net Pay Variance Reports Net Pay Variance reports should be run and monitored on a monthly basis and evidence of this should be retained, including a sign off of the report by an authorised officer. In addition, for a given sample size set by management; payroll should ensure that variance reports are appropriately annotated to facilitate efficient and effective monitoring	Agreed. Net pay variance reports are checked online and not printed. Corrections are made to the payroll as needed. Payroll officers will be reminded to include their initials on the report in the future.

Recommendation	Management Response / Responsibility / Deadline for Implementation
of any variances identified. Furthermore, the supporting documentation received by the Payroll Team should be cross checked against the variance recorded on the Net Pay Variance reports to ensure that only valid, accurate and complete amendments to pay are made. Any anomalies should be followed up immediately.	Head of Employee Services / Principal Payroll Officer Immediate

LIMITED ASSURANCE REPORTS – General Audits

Parking Income

The Council has a contract with Serco for the provision of parking and parking enforcement services. Whilst Serco are responsible for operational delivery of parking and parking enforcement services, the Council is required to ensure that there are robust controls over parking income collection, recording, banking, and the reconciliation process. There are various forms of parking income including pay and display charges, parking enforcement (Penalty Charge Notices), traffic enforcement (Penalty Charge Notices), and permits. The total income from parking related activities as reported in the Brent Parking Services Annual Report 2013/14 amounted to approximately £15m. There are various ways in which the income is collected, which ranges from pay and display money being collected by Serco's subcontractor (Loomis) and banked directly into the Council's parking bank account, to online/telephone payments receipted into the Council's parking bank account. Given that income is receipted into the Council's parking bank account, it is important that the Council has access to a clear audit trail and sufficient information relating to the income collected, and these are reconciled to the Council's parking bank account in a complete, accurate, and timely manner. In addition, the Council must also ensure that the income receipted are allocated to correctly with sufficient details so that these can be analysed and to provide useful management information.



The key areas of weaknesses related to lack of interface of financial systems and service level agreement.

Two priority 1, three priority 2 recommendations were raised as a result of this audit. The two priority 1 recommendations are set out below.

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p>Interface</p> <p>The Council's Parking Team should liaise with the Business Partner Team, the Finance Manager (Capital) and Serco in order to determine a specification for the interface including the correct format for the coding structure. Once provided; the interface between Serco and Council systems should be implemented as a matter of urgency, to enable the Council to accurately and completely reconcile all income received against each parking income stream.</p>	<p>Agreed.</p> <p>In order to expedite the development of the specification, the service has convened a first meeting in order that Finance representatives and Serco can agree actions to implement the solution. In the interim, the service management team will continue to withhold part of the mobilisation payment to Serco.</p> <p>Business Partner Team / Parking Contract Operations</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
	Team / Finance Manager - Capital and Serco 26 June 2015 (Initial Meeting) 27 November 2015 - (Interface development)
<p><u>Reconciliation of Income</u></p> <p>Management of the Parking Team should review the discrepancy between total income posted on One Oracle and the total income indicated on the cash collection sheets and provide a detailed analysis and explanation of the reason for discrepancy between both. Further to this, the Parking Team and the Business Partner Team (Finance) should liaise with one another to ensure that all figures reported on are accurate, and should work together in order to determine the reasons behind the differences between the cash collection sheets and the amounts posted on One Oracle.</p>	<p>Agreed.</p> <p>All parties will work together to resolve issues and identify reasons behind discrepancies in order to verify figures. Additional column will be created on the Reconciliation Sheet stating reasons for discrepancies.</p> <p>Parking will also reconcile payments against Penalty Charge Notices in order to verify whether this is a contributor to the variance between cash collection sheets and cash banked.</p> <p>Parking Contract Operations Team / Business Partners Team/ Finance 1 December 2015</p>

Limited Assurance Reports (BHP)

Although these are limited assurance reports, details are not included in this report because they are reported separately to the BHP Audit Committee.

Surveying Consultants' Framework Lots 1-3 (BHP)

One priority 1 and two priority 2 recommendations were raised as a result of this audit.










Payroll & Payroll SLA (BHP)


Three priority 1 and three priority 2 recommendations were raised as a result of this audit.



2015/16 Financial Year

FULL / SUBSTANTIAL ASSURANCE REPORTS: 2015 /16

Audit	Assurance Opinion and Direction of Travel
General and Computer Audits	
Safeguarding (LADO)	
Special Education Needs (SEN)	
Community Safety Strategy (Anti Social Behaviour)	
Tribal Pupil Management Application (IT)	
HMO & Other Private Sector Licensing	
Nationality & Registration Service	
BHP	
Data Quality	

Audit	Assurance Opinion and Direction of Travel
Community Fund Grant	

**Please note that no priority 1 recommendations were raised in any of the reports listed above.

LIMITED ASSURANCE REPORTS – General Audits

For all Limited Assurance reports, we have included a brief rationale, together with details of any priority 1 recommendations raised, including the agreed actions to be taken and deadlines for implementation. These are the key audits and recommendations which the Committee should be focusing on from a risk perspective. The only exception is for any BHP reports, for which the details are reported separately to the BHP Audit Committee.

Procurement Cards

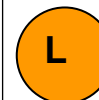
The Government Procurement Card (GPC) is a branded Visa purchasing card. It is available to the entire UK public sector at no cost through a framework agreement between the Office of Government Commerce (OGC), Visa and six Visa issuing banks. Brent's GPC issuing bank is Lloyds TSB.

Benefits are:

- a cost effective means of buying low value goods and services (typically removing 95 percent of administrative effort).
- enhanced standards of service delivery by making it simpler for employees to buy essential day-to-day items such as Oyster Card top up.

The key weaknesses were: Authorising, Monitoring and Reporting of GPC Spend.

One priority 1 and five priority 2 recommendations were raised as a result of this audit. The one priority 1 recommendation is set out below.



Recommendation

Management Response / Responsibility / Deadline for Implementation

Authorising, Monitoring and Reporting of GPC Spend

All expenditure must be allocated by the cardholder within the agreed timescale (5 working days of card statement date) to ensure that approval can be provided by the line manager.

Where particular individuals are consistent in delaying the allocation of their expenses, Business Partners should ensure that this issue is addressed with the cardholder immediately.

The FSC should provide reports identifying such individuals who are not complying with the policy and procedures to and escalate as appropriate

Agreed.

**Head of Financial Management
31 October 2015**

LIMITED/NIL ASSURANCE REPORTS – Schools

Mitchell Brook Primary School

Five priority 1 and eleven priority 2 were raised as a result of this audit. The five priority 1 recommendations are set out below.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><u>Budget Setting</u></p> <p>The school should ensure that going forward the school appropriately budget for Agency Staff costs in accordance with historic spends to ensure that the budget most accurately represents the school's financial position. On a monthly basis budget monitoring reports should be profiled by calculating planned expenditure for each budget code and compared against actual expenditure.</p>	<p>Agreed.</p> <p>It is always anticipated when setting the budget that we will fill all teaching vacancies with contracted teachers and the staffing allocation reflects this. Budget is adjusted in September to accurately budget for current staffing as sometimes we have to fill vacancies with agency staff. Virements will be requested from Governors from Staffing to agency. From 30th September profiled budgets will be prepared.</p> <p>Bursar 30 September 2015</p>
<p><u>Low Value Expenditure</u></p> <p>A purchase order should be raised for all applicable goods and services prior to orders being placed with the supplier. In addition, invoices should be paid in a timely manner and any queries or disputes should be recorded as such on the relevant invoice.</p>	<p>Agreed.</p> <p>Head teacher and Bursar 1 September 2015</p>
<p><u>Income</u></p> <p>Prior to banking the school finance officers should reconcile receipts to income and income records. The completed reconciliation should be signed and dated by two offices to confirm its accuracy. Where</p>	<p>Agreed.</p> <p>Administrative Services Manager</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
discrepancies are identified, these should be investigated and addressed within a timely manner.	30 September 2015
<p><u>Payroll</u></p> <p>The Governing Body should ensure that the determination of the Head Teacher's pay is in accordance with the relevant School Teachers' Pay and Condition Document (STPCD). Should the Governing Body require advice on this, they should contact the relevant department within the Local Authority.</p>	<p>Agreed.</p> <p>The Governing Body was of the opinion that the correct measures were carried out but has sought advice from Brent HR in order to rectify this situation.</p> <p>Chair of Governors 30 September 2015</p>
<p><u>Starters & Leavers</u></p> <p>The School should retain adequate documentary evidence of the recruitment and appointment process including the following:</p> <ul style="list-style-type: none"> • Signed letter of acceptance from the potential employee; • Signed contracts of employment; • Evidence of qualifications having been obtained; • Evidence of two references having been obtained. <p>The School should insist that confirmation of the DBS check and the date it was completed is provided for all staff provided by agencies... If the information is not forthcoming then the School should consider not using that agency.</p> <p>The School should ensure that all leavers' forms are completed and provided to Payroll for all leavers in a timely manner and a copy retained by the School.</p>	<p>Agreed.</p> <p>All paperwork is now completed for school staff. In the case of Place2be, while they are insisting that as a third party, they only need to confirm with us that their staff are DBS checked; we have now received the information directly from each member of their staff working in the school and will continue to do this.</p> <p>Implemented</p>

John Keble Primary School

Seven priority 1; thirteen priority 2 recommendations were raised as a result of this audit. The seven priority 1 recommendations are set out below.



Recommendation	Management Response / Responsibility / Deadline for Implementation
<u>Declarations of Interest</u> The School should ensure that all Declaration of Interests are completed by all governors and staff with financial responsibility on an annual basis and retained by the School. All Declaration of Interest forms should be countersigned by the Head Teacher and by the Chair of Governors for the Head Teachers Declaration of Interest Form.	Agreed. All Declaration of Interests (2) outstanding) will be completed and countersigned at Governing Body meeting. Member of staff with financial responsibility Declaration of Interests completed and countersigned (3/11/15). Head Teacher /Governors 3 November 2015 and 26 November 2015
<u>Budget Setting</u> The School should ensure that the surplus for 2014/15 should be carried forward into the 2015/16 budget in order to allow the budgets to be complete and accurate.	Agreed. Signed Report showed deficit budget because brought forward balance was not included. The budget has now been revised and will be signed at the next meeting of the governing body. Bursar / Head Teacher/GB 26 November 2015

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><u>Procurement</u></p> <p>The School should ensure that going forward all contracts are procured for and tendered in line with financial regulations and therefore a minimum of three quotes are obtained. Value for money should be considered, with final approval being obtained from the Governing Body.</p>	<p>Agreed.</p> <p>Noted and explained at GB meeting November 2015. Contracts for renewal will be discussed and agreed at future meetings.</p> <p>Head Teacher / Chair of Finance 30 November 2015</p>
<p><u>Income Registers</u></p> <p>The School should maintain separate registers for all sources of income. Furthermore, an adequate audit trail should be in place for all income streams to ensure that income can be traced from the initial payment being made through to the banking of the income.</p>	<p>Agreed.</p> <p>Implemented. Separate registers for all monies received in place.</p> <p>Bursar 31 October 2015</p>
<p><u>Reconciliation of School Meal Income</u></p> <p>A reconciliation of the actual income received from School meals to that budgeted should be carried out on a weekly basis. Evidence to confirm that the reconciliation has been carried out and by whom should be signed by the preparer and countersigned by the Head Teacher and a copy retained. The School should perform regular reconciliation of the cost of in-house school meals to ensure that the cost does not significantly exceed the income generated.</p>	<p>Agreed.</p> <p>School meals report to be generated weekly and reconciled showing income and expenditure balance - signed by Bursar and countersigned by Head Teacher.</p> <p>Bursar /Head Teacher 2 November 2015</p>

Recommendation	Management Response / Responsibility / Deadline for Implementation
<p><u>Head Teacher / Deputy / Assistant Head Teachers Pay</u></p> <p>The Governing Body should ensure that the determination of the Head Teacher, Deputy and Assistant Head Teachers pay is in accordance with the relevant School Teachers' Pay and Condition Document (STPCD). Should the Governing Body require advice on this, they should contact the relevant department within the Local Authority.</p>	<p>Agreed.</p> <p>New Head Teacher and 2 Assistant Heads in place from Jan 16 – salary within Individual School Range (ISR) with no overlap. Governing Body to formally determine ISR for Deputy Head teacher and Assistant Head Teacher.</p> <p>Governing Body 30 November 2015</p>
<p><u>Contract with Payroll Provider</u></p> <p>The contract with Strictly Education should be reviewed, updated and signed by the Head Teacher.</p>	<p>Agreed.</p> <p>Rolling contract initially for 2 years and yearly thereafter. Renewal in November 2015. To discuss alternative providers at Governing Body meeting November 2015.</p> <p>Head Teacher / Bursar/ Governing Body 30 November 2015</p>

Non-Assurance Work

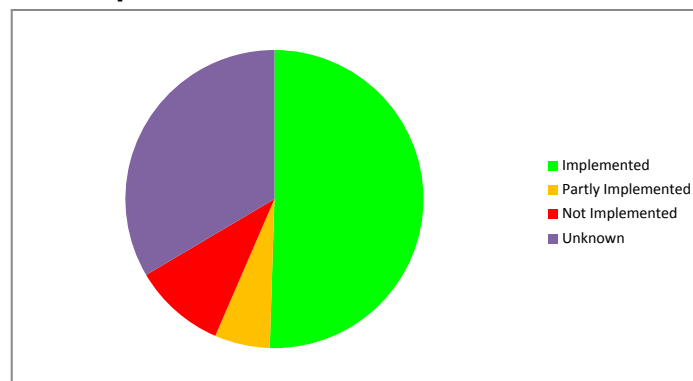
Potholes Grant Determination 2014/15 Certification	<p>In the 2014 Budget statement, the Government announced the creation of a Pothole Fund (“the Fund”) worth £200 million, with £168 million being made available to highway authorities in England to help repair damage to the local road network. The funding was available in the 2014/15 financial year. Any local highway authority that was currently in receipt of funding through the Department for Transport's Highways Maintenance Capital Block Grant was eligible to apply for the grant. To be eligible for funding the Department of Transport required each authority to sign a 'pothole pledge', agree to provide a monthly progress report to the Department setting out how many potholes they have fixed from the total number. The purpose of the Grant as set out in the Specific Grant Determination is to provide support to local authorities in England towards expenditure lawfully incurred or to be incurred by them. The grant conditions were set out in annexe B of the determination.</p> <p>Brent Council applied for the grant and was awarded £298,841 in total.</p> <p>Internal Audit undertook tests to ensure that the grant was spent in accordance with the terms and conditions. We confirmed that this was the case and grant determination was certified for submission to the Department of Transport within the required deadlines.</p>
Barham Trust Accounts 2014/15	<p>Examination of Barham Trust account for the 2014/15 Financial year in accordance with Charity Commission Directions. The examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement.</p>
School Summary Report 2014/15 Audits	<p>Summary of main audit issues arising from school audits carried out in 2014/15.</p>

**Follow-Up of
Previously Raised
Recommendations**

As part of our rolling programme, all recommendations are being followed-up with management, as and when the deadlines for implementation pass. This work is of high importance given that the Council's risk exposure remains unchanged if management fail to implement the recommendations raised in respect of areas of control weakness. A key element of the Audit Committee's role is to monitor the extent to which recommendations are implemented as agreed and within a required timeframe, with particular focus applied to any priority 1 recommendations.

The current level of implementation is as per the chart below. Of the 200 (71 priority 1 and 129 priority 2 recommendations, 113 (57%) had been either fully or partly implemented. A detailed summary of the performance in respect of implementation of recommendations is detailed in the following section.

Implementation of Recommendations



Follow-Up of Previously Raised Recommendations

The approach to our follow up of internal audit recommendations has changed to improve organisational effectiveness and performance. Once an audit report has been agreed and finalised, the agreed recommendations are uploaded on the Audit & Investigations portal on Infostore. Each strategic director is then required to ensure that officers indicated as being responsible for the implementation of the audit recommendations update the status of each recommendation as and when due. On a monthly basis, Internal Audit reviews all priority 1 and priority 2 recommendations which are due for implementation in that month and sends reminders to the responsible officers for them to update Infostore on the status of implementation of the recommendations. Internal Audit then carries out verification work as required to confirm that they have been implemented. The Audit Committee is then updated on the status of implemented and non-implemented recommendations due as part of the normal reporting arrangements.

Set out below is a summary of the findings from the follow-up work completed since the last meeting (excluding BHP recommendations).

Recommendations are classified as either Implemented (I); Partly Implemented (PI); Not Implemented (NI); or in some cases no longer applicable (N/A), for example if there has been a change in the systems used. Partly implemented recommendations are those assessed as requiring further work in order to meet the objective of the recommendation.

Summary Position – Implementation Status of Internal Audit Recommendations / Agreed Management Actions as at End October 2015.

The number of recommendations due to be implemented by the end of October 2015 as recorded on Infostore is as outlined in the table below:

Number of Priority One Recommendations due	71
Number of Priority Two Recommendations due	129

The current status of implementation is as outlined in the table below:

Details	P1	P2	Total
Total Recommendations Due for Implementation as at 31/10/15	71	129	200
Implemented	30	71	101
Not Implemented	9	11	20
Partially Implemented	5	7	12
Status Not Updated on Infostore	27	40	67
Total	71	129	200

As part of the follow up process all recommendations have been subject to physical attempts to follow up, this includes emails being sent to recommendation owners, key responsible officers and further escalated more recently to the Strategic and Operational Directors. The audits below are related specifically to the 67 recommendations where no status updates have been recorded.





Audits:

- Adult Home Support Framework
- Assessment, Approval and Review of Clients Requiring Mental Health Services
- Appointeeship and Deputyship
- Carers - Respite Care Payments
- Safeguarding of Adults
- Review of Personal Budgets and Direct Payments
- Housing Allocations & Choice Based Lettings
- Licensing (Alcohol and Entertainment)
- Highways Maintenance

Appendix A – Definitions

Audit Opinions




We have four categories by which we classify internal audit assurance over the processes we examine, and these are defined as follows:

	Full	There is a sound system of internal control designed to achieve the client's objectives. The control processes tested are being consistently applied.
	Substantial	While there is a basically sound system of internal control, there are weaknesses, which put some of the client's objectives at risk. There is evidence that the level of non-compliance with some of the control processes may put some of the client's objectives at risk.
	Limited	Weaknesses in the system of internal controls are such as to put the client's objectives at risk. The level of non-compliance puts the client's objectives at risk.
	None	Control processes are generally weak leaving the processes/systems open to significant error or abuse. Significant non-compliance with basic control processes leaves the processes/systems open to error or abuse.

The assurance grading provided are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board and as such the grading of 'Full Assurance' does not imply that there are no risks to the stated objectives.

Direction of Travel

The Direction of Travel assessment provides a comparison between the current assurance opinion and that of any previous internal audit for which the scope and objectives of the work were the same.






	Improved since the last audit visit. Position of the arrow indicates previous status.
	Deteriorated since the last audit visit. Position of the arrow indicates previous status.
	Unchanged since the last audit report.
No arrow	Not previously visited by Internal Audit.

Recommendation Priorities

In order to assist management in using our internal audit reports, we categorise our recommendations according to their level of priority as follows:

Priority 1	Major issues for the attention of senior management and the Audit Committee.
Priority 2	Important issues to be addressed by management in their areas of responsibility.
Priority 3	Minor issues resolved on site with local management.

Appendix B – Audit Team and Contact Details

London Borough of Brent	Contact Details
Steve Tinkler – Head of Audit & Investigations	 steve.tinkler@brent.gov.uk
Aina Uduehi – Audit Manager	 07525 893458
	 aina.uduehi@brent.gov.uk
Dave Verma – Counter Fraud Manager	 020 8937 1495
	 dave.verma@brent.gov.uk
	020 8937 1262

Mazars Public Sector Internal Audit Limited	Contact Details
Mark Towler – Director	 john.clayden@mazars.co.uk
John Clayden – Senior Audit Manager	 07901 670365
Harish Shah – Computer Audit Sector Manager	

 Brent	Audit Committee 7 January 2016 Report from the Chief Finance Officer
For Information Wards Affected: ALL	
Treasury Management Strategy 2016/17	

1. Summary

- 1.1. This report presents the draft Treasury Management Strategy for 2016/17 for consideration by the Committee. The final version of the Strategy, incorporating the views of the Committee, will be included in the budget report to be approved by the Council on 22 February 2016.

2. Recommendations

- 2.1 The Audit Committee considers and comments on the draft strategy.

3. Detail

- 3.1 The Strategy will set the framework for Treasury Management activity in 2016/17 and includes:
- Current levels of borrowing and investments
 - Interest rate outlook
 - Approach to future borrowing
 - Approach to future investments
- 3.2 The draft strategy is set out in Appendix 1.

4. Financial Implications

- 4.1 The Council's external interest budget for 2015/16 is £17.1m, with budgeted investment income of £1.4m. The minimum revenue provision (set aside for the repayment of debt) is £11.5m. The setting of the capital financing budget for 2016/17 will form part of the overall budget decision to be taken by the Council on 22 February 2016.

5. Legal Implications

5.1 None directly arising from this report.

6. Diversity Implications

6.1 None directly arising from this report.

7. Staffing Implications

7.1 None directly arising from this report.

8. Background Papers

Annual Treasury Strategy – Report to Full Council as part of the Budget Report – March 2016.

9. Contact Officer Details

Chris Thompson, Principal Treasury Officer 020 8937 1474

Conrad Hall
Chief Finance Officer

Appendix 1

TREASURY MANAGEMENT STRATEGY STATEMENT

Introduction

1. The Chartered Institute of Public Finance and Accountancy's Code of Practice for Treasury Management in Public Services requires local authorities to determine their Treasury Management Strategy Statement (TMSS).
2. As per the requirements of the Prudential Code of Practice, 2011, the Authority has adopted the CIPFA Treasury Management Code and reaffirmed its adoption at its annual Budget meeting, most recently on 3 March 2014.
3. The purpose of this TMSS is, therefore, to set out the following:
 - i. Treasury Management Strategy for 2016/17
 - ii. Annual Investment Strategy for 2016/17

The approved Strategies will be implemented from the date of approval by the Council.

4. The Authority has borrowed £420m of long term debt and has £186m invested at 30 November, 2015 and, therefore, has potentially large exposures to financial risks including the loss of invested funds and the effect of changing interest rates. The successful identification, monitoring and control of risk is, therefore, central to the Authority's Treasury Management Strategy.

Capital Financing Requirement

- 5 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The CFR, together with usable reserves, are the core drivers of the Authority's Treasury Management activities.
- 6 At 30 November, 2015 the Authority's had £420m of long term debt and £186m of investments. These are set out in further detail below.

Existing Investment & Debt Portfolio Position

Table 1

	30/11/2015 Actual Portfolio £m	30/11/2015 Average Rate %	31/3/2015 Average rate %
External Borrowing:			
PWLB – Maturity	288	5.01	5.01
PWLB – EIP	36	2.55	2.55
LOBO Loans	96	4.78	4.75
Total Gross External Debt	420	4.75	
Investments:			
Market Deposits	174	0.52	0.59
Money Market Funds	12	0.51	0.46
Total Investments	186	0.52	0.59
Net Debt	234		

- 7 The movement in actual external debt and usable reserves combine to identify the Authority's borrowing requirement and potential investment strategy in the current and future years. The Authority's current strategy is to maintain borrowing at the lowest level possible unless interest rate prospects present a clear case for taking long term borrowing ahead of immediate requirements. The Council's CFR is greater than its borrowing and this is likely to continue over the medium term. However, the increased emphasis on imaginative capital investment to transform the financial position will require some amendments to the detail of this strategy, although the core principle of minimizing borrowing costs will remain.

Interest Rate Forecast

- 8 Arlingclose forecast that official UK Bank Rate will remain at 0.5%, possibly into 2016. Any rise would then be relatively modest. Officers will monitor developments with the advice of Arlingclose but giving due regard to other published information. The advice of Arlingclose is broadly consistent with that of other market commentators although some focus on a slightly earlier rise

Borrowing Strategy

- 9 The Council currently holds a significant cash balance at present and this seems likely to continue for the next two or three years at least. This occurs in a situation in which longer term rates are significantly in excess of short term rates. If borrowing is undertaken in this environment there will be a net cost of holding this money until it is used, sometimes called the "cost of carry". As borrowing is often for longer dated periods (anything up to 60 years) the cost

of carry needs to be considered against a backdrop of uncertainty and affordability constraints in the Authority's wider financial position. Therefore the Council does not intend to borrow in advance of need to fund its activities.

- 10 The Authority will adopt a flexible approach to any future long-term borrowing in consultation with its treasury management advisers, Arlingclose Ltd. The following issues will be considered prior to undertaking any external borrowing:
- Affordability;
 - Maturity profile of existing debt;
 - Interest rate and refinancing risk;
 - Borrowing source.

Sources of Borrowing and Portfolio Implications

- 11 In conjunction with advice from Arlingclose, the Authority will keep under review the following borrowing sources:
- Internal balances
 - PWLB
 - Other local authorities
 - European Investment Bank
 - Leasing
 - Structured finance
 - Capital markets (stock issues, commercial paper and bills)
 - Commercial banks

As the Council did not foresee an immediate need to borrow, it did not take any part in setting up the Local Government Bond Agency. The question of joining the Agency, or issuing bonds in our own name, are being kept under review and both remain possibilities should the prospective level of capital spending make the costs entailed seem attractive.

- 12 The cost of carry has resulted in an emphasis on the use of internal resources and then increased use of shorter dated borrowing and repayment by Equal Instalments of Principal (EIP). This type of borrowing injects volatility into the debt portfolio in terms of interest rate risk but is counterbalanced by its affordability and borrowing costs closer to investment returns. It also maintains an element of flexibility to respond to possible future changes in the requirement to borrow. The Authority's exposure to shorter dated and variable rate borrowing is kept under regular review.
- 13 The Authority has £95.5m exposure to LOBO loans (Lender's Option Borrower's Option) of which £56.0m of these can be "called" within 2016/17. A LOBO is called when the Lender exercises its right to amend the interest rate on the loan, at which point the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion which is compensated for by a lower interest rate being paid. This risk is somewhat mitigated by the fact that the Council's

current cash holdings mean that any repayment could be accommodated by reducing deposits in a relatively short time.

- 14 Any LOBOs called will be discussed with Arlingclose prior to acceptance of any revised terms. The default position will be the repayment of the LOBO without penalty i.e. the revised terms will not be accepted. In the current environment it is unlikely that LOBOs will be called, but officers are confident that if any are these could be repaid from resources available, or refinanced more cheaply if this was felt to be advantageous.

Debt Rescheduling

- 15 The Authority's debt portfolio can be restructured by prematurely repaying loans and refinancing them on similar or different terms to achieve a reduction in risk and/or savings in interest costs.
- 16 The lower interest rate environment and changes in the rules regarding the premature repayment of PWLB loans have adversely affected the scope to undertake worthwhile debt restructuring although occasional opportunities arise. The rationale for undertaking any debt rescheduling or repayment would be one or more of the following:
- Reduce investment balances and credit exposure via debt repayment
 - Align long-term cash flow projections and debt levels
 - Savings in risk adjusted interest costs
 - Rebalancing the interest rate structure of the debt portfolio
 - Changing the maturity profile of the debt portfolio
- 17 The possible benefit of undertaking a restructuring needs to be carefully evaluated as it depends on how the repayment is resourced. Officers will monitor the portfolio together with Arlingclose and remain alert for opportunities where the potential savings justify the risks involved. Borrowing and rescheduling activity will be reported to the Cabinet and Council in the Annual Treasury Management Report and the mid year report.

Annual Investment Strategy

- 18 In accordance with investment guidance issued by the Department for Communities and Local Government (CLG), and best practice, this Authority's primary objective in relation to the investment of public funds remains the security of capital. The liquidity or accessibility of the Authority's investments is secondary, followed by the yield earned on investments.
- 19 The graph in Annex D shows a comparison between Brent's portfolio and that of Arlingclose's other clients. Brent's portfolio has a very low risk compared with many of the others, but also a lower yield than would be expected for that risk. Brent currently uses quite a narrow range of the instruments which are available, chosen because they are short term and with highly rated counterparties, principally the UK government, local authorities and major UK banks. Additional yield can be offered either in return for higher inherent

risk or reduced liquidity (ie longer maturities or lower marketability). However, this risk can be mitigated in a number of ways

- Diversification over a range of counterparties;
- Seeking collateral or additional security for capital invested;
- Focusing on capital strength or sound business models.

Corporate bonds, for example, can give significantly higher yields than our current deposits but give exposure to risks from economic, commercial and operational difficulties. Diversification would involve investing small amounts with a large number of companies or buying diversified Funds. Seeking additional security could involve exchanging our deposit for known high credit quality assets, or a claim on a pool of assets. Seeking capital strength would involve investing in companies with high levels of assets in relation to liabilities or a strong fixed asset base, or whose business is not subject to marked fluctuations in activity or profitability. Annex C compares some readily available possibilities.

- 20 The Council has a borrowing portfolio of £420m and a Capital Financing Requirement of £580m. This difference of £160m is costing the Council, at present, 0.5%. If borrowed for 25 years on Equal Instalment of Principal terms, it would cost 2.9%. This difference of 2.4% represents a saving of £3.8m to the Council, but it also represents an opportunity to invest in the Council.
- 21 Brent currently holds a historically high level of cash which has risen over the last three years. A significant part of this is related to unspent capital grants and Section 106 contributions and it is very likely that this will fall over time. However, there are other elements which will continue to increase levels of cash, such as repayment of long term loans to the Council and Minimum Revenue Provision. It is, therefore, likely that the Council will continue to have significant balances invested for some years. If the likely path of interest rates means that it becomes advantageous to exercise the scope for borrowing referred to above, this will increase substantially.
- 22 The question of lending counterparties, therefore, remains a critical one. A list of extremely secure counterparties would be very small, and the limits with each would be correspondingly high. This exposes the authority to a risk of an unlikely but potentially large loss. This arises because the arrangements for dealing with banks in difficulty now require a loss to be imposed on various categories of liabilities of the banks to allow the bank to recapitalize itself and continue in business (sometimes referred to as bail in). Local authority deposits could be exposed to a loss of up to 40%, beyond which the government would be able to give support. As a consequence, the Council has taken steps to reduce exposure to banks, by shortening maturity limits, by investing principally in instruments which can be sold in the event of warning signs being noticed and by diversifying. The Authority and its advisors remain alert for signs of credit or market distress that might adversely affect the Authority. However, we are also looking at the possibility of using a wider range of instruments which are not subject to bail in, and this would include the instruments referred to in Annex C.

- 23 Investments are categorised as Specified or Non-Specified within the investment guidance issued by the CLG. Specified investments are sterling denominated investments with a maximum maturity of one year. They are also of a high credit quality as determined by the Authority and are not investments that needed to be accounted for as capital expenditure. Non-specified investments are, effectively, everything else. Investments for more than a year remain non-specified until they mature.
- 24 The types of investments that will be used by the Authority and whether they are specified or non-specified are as follows:

Table 2: Specified and Non-Specified Investments

Investment	Specified	Non-Specified
Term deposits with banks and building societies	✓	✓
Term deposits with other UK local authorities	✓	✓
Investments with Registered Providers	✓	✓
Certificates of deposit with banks and Building Societies	✓	✓
Gilts	✓	✓
Treasury Bills (T-Bills)	✓	x
Bonds issued by Multilateral Development Banks	✓	✓
Local Authority Bills	✓	x
Commercial Paper	✓	x
Corporate Bonds	✓	✓
AAA-Rated Money Market Funds	✓	x
Other Money Market Funds and Collective Investment Schemes	✓	✓
Debt Management Agency Deposit Facility	✓	x

- 25 Registered Providers (Housing Associations and Registered Social Landlords) have been included within specified and non-specified investments for 2016/17. Any investments with Registered Providers will be analysed on an individual basis and discussed with Arlingclose prior to investing.
- 26 The minimum credit rating for non-UK sovereigns is AA+ (or equivalent). For specified investments the minimum long term rating for counterparties is A- (or equivalent). Within these criteria the Chief Finance Officer (CFO) will have discretion to accept or reject individual institutions as counterparties on the basis of any information which may become available. The countries and institutions that currently meet the criteria for investments are included in

Annex A. The Council uses the lowest rating quoted by Fitch, Standard and Poor or Moody, as recommended by CIPFA.

- 27 Any institution will be suspended or removed should any of the factors identified above give rise to concern, and caution will be paramount in reaching any investment decision regardless of the counterparty or the circumstances. Credit ratings are monitored continually by the Authority, using the advice of Arlingclose on ratings changes, and action taken as appropriate.
- 28 The Authority banks with National Westminster Bank (Natwest). At present, Natwest does not meet the Authority's minimum credit criteria (its Moody's rating is Baa1). While it does not give cause for immediate concern, its status is being monitored and the necessary actions should it deteriorate have been considered. In the meantime, as far as is consistent with operational efficiency, no money is being placed with Natwest and credit balances in the various Council accounts are being kept to a minimum level.

Investment Strategy

- 29 With short term interest rates expected to remain low for some time, an investment strategy will typically result in a lengthening of investment periods, where cash flow permits, in order to lock in higher rates of acceptable risk adjusted returns
- 30 Following on from the banking crisis of 2008/09 and government interventions to prevent the collapse of the banking system, there has been an increase in legislative restrictions on the extent and manner in which public money can be used in the event of an impending bank failure. In future, governments will be unable to invest public money to rescue banks in difficulty until a significant contribution has been made by those who have certain kinds of investments in the bank concerned, a process called "Bail in". These include deposits by those deemed to be in a position to assess the risk involved, including local authorities.
- 31 Secured deposits of various kinds are not included in bail in provisions. Some other forms of deposits are, but can be sold if felt to be at risk. It is likely that the Council's preferred instruments in lending to institutions without some kind of government guarantee will increasingly be in the form of secured or marketable instruments.
- 32 In order to diversify a portfolio largely invested in cash, investments will be placed with a number of approved counterparties over a range of maturity periods. Maximum investment levels with each counterparty will be set by the Chief Finance Officer to ensure that prudent diversification is achieved.
- 33 Money market funds (MMFs) will be utilised but good treasury management practice prevails, and whilst MMFs provide good diversification, the Authority will also seek to mitigate operational risk by using at least two MMFs where practical. The Authority will also restrict its exposure to MMFs with lower levels of funds under management and will not exceed 0.5% of the net asset value of the MMF. In addition, each Fund will be limited to a maximum deposit of £10m and no more than half the Council's deposits will be placed with MMFs.

- 34 The investment strategy will provide flexibility to invest cash for periods of up to 370 days in order to access higher investment returns, although lending to UK local authorities can be for up to 5 years. The upper limit for lending beyond a year is £20m. In practice, lending for more than one year will be only to institutions of the highest credit quality and at rates which justify the liquidity risk involved. Marketable instruments may have longer maturities, though the maturity will be considered in conjunction with the likely liquidity of the market and credit quality of the institution.
- 35 Annex C summarises the main features of some instruments which the Council does not use at present but may wish to. Before starting to use any of these, Officers will take advice from Arlingclose and adopt suitable guidelines to manage risk from exposure to the new instruments.
- 36 Collective Investment Schemes (Pooled Funds):
The Authority has evaluated the use of Pooled Funds and determined the appropriateness of their use within the investment portfolio. Pooled funds enable the Authority to diversify the assets and the underlying risk in the investment portfolio and provide the potential for enhanced returns. Investments in pooled funds will be undertaken with advice from Arlingclose. The Authority currently has no investments in Pooled Funds at present, but is likely to make prudent use of them in the future.
- 37 Investment Policy:
Treasury Management in the Public Services: Code of Practice (the Code) was updated in November 2011, with a greater focus on risk management and significance of capital security as the Council's primary objective in relation to investments.
- 38 The Council maintains, as the cornerstones for effective treasury management:-
- A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the Council will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

Policy on Use of Financial Derivatives

- 39 The Authority does not currently use standalone financial derivatives (such as swaps, forwards, futures and options) and will only do so where they can be clearly demonstrated to reduce the overall level of the financial risks that the Authority is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives will not be subject to this policy. Where schemes contain an embedded derivative they will be subject to evaluation as part of the appraisal of the particular scheme.
- 40 Financial derivative transactions may be arranged with any organisation that

meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and any relevant foreign country limit.

- 41 The Authority will only use derivatives after seeking expertise, receiving a legal opinion and ensuring officers have the appropriate training for their use.

Policy on apportioning Housing Revenue Account (HRA)

- 42 Local authorities are required to recharge interest expenditure and income attributable to the HRA in a way which is fair to the HRA without detriment to the General Fund. The guidance is very general, so the Council is required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Code recommends that local authorities outline this policy in their TMSS.
- 43 As of 1 April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Individual loans or parts of loans have been allocated to the HRA, on the basis of achieving the same long term rate as that which applied to the General Fund at the self financing date. In the future, new long-term borrowing will be assigned in its entirety to one pool or the other, allocating the costs and benefits to each accordingly.
- 44 Differences between the value of the HRA loans pool and the HRA's underlying need to borrow will result in a notional element of internal borrowing. This balance will be assessed over the year and interest charged to the HRA at an appropriate rate for short term borrowing. The HRA will also hold reserves and balances which will be invested with the Council, and interest will be paid on identified balances at a rate which recognises that any investment risk is borne by the General Fund.

Monitoring and Reporting on the Treasury Outturn and Prudential Indicators

- 45 The CFO will report to the Audit Committee, Cabinet and Full Council on treasury management activity as follows:
- Annually, against the strategy approved for the year.
 - A mid-year report on the implementation of strategy and main features of the year's activity to date.

Training

- 46 CIPFA's Code of Practice requires the CFO to ensure that all members with treasury management responsibilities, including scrutiny of the treasury management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Arlingclose delivered a training session for members on 19 November, 2015. Staff regularly attend training courses, seminars and conferences provided by Arlingclose, CIPFA and others. Relevant staff are also encouraged to study for professional qualifications from CIPFA and other appropriate organisations.

Treasury Management Advisers

- 47 The Authority uses Arlingclose as Treasury Management Advisers and

receives the following services:

- Credit advice
- Investment advice
- Technical advice
- Economic & interest rate forecasts
- Workshops and training events
- HRA support
- Other matters as required

The Authority maintains the quality of the service with its advisers by holding quarterly meetings and tendering periodically.

Annex A**ANNUAL INVESTMENT STRATEGY 2016/17**

List of institutions which meet the Council's credit worthiness criteria:

Jurisdiction	Counterparty
UK	Lloyds TSB/ Bank of Scotland
UK	Barclays Bank plc
UK	Coventry Building Society
UK	Close Brothers Ltd
UK	Goldman Sachs International
UK	HSBC Bank plc
UK	Leeds Building Society
UK	Nationwide Building Society
UK	Santander UK plc
UK	Standard Chartered Bank
Australia	Australia and N Z Banking Group
Australia	Commonwealth Bank of Australia
Australia	National Australia Bank Ltd
Australia	Westpac Banking Corp
Canada	Bank of Montreal
Canada	Bank of Nova Scotia
Canada	Canadian Imperial Bk of Commerce
Canada	Royal Bank of Canada
Canada	Toronto-Dominion Bank
Denmark	Danske Bank
Finland	Pohjola Bank plc
Germany	Deutsche Bank AG
Germany	Landesbank Hessen-Thuringen
Netherlands	Bank Nederlandse Gemeenten
Netherlands	Coöperatieve Centrale Raiffeisen
Netherlands	ING Bank NV
Singapore	DBS Bank Ltd
Singapore	Oversea-Chinese Banking Corp

Singapore	United Overseas Bank Ltd
Sweden	Nordea Bank AB
Sweden	Svenska Handelsbanken
Switzerland	Credit Suisse AG
US	JPMorgan Chase Bank NA

The list above represents the institutions which meet the criteria at the time of preparation of the strategy. It does not include institutions to whom we are prepared to lend on the basis of sovereign or quasi sovereign status. The Authority's Chief Finance Officer may introduce new names which meet the criteria from time to time and may adopt more restrictive limits on maturity or value as seems prudent. The Council may also lend any amount to any UK national or local government body for up to 5 years.

An operational list of institutions which are approved to take deposits from the Council will be prepared and circulated to dealing and approving Officers from time to time. A protocol will also be maintained describing how investments will be chosen and managed.

Group Limits - for institutions within a banking group, the authority may lend the full limit to a single bank within that group, but may not exceed the limit for all group members. All direct investments with a bank or group will be subject to that limit.

Annex B

Non-Specified Investments

Instrument

Call accounts, term deposits and Certificates of Deposit (CDs) with banks, building societies and local authorities which do not meet the specified investment criteria (on advice from Arlingclose)

Deposits with registered providers

Gilts

Bonds issued by multilateral development banks

Sterling denominated bonds by non-UK sovereign governments

Money Market Funds rated below AAA and Collective Investment Schemes

Corporate and debt instruments issued by corporate bodies

Collective Investment Schemes (pooled funds) which do not meet the definition of collective investment schemes in SI 2004 No 534 or SI 2007 No 573. These would be capital expenditure.

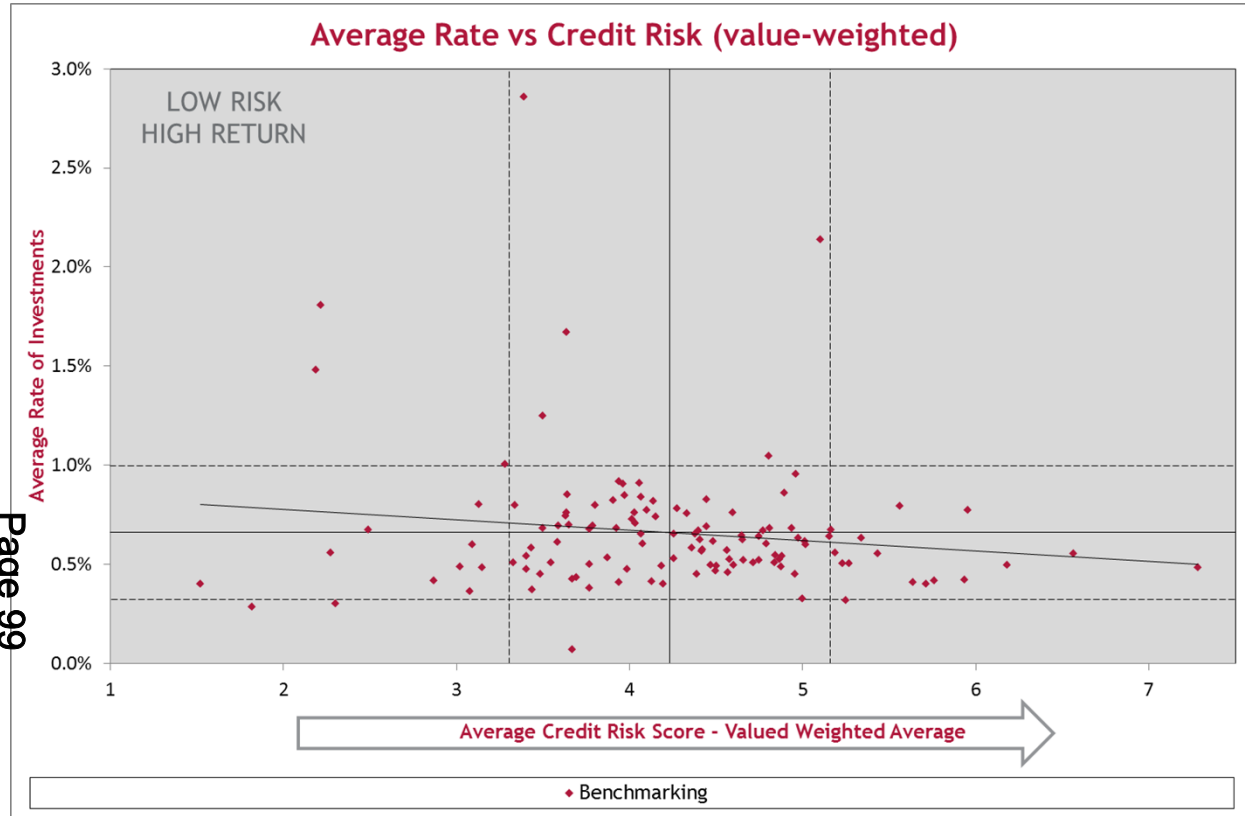
The Authority will hold up to a maximum of **£30m** in non-specified investments at any time, which may all be in one category subject to individual counterparty limits.

Annex C

Possible new instruments

All of the instruments are exempt from the risk of being bailed in if the institution borrowing the Council's money is eligible for bail in.

Instrument (and suitable time scale)	Features	Advantages	Disadvantages
Short bond or cash plus funds 6 months – 2 years	Purchase shares Cash invested in a diversified portfolio of liquid securities	Improved yield from various sources Redeemable asset	Volatility low but value could be below purchase price for some periods
Repurchase arrangement (repo) 1 month – 1 year	Loan to counterparty secured by exchange of collateral as security repayment (usually government stocks)	Offers improved yield by allowing extension of maturity limits	Not easily marketable, so would normally be held to maturity
Covered bonds 6 months – 3 years	Bond guaranteed by nomination of a pool of assets as security. Bond will have its own credit rating	Offers improved yield by allowing extension of maturity limits and use of counterparties who would be excluded by their own rating	Marketable but the market price would fluctuate so should be bought with the intention of holding to maturity
Corporate bonds 1 month – 2 years	Loan to company in marketable form. Security is the companies credit rating and assets	Improved yield because of lower liquidity and economic risk. Corporate capital structures are often more secure than financial counterparties	Risks of a different nature to financial counterparties: more exposed to market and economic risk
Corporate bond funds 6 months – 3 years	Purchase shares Cash invested in a diversified portfolio of corporate borrowing	Diversification means reduced risk Wide range of yields depending on liquidity and risk appetite	Higher level of volatility so may have to be prepared to wait to liquidate investment on favourable terms
Property Funds 5 years	Purchase shares Cash invested in a diversified portfolio of properties	Yields can be high by Treasury standards	Can be very volatile and may need long periods to be able to achieve value



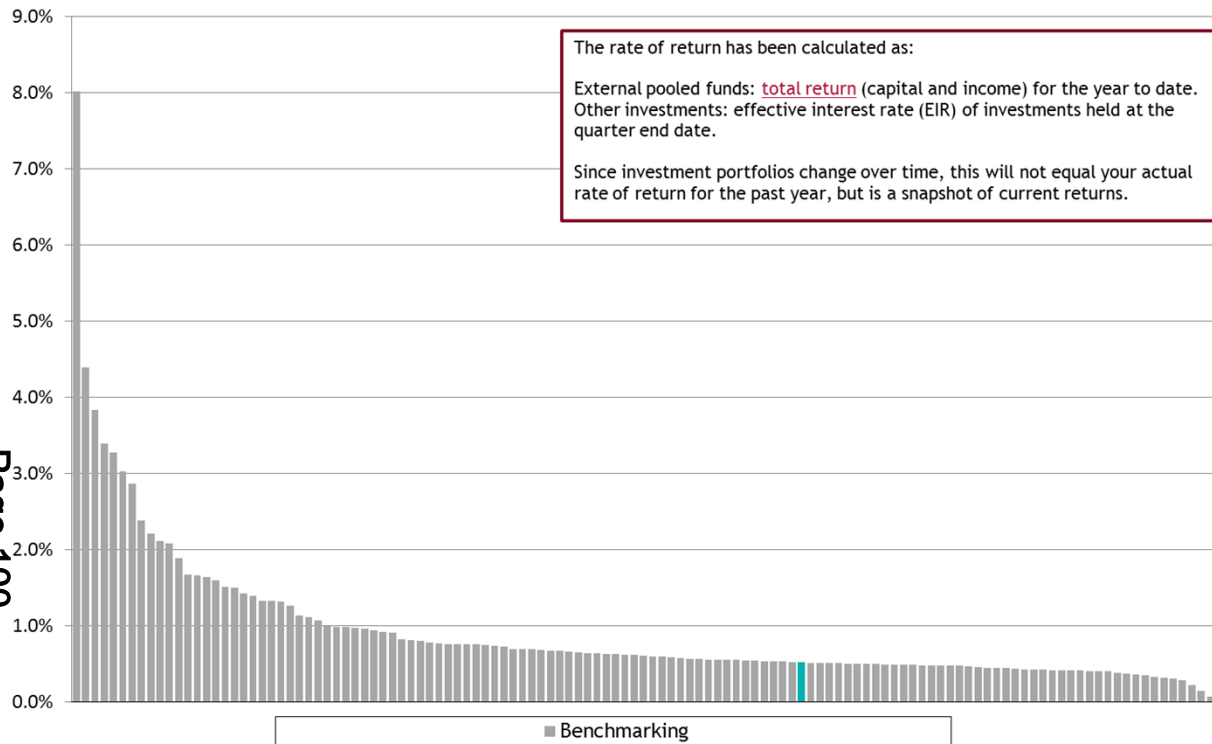
Total Return on Total Investment Portfolio (Internal plus External Funds)


The rate of return has been calculated as:

External pooled funds: [total return](#) (capital and income) for the year to date.
Other investments: effective interest rate (EIR) of investments held at the quarter end date.

Since investment portfolios change over time, this will not equal your actual rate of return for the past year, but is a snapshot of current returns.

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 Brent	<p>Audit Committee 5th January 2016</p> <p>Report from the Chief Finance Officer</p>
For Information	Wards Affected: ALL
Internal Audit Planning 2016/17 – Outline Approach	

1. Summary

- 1.1 As per the requirements of the Public Sector Internal Audit Standards, an annual operational internal audit plan should be prepared for presentation to the Audit Committee for endorsement and approval.
- 1.2 Whilst the draft Internal Audit Plan will be presented to the March 2016 Committee, due to the recent creation of the Audit and Investigation Shared Service, this report provides the Audit Committee with details of the proposed approach for the development of the 2016/17, including details of potential changes in Internal Audit focus, from previous audit plans developed.

2. Recommendations

- 2.1. The Audit Committee is asked to note the proposed approach for the preparation and focus of the 2016/17 Annual Operational Internal Audit Plan.

3. Detail

- 3.1. Consistent with previous years, the 2016/17 annual audit plan will be risk focussed and produced following consideration of the following:
 - Detailed review of the Strategic and Directorate risk registers;
 - Review of Government and other public sector reports outlining emerging public sector risks or key legislative developments;
 - Discussions with the Corporate Management Team, Section 151 Officer and Operational Directors to understand key service developments planned to be delivered in 2016/17;
 - Review of directorate service / business plans, where available;
 - Review of any assurance reports from external inspectorates such as Ofsted etc; and
 - Discussions with External Audit.
- 3.2. An effective Internal Audit function also needs to continue to demonstrate that it continues to add value in the Internal Audit approach and the assurances provided.

This is achieved through the delivery of cross-cutting organisational reviews rather than the traditional delivery of service based Internal Audits. It is therefore the intention that the 2016/17 Internal Audit plan will include an element of focus on corporate / cross-cutting reviews. Examples of this can include, subject of course to the assessment of risk, the following type of reviews:

- Assurance in respect of the delivery of corporate transformation projects, designed to deliver the corporate savings program. The aim of this type of review is to provide assurance that key risks associated with the delivery of this large corporate program are being effectively managed;
- Contracting and Contractor Performance Management, this type of audit is designed to review the corporate arrangements in place to promote the effective management of contracts and extended further to demonstrate appropriate arrangements are in place to enforce management of contractor performance.
- Statutory Compliance, a review to examine the corporate arrangements to provide assurance that the statutory responsibilities placed on the council and key roles are effectively discharged; and
- Corporate Governance to review the adequacy of the policies and codes of practice in place to promote effective governance within the council, including the Financial Procedure Rules.

3.3. In order to deliver these types of reviews, we will also seek to employ a range of internal audit techniques including 'embedded assurance' based reviews. These types of reviews include the incorporation of internal audit resources within projects to provide ongoing assurance at key stages of the project, rather than providing a retrospective assurance opinion.

3.4. In addition to the above, a review of the audit approach within Schools is also being considered including the development of the approach by moving to the delivery of thematic based reviews, rather than the continued delivery of the existing audit program. The types of thematic reviews being considered include:

- Financial Governance and Management;
- Procurement;
- Recruitment including safe recruitment practices.

3.5. It is intended that by completing a thematic approach, each school would receive an individual Internal Audit report, however the findings of the thematic reviews would be consolidated into single reports provided an assurance opinion to Strategic Director Children's, Section 151 Officer and the Audit Committee on the effective management of the thematic risks within Schools.

3.6. Finally, the development of the 2016/17 audit plan for Brent will also take into consideration any learning from the Shared Service in respect of any common risks faced or specific issues identified in the other organisations.

4. Financial Implications

4.1. None.

5. Legal Implications

5.1. None

6. Diversity Implications

6.1. None

7. Background Papers

7.1. None

8. Contact Officer Details

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Conrad Hall
Chief Finance Officer

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 Brent	<p>Audit Committee 5 January 2016</p> <p>Report from the Chief Finance Officer</p>
For Information	Wards Affected: ALL
Strategic Internal Audit Partner Procurement	

1. Summary

- 1.1 Further to the previous report to the Audit Committee on 16 September 2015, this report provides an update on the status of the procurement exercise currently being undertaken by the LB Ealing to identify and appoint a Strategic Internal Audit Partner for the Shared Service.

2. Recommendations

- 2.1. That the Audit Committee notes the progress being made with regards to the procurement of a Strategic Internal Audit Partner by the Shared Service.

3. Detail

- 3.1. The Audit Committee will note that currently the Internal Audit service model delivered to Brent is based on a mix of in-house provision, with the majority of internal audit input delivered by an outsourced provider. This arrangement is also the same service delivery model found at the London Boroughs of Hounslow and Ealing.
- 3.2. This arrangement has been in place for a significant period of time, with the current outsourced provider, delivering services under the framework contract arrangement by Croydon Council in 2011. The creation of the Audit & Investigations Shared Service has however provides the opportunity to consolidate this arrangement into a single contract between LB Ealing and the Strategic Internal Audit Partner for the delivery of services across the organisations supported by the shared service, rather than continuing with the existing position of three individuals currently being in place.
- 3.3. The key driver for the procurement is to deliver improvements in the overall effectiveness of the internal audit services delivered including the introduction of innovation in the internal audit techniques employed, whilst also maximising the use of technology and IT solutions to deliver wider levels of assurance wherever possible. An example of where IT techniques could be used includes the use of techniques such as 'continuous audit solutions. This specific technique can be deployed across key financial system audits, to provide 100% real time sampling and reporting to promote compliance with key controls.

3.4. In order to promote and ensure the success of this procurement, a 'Procurement Supplier Day' was held in August 2015, in order to explain to potential suppliers the requirements of the shared service with regards to the services and service standards expected. A representative from Brent attended this day and formed part of the presentation panel, which was attended by nine potential suppliers.

3.5. The current status of the procurement is that, a single stage procurement exercise is being completed and Invitations to Tender were issued during week commencing 20th December 2015. Tenders are due to be returned for evaluation at the end of January 2016. Supplier presentations will be held during February 2016, leading to the appointment of the successful supplier by the end of March 2016. The committee will note that the evaluation panel is comprised of senior representatives from Ealing, Brent and Hounslow.

4. Financial Implications

4.1. The current value of fees paid in respect of the Internal Audit services provided by Mazars, under the Croydon Council framework totals £192,000. These costs are currently covered by the existing Internal Audit budget.

5. Legal Implications

5.1. None

6. Diversity Implications

6.1. None

7. Background Papers


7.1. None

8. Contact Officer Details

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Conrad Hall
Chief Finance Officer

 Brent	<p>Audit Committee 5th January 2016</p> <p>Report from the Chief Finance Officer</p>
For Information	Wards Affected: ALL
Shared Service Specification.	

1. Summary

- 1.1 Further to the request of the Committee held on 18 November 2015, this report provides details of the service specification agreed and included within the Formal Collaboration agreement which governs and monitors the performance requirements placed on the Shared Service.

2. Recommendations

- 2.1. That the Audit Committee notes the service specification and performance standards included within the formal collaboration agreement between the London Borough of Ealing and Brent.

3. Detail

- 3.1. The creation of a Shared Internal Audit Service with the London Borough of Ealing was approved at the Council meeting held on 22 June 2015. (Appendix A) Prior to this, the proposals were previously considered by the Audit Committee at its meeting on 7 January 2015. The advantages of the Shared Service arrangement included within the report to Council included the following:

- Brent would be joining an existing and successful arrangement. The ‘starting small and then expanding’ model is a preferable way to achieve successful shared service.
- The boroughs are geographically close.
- Buying in to the shared service arrangement would enable the development of expertise within the team;
- Within a larger service there would also be the opportunity to create staffing structures that promote career development opportunities.
- Support contracts would also be aligned which would also create contract management efficiencies.

- 3.2. The Shared Service arrangement between Brent and Ealing under a formal legal Collaboration Agreement which was signed in October 2015. This agreement

outlines the full legal obligations placed on both parties with regards to the service standard expectations and performance requirements. For reference and to address the specific points raised by the Audit Committee at the meeting held on 18 November 2015, Schedule 1 Service Specification and Schedule 1, Annex 1 Performance Indicators is included within Appendix B.

- 3.3. Performance of the Shared Service is monitored by the Chief Finance Officer, who has weekly meetings with the Head of Audit & Investigations Shared Service.

4. Financial Implications

- 4.1. The cost of services delivered by the shared service is contained within the existing Internal Audit and Investigation budgets.

5. Legal Implications

- 5.1. None

6. Diversity Implications

- 6.1. None

7. Background Papers

- 7.1. None

8. Contact Officer Details

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Conrad Hall
Chief Finance Officer



Council
22 June 2015

Report from the Chief Finance Officer

Shared Internal Audit Services

1 Summary

- 1.1 The council is seeking to make savings of an average of 40% in the provision of its support services, in response to the financial pressures that it faces. Officers are responding to this challenge by considering different models of service delivery, seeking to reduce costs whilst mitigating the impact on service delivery.
- 1.2 This report sets out a proposal to share internal audit services with the London Boroughs of Ealing and Hounslow. This would enable an immediate saving on management costs to be achieved, as set out in the report, whilst future proofing the important assurance and deterrence functions that the service provides. Over time the proposal would also deliver further financial savings through economies of scale and efficiencies and the opportunity to improve the service by facilitating more cross-borough working and sharing best practice. In particular it would enhance the resilience of the service.
- 1.3 Due to the particular nature of the internal audit service, decisions to change the way in which it is provided, as proposed in this report, require the approval of Council. This helps to protect the operational independence of the service. The Audit Committee, on 7 January 2015, noted the report, and was supportive of the proposal. The detailed comments of the Audit Committee appear at paragraph 6.8.

2 Recommendations

That Council:

- 2.1 Agree to delegate the provision of its internal audit service to the London Borough of Ealing with effect from 1 October 2015 or such other date as may be reasonably agreed with the London Borough of Ealing.
- 2.2 Note that the cost of operation of such delegated internal audit service by the London Borough of Ealing will be, initially, at least £75,000 less than the current service cost.
- 2.3 Agree to enter into an agreement confirming the terms of delegation and delegate authority to the Chief Finance Officer in consultation with the Chief Legal Officer to

determine the precise terms of the legal agreements necessary to achieve the same, as set out in section six of this report.

- 2.4 Agree to the proposed staffing arrangements including the transfer of internal audit and investigation staff to the London Borough of Ealing as set out in paragraphs 4.5 and 4.6.
- 2.5 Note that this proposal will enable the council to reduce the number of heads of service employed by one, the saving from which will contribute towards the £1.4m to be achieved through the corporate management restructure.
- 2.6 Authorise the Chief Legal Officer to make any necessary changes to the Council's Constitution to reflect the delegation of the internal audit function to the London Borough of Ealing.

3 Internal audit – background

- 3.1 Internal audit provides an essential service to the organisation, the importance of which should never be underestimated. A good internal audit service provides a council's political leadership and senior management with assurance that business processes across the organisation are effective and that risks are identified and well managed. It assists the external auditors to judge the effectiveness of controls, driving down total audit costs as a result. It highlights exceptions to proper practices and plays the dual role of helping managers to address these whilst also holding them to account.
- 3.2 Internal audit helps to prevent fraud within the council and the borough, advising on system design to reduce fraud risk, promoting a strong anti-fraud ethic, investigating potential cases of fraud and publicising, as appropriate, the sanctions imposed on fraudsters. It provides a responsive service to management where investigations into the actions of individuals are required, and as it has a degree of independence from day to day operations, can provide assurance externally that the council is conducting its business properly.
- 3.3 Like any service, this does not make internal audit immune to change, and savings are required here just as for any other support service. The risk for the council is that, as a relatively small service, once savings beyond a certain level are delivered the remaining function becomes too small to be sustainable or have the economies of scale necessary to remain efficient.
- 3.4 If the service is simply crudely downsized then there are significant risks that it will become increasingly difficult to attract and retain staff with the right mix of skills, especially at the higher end forensic services. At the same time the contract through which most of the systems work is performed could be squeezed to the point where its management costs become unreasonably high as a proportion of total spend. In addition, accountancy firms of the requisite size to be able to provide the range of services that will always be needed may struggle to provide economic rates for small contracts, driving up day rates and unit costs.
- 3.5 These financial arguments are a relevant consideration. However, it is important to note that perhaps the more significant consideration will be the resilience of the service. Small teams lack the inherent resilience of larger teams and there is a significant risk that substantial downsizing of the service would result in a model that could no longer be confident of delivering high quality outcomes.
- 3.6 For these reasons an alternative service delivery model has been examined, sharing services with Ealing and Hounslow, who already operate a shared internal audit service.

- 3.7 Internal audit currently has a Head of Service, graded Hay 4, performing the Chief Internal Auditor role, responsible for the two principal arms of the service – anti-fraud work and systems and risk audit. On the systems and risk side there is an internal audit manager and one officer, with the bulk of the work carried out by an external provider, currently Mazars. Anti-fraud services are carried out in house, with a team of long-established staff conducting investigations. This team was reduced in 2014/15 as four staff transferred to the DWP as part of the creation of a national Single Fraud Investigation Service (SFIS), and responsibility for countering HB fraud also passed from the council.
- 3.8 This is a fairly common model. Many local authorities outsource their audit and risk services to external providers, as Brent has done. As a result the directly employed staff are relatively few in number: less than 20 including the two apprentices also placed in the unit, and from time to time the council's CIPFA trainees who are also seconded to it.
- 3.9 Around 1,200 input days of systems audit and risk work was delivered in 2014/15. This total was reduced for 2015/16 as part of the agreed budget proposals. On a like for like basis this reduced the audit days to about 900, but some of this reduction has been offset by greater use of trainees. Brent's input audit days for 2015/16 will be at around the average figure for London, as other boroughs are also reducing internal audit days in response to financial pressures, whereas historically the service has tended to deliver more input days than average.
- 3.10 Anti fraud services are, by contrast, provided in house by most local authorities. An external market exists for these services, but is characterised by high day rates. For some specialist investigations it can be the appropriate way forward, but, like most authorities, Brent would only use this if the circumstances of a particular case warranted this specialisation.
- 3.11 Much of the work of the anti-fraud team is in practice focused on high volume and recurring types of fraud. For example, housing benefit anti-fraud work, until its transfer to the Department for Work and Pensions in October 2014, suited internal delivery. There was sufficient volume of attempted fraud to keep staff consistently busy, and the legislation was complex enough to require particular skills to be developed that led to economies of scale. Having an external contractor do this sort of work is not impossible, but most authorities take the view that the contractual hand-offs associated with this would be unduly complex and expensive, and that the service would be less responsive as a result.
- 3.12 The same is true of other principal categories of attempted fraud, such as tenancy fraud, which is an increasing area of focus given the housing pressures. It also, sadly, remains the case that some investigations into council employees attempting fraud or committing other financial irregularities will always be needed. Most authorities take the view that a formal external contract for these services with a commercial provider is not likely to be the best way of resourcing these investigations.
- 3.13 However, by continually reducing these services over the next four years (and the average 40% savings currently targeted for support services are only enough to balance the budget for the next two years) these economies of scale will be reduced as the team downsizes, to the point when it may become difficult to deliver an adequate service at all. And, in fraud investigation work, there are fewer opportunities to deliver efficiencies in a small team, although of course service standards and quality of work can always be improved. In this scenario staffing savings tend to look a lot more like straightforward cuts leading to less work being

done, and there are significant financial and reputational risks associated with adopting a public position of no longer trying to investigate certain types of fraud.

- 3.14 It is also relevant that the inevitable nature of a small service led at a Head of Service (Hay 4) grade is that the management overhead is necessarily high. In most other services a senior manager at this grade would manage a larger group of staff. This reflects the specialist nature of the service being provided, but the council's leaders are rightly concerned to seek to bear down on management costs.

4 Shared service model

- 4.1 In this context a shared service model has, on the face of it, significant potential attractions. There are several such services already operating in London, for example Kingston and Richmond, OneSource (Newham and Havering), the tri-borough service and Ealing and Hounslow, with whom it is proposed to enter into a shared service arrangement.
- 4.2 Hounslow and Ealing operate a shared internal audit service. This was initially established as a relatively informal arrangement, with staff employed by their host authority but managed for practical purposes by a shared Head of Audit. More recently this arrangement has been formalised with a TUPE transfer of staff underway from Hounslow to Ealing to create a true shared service. The service is led by Ealing, who employ the Chief Internal Auditor, who performs this service for both boroughs, with reporting lines in to each Chief Executive and Audit Committee chair as required. Both are satisfied that the service has worked effectively, and in particular Hounslow, as the customer of the service, is satisfied that it receives the assurances that it needs from the service.
- 4.3 Officers have discussed this model, and propose joining the service on the basis set out below.
- 4.4 The model proposed is a 'delegate and buy back' service. This would mean that, if the arrangement were to go ahead, Brent would delegate its audit function to Ealing and enter into an arrangement to buy the service back. This is significantly simpler in procedural terms than establishing a special purpose vehicle or other local authority controlled company or joint committee arrangement. There is the added advantage of joining a known arrangement, rather than trying to create something new. This means that the proposal could be implemented quickly and with fewer risks.
- 4.5 This would mean that the staff concerned would transfer across to Ealing, and TUPE would apply. The immediate staffing saving would be delivered because in the new model the cost of the Head of Internal Audit would be shared between three boroughs, whereas at present Brent pays the entire cost of this role.
- 4.6 It is not proposed to undertake budget reductions for the other staff prior to the transfer. This reflects the fact that the sharing of services is only partly being driven by the need to make immediate reductions in the budget, with a more significant driver being securing a future service, with planned future cost reductions built into the business plan. There are no redundancy costs associated with this proposal.
- 4.7 The advantages of this arrangement are as set out below.
- 4.8 This is joining an existing and successful arrangement. This 'starting small and then expanding' model is a preferable way to achieve successful shared services, as has been demonstrated by the difficulties some larger partnerships have faced.
- 4.9 The boroughs are geographically close. Despite advances in technology it is the nature of internal audit and investigation work that a significant amount of work on site will always be required. Having an arrangement with geographic partners

therefore has advantages over, for example, entering into an arrangement with One Source or Richmond and Kingston. This geographic closeness will also enable the development of a co-located audit function with its headquarters in Ealing.

- 4.10 However, it is the nature of the audit function that a high proportion of the work requires an on-site presence, to conduct interviews or to review evidence first-hand, for example. Staff would therefore need to retain a regular presence at the Brent Civic Centre, and continue existing flexible working arrangements, for example to access the council's zip cars to make efficient site visits and so on.
- 4.11 Buying in to this shared service arrangement will enable the development of expertise. On the systems and risk side of the business there would be increasing opportunity for collaboration. It is, for example, obviously more efficient to carry out the standard audits of those systems that always need to be reviewed annually (creditors, council tax and so on) on a three borough basis. The same person can do the audit three times, sharing good practice and reducing the average time taken to do the same element of work. The efficiency gains from this are unlikely to be major, although they would be real. The opportunity for sharing best practice is a more significant opportunity that could lead to material enhancements in the service.
- 4.12 In anti-fraud activities the potential value of such ready access to data sharing across three boroughs will obviously be significant, although care will be needed to ensure that responsibilities under the Data Protection Act are preserved. Would be fraudsters do not limit their activities by borough boundaries, and the ability to co-ordinate more easily internal audit activities across three boroughs could improve detection rates and the deterrence value of the service.
- 4.13 Within a larger service there will also be more opportunity to create staffing structures that promote career development opportunities. Staff will be able to develop expertise in particular areas, or by exposure to different London boroughs gain a wider insight into governance and risk management issues, enhancing their skill sets.
- 4.14 The contracts are also aligned (Ealing and Hounslow operate the same model of service delivery as Brent, with an external provider for most of the systems and risk work and internal staff for the anti-fraud work). Mazars provide internal audit services to all three boroughs, with a common expiry date of March 2016, so a collective re-procurement exercise can be carried out for 2016/17.
- 4.15 There are significant advantages to the shared service option arising from contract management efficiencies. As the three authorities' contracts are essentially similar it would be much cheaper for one officer to manage them all. This would also enable a more co-ordinated approach to be taken to hold the external contractor to account in the event of under performance.
- 4.16 Future contract re-procurement is also likely to be cheaper, certainly in terms of the internal resource needed to manage the process but also in terms of being able to offer a package that will be more attractive to the market.
- 4.17 As has been noted above, adopting this model would reduce the overall cost of management and its proportion of the total internal audit cost. Discussions with Ealing have shown that they would be able to offer enhanced service standards in some areas to that currently achieved. In summary, this proposal offers the opportunity to deliver at least the existing standard of service, and in many respects a better standard, for a lower cost.

5 Other options

- 5.1 Other options have been considered, and these and some other considerations are set out below.
- 5.2 The systems audit and risk management service could be brought back in house. The difficulty with this is that the team to provide the service would be fairly small and therefore hard to sustain. This was what drove many local authorities to outsource it in the 1980s and 1990s when teams were significantly larger. Brent has a total of around 1,200 internal audit days, of which over 900 are provided by the external contractor and the balance by the in house team.
- 5.3 If this part of the service were to be entirely in-sourced the team required to deliver it would be around five FTEs (assuming 900 total audit days), within which it would be difficult to have the full range of skills required. There would also be a high management overhead, as audit programmes for each piece of work would have to be designed individually, whereas an external provider has significant economies of scale. Most local authorities therefore rely on external provision for this. However, where there is scope for variation is in the balance of externally and internally provided audit days.
- 5.4 The option of entirely insourcing the internal audit service has therefore not been pursued. However, the shared service option, with its economies of scale, could in future increase the proportion of audit days delivered internally. This would have the effect of driving down costs and also providing greater training opportunities for the council's apprentices and CIPFA trainees.
- 5.5 Savings could just be delivered by reducing the number of investigation staff. No further reductions in the number of purchased systems and risk management days are proposed at the present time, other than already set out in this report, since this would expose the council to unreasonable levels of risk. The current team of investigators could be reduced from those currently employed in order to deliver immediate savings. However, this is not recommended as it would significantly limit the ability of the council to deliver anti-fraud services. However, the council will retain the right to reduce the cost of this service in the future, under the shared service proposal. This will give the council the ability to deliver future savings in a planned and managed way, preserving the quality of the service.
- 5.6 Other partners have been considered. However, a key issue here is geography. Internal audit is very much a service where outputs are closely correlated to input hours. Of course, the quality of staff and management matters, as for any service, as does the technology required to support, for example, the data matching services that can help to identify fraud risks. Nevertheless, the fact remains that, certainly for the more standardised elements of audit services, such as for routine audits into standard systems or investigations into high volume fraud areas like tenancy and housing benefits, input hours will be a significant determinant of outputs.
- 5.7 In this context a shared service offering not based on geographic proximity is likely to add costs and reduce flexibility. This is not just to do with staff travel to work times, but with the ability of staff to work across more than one site in any short period of time to share best practice and gain efficiencies of scale.
- 5.8 The Ealing offer certainly has the benefit of this geographic continuity. An alternative provider could be OneSource, the shared service vehicle between Havering and Newham. This has been considered, but rejected in this instance because of the distances involved, certainly to Romford. Similarly the Richmond and Kingston shared service is based too far away to be likely to be successful. Discussions with other potential partners in the London boroughs have not revealed any significant appetite for adding to existing shared service models.
- 5.9 The Ealing model is established and stable. Circumstances can of course change, but decisions need to be progressed based on the current conditions, and at present

Ealing have the model that best suits the rapid achievement of a shared service, as well as the advantage of being geographic neighbours.

- 5.10 A more radical option might be to opt for a very different sort of contract for systems audit and risk services. Some of the accountancy firms are developing offers for internal audit services based on higher day rates and more sophisticated data analysis tools. They claim to be able to provide the same or greater levels of assurance at no increase in overall cost. However, these models are relatively new and adopting one at this stage would be a high risk strategy. It would also almost certainly not be cheaper. Officers propose to keep this under review in line with the proposed re-tendering of the three contracts for April 2016.
- 5.11 From this option appraisal officers believe that the best way to secure the future of the internal audit service at a lower cost is to proceed with the shared service option with Ealing.

6 Governance and risk

- 6.1 The shared service model proposed will need effective governance in place to work. The precise details will be resolved through the legal agreement. They will have to include (and are not in any way contentious with Ealing):
- Rights of access of the joint Chief Internal Auditor to the Chief Executive and Chair of the Audit Committee
 - Briefings for the Chair and other Members of the Audit Committee and attendance at them
 - Regular meetings (at least monthly) with the Chief Finance Officer and Monitoring Officer
 - Regular meetings (at least quarterly) with the Chief Executive
 - Attendance at DMTs or other relevant meetings with Directors, for example to address significant audit findings, assist in audit planning and risk identification and to progress confidential matters
 - Liaison with external auditors as appropriate
 - Assurances as to the level and quality of service to be provided
 - Procedures to follow to address complaints or other issues of service quality, including ultimately Brent's rights to terminate the agreement.
- 6.2 Ad hoc meetings on urgent issues as they arise will of course be required, and the nature of the shared service model proposed, with its reduction in management costs, inevitably poses some risks in the situation where urgent issues arise in two or more authorities at once. These have been managed successfully by Ealing and Hounslow and there is no reason in principle to assume that they could not be extended, and to a large extent the risks simply flow from the reduced management costs, which are being managed across the council.
- 6.3 Officers recommend at this stage delegating the management of the contract with Mazars to Ealing, rather than formally novating the contract. (Strictly speaking, the contract is with the London Borough of Croydon, who have let a framework contract which Brent accesses). This will enable maximum flexibility in the run up to re-procurement in April 2016.
- 6.4 A nominated point of contact within Brent for day to day contract management issues and for intelligence gathering and briefing will be required. This is proposed to be the Operational Director, Finance. However, the sensitive nature is such that the Chief Finance Officer will continue to exercise close personal oversight of the head of internal audit, albeit that this will become a relationship managed under a shared service agreement rather than under an employment contract.

- 6.5 In conclusion, the shared service option with Ealing and Hounslow offers a robust opportunity to reduce costs without introducing significantly greater risks. The shared service could enhance efficiencies and the quality of service offered, for example by allowing economies of scale and sharing of best practice.
- 6.6 The disruption to staff through the transfer would of course need to be carefully handled. However, TUPE will apply with all the protections that implies, and the transfer will be to another local authority rather than to a private company. In the slightly longer term the model should also offer staff better career paths through being part of a larger service.
- 6.7 Above all, from a managerial perspective, it offers the chance to deliver savings in management costs and efficiencies, rather than wholesale service reductions and the accompanying significant increase in risk.
- 6.8 The Audit Committee considered the proposal at its meeting on 7 January 2015, and commented as follows:
- 6.8.1 The Audit Committee is supportive of the principle of the proposal
- 6.8.2 The Audit Committee considered it essential that a full and proper legal agreement was entered into to underpin the shared service arrangement to protect the Council's interests
- 6.8.3 The Audit Committee were reassured by officers that a satisfactory legal agreement would be entered into prior to commencement of the proposal, ensuring in particular that the arrangements for the head of audit to report directly to the Audit Committee, Chief Executive and Chief Finance Officer would remain unchanged
- 6.8.4 The Audit Committee noted that the audit plan for 2015/16 would be agreed prior to commencement of the proposal and that the annual governance statement and head of audit's certificate for 2014/15 would need to be completed
- 6.8.5 The Audit Committee agreed to receive a report within one year of commencement evaluating the effectiveness of the new arrangements
- 6.8.6 The Audit Committee noted that in due course there might be scope to consider adding other services into the arrangement, if a satisfactory business case existed.

7 Financial implications

- 7.1 The gross expenditure budget for the current service is £1.1m, of which £0.8m relates to staffing costs and £0.3m to the internal audit contract. Some amendments to this will be required in 2015/16, to reflect transfers of staff to the Single Fraud Investigation Service earlier in the year
- 7.2 On a like for like basis agreeing this proposal would deliver a saving of approximately £75,000 through sharing the costs of the Chief Internal Auditor.
- 7.3 There are good grounds for assuming that further efficiency savings could be delivered through this arrangement in the future. This could be achieved through more efficient procurement and contract management by achieving economies of scale, for example. Enabling more cross borough working and staff specialisation will also create opportunities for service enhancement.

8 Legal implications

- 8.1 Section 101 Local Government Act 1972 enables an authority to make arrangements for the discharge of its functions by a committee, subcommittee or officer of the

authority or by another authority (sections 19 and 20 Local Government Act 2000 deal with executive functions).

- 8.2 Support Services such as Internal Audit Services are classified as non-executive functions under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 SI 2000/2853 as amended (Paragraph 139 of Schedule 1), as are staffing matters under Section 112 Local Government Act 1972. As a result, the decision regarding delegation of the service needs to be made by a non-executive body, such as full Council.
- 8.3 It should be noted that the arrangements proposed are not intended to amount to a procurement of services which would fall within the scope of the EU Procurement Rules. Instead, Brent is delegating its internal audit function to the London Borough of Ealing and it is the London Borough of Ealing exercising the function on behalf of Brent, rather than agreeing some form of contractual arrangements, similar to those which would pertain with an external provider of internal audit services.
- 8.4 In practice this means that the Chief Internal Auditor is carrying out the audit function on behalf of Brent and the collaboration agreement records the terms upon which costs will be shared and the other practical issues which have been documented for the arrangements. It also means that various roles and responsibilities will need to be reflected in Brent's Constitution which is likely to require amendment as a result of the new arrangements. Until the full details of the legal agreement governing the terms of the delegation are agreed, it is not possible to specify all the changes that may be required to Brent's Constitution.
- 8.5 As indicated at paragraph 4.5, staff would transfer to the London Borough of Ealing pursuant to TUPE. When TUPE was first drafted it applied when there was a transfer of a recognisable economic entity. The precise definition of what a recognisable economic entity amounted to was the subject of a huge amount of debate and litigation. The result of that was that some transactions that involved staff transfers, in their non legal meaning, were held not be covered by TUPE. As a result the ambit of TUPE was widened so as to include service provision changes ("SPC").
- 8.6 An SPC has a very wide definition and was designed deliberately on that basis to essentially bring as many transactions within the ambit of TUPE as possible. In this case it seems relatively clear that TUPE would apply as the **"activities cease to be carried out by a person on his own behalf and are carried out instead by another person on the client's behalf..."** This definition is capable of covering a huge amount of situations and the one proposed here is caught, beyond doubt, and as such TUPE is certain to apply.
- 8.7 TUPE as a process is not that difficult to manage but there is a lot of accumulation and tabulation of detail required. Similarly, there are positive duties to inform and consult on various matters that have to be observed as a matter of law. Failure to observe such matters could result in litigation and the potential for compensation to be awarded. As a result it will invariably be the case that the earlier that an HR Manager can be appointed to project manage that process the more successful and smoother that process is likely to be.
- 8.8 As the internal audit function is being delegated to the London Borough of Ealing, Brent will suffer a loss of direct control over the delivery of the internal audit service and the management of staff. In order to mitigate against this, there will be a collaborative agreement setting out in detail governance and service delivery requirements. Appropriate performance management arrangements and exit clauses would be needed to negotiated, as is standard in any such arrangement.

- 8.9 There is no statutory requirement for auditors to be employees of the Council nor is there any statutory requirement for an auditor to be employed by the Council to present evidence at a disciplinary or other hearing. There have been various challenges made to individuals investigating and presenting cases at disciplinary hearings who are not direct employees. However, none of those challenges have ever succeeded, primarily as there is no legal requirement for this to be the case and secondly, because the test is essentially whether it is reasonable to appoint an individual who is not an employee. As long as the individual is competent and able, their employment status is not an issue.

9 Staffing and equalities implications

- 9.1 Staff would be protected by TUPE transfer. Change processes would need to be handled in accordance with policy, including the proposed change of work locations.
- 9.2 Becoming part of a larger team with shared expertise will allow some improvement to staff development opportunities. Staff have been consulted, through briefings to the entire team and one-to-one follow up meetings as requested.
- 9.3 Staff have raised a number of issues in the consultation. Staff understood the principles on which it was being proposed and commented on the benefits that could flow from this, as well as the risks involved and how these would need to be managed. The application of TUPE significantly lessens the material financial consequences of the change for individual employees, but suggestions were made as to the importance of not creating significant or unnecessary travel time. A number of practical comments were also made, such as around access to IT systems and equipment, all of which can be taken into account during the TUPE transfer process.

10.0 Background Papers

- 10.1 None

Contact Officer

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CONRAD HALL
Chief Finance Officer

Schedule 1

Service Specification

Internal Audit and Counter Fraud and Investigation Services

1. Introduction

- 1.1 This document sets out the functions to be delegated by the Delegating Authority to the Host Authority, the Services to be delivered and also sets out the performance standards for the Services.

2 Internal Audit Services

2.1 General

- 2.1.1 The Internal Audit Services shall be delivered in accordance with the Public Sector Internal Audit Standards, the requirements of the Accounts and Audit Regulations (England) 2011 as amended from time to time.
- 2.1.2 The Chief Audit Executive shall have unrestricted rights of access to all officers and members of the Delegating Authority as set out in clause 3.3 of the Agreement
- 2.1.3 The Chief Audit Executive shall have full operational independence to determine, inter alia, which audits should be carried out and when using the shared resources available. The Chief Audit Executive does however recognise the need to ensure that the work on the Brent audit plan is generally conducted from Brent's premises or sites throughout the Borough of Brent.
- 2.1.4 The Parties agree that the headquarters location for Staff transferring from the Delegating Authority to the Host Authority pursuant to the Transfer of Undertakings (Protection of Employment) Regulations 2006 will be Perceval House Ealing. For such Staff, monthly attendance at Perceval House Ealing for team meetings etc. will be required but the Chief Audit Executive recognises the need for such transferring Staff to be regularly working in the London Borough of Brent.
- 2.1.5 The Parties agree that during the Term the Delegating Authority may nominate its apprentices to assist with the provisions of the Services. The secondment of such apprentices to the Host Authority will be on the basis of a secondment agreement in such form as may be approved by the Parties.

2.2 Internal Audit Planning

- 2.2.1 Development of a risk-based Agreed Annual Audit Plan, informed by:
- The review of all relevant documents including but not limited to – the

- Delegating Authority's Corporate Plan, Corporate, Directorate and Project Risk Registers, list of corporate projects and initiatives;
- Consultation with key individuals of the Delegating Authority including Directors and departmental management teams;
 - Follow up of previous Internal Audit Reports, assurance opinions and agreed management actions in response to the recommendations made in the previous year's Internal Audit Reports of the Delegating Authority;
 - Liaison with the Delegating Authority's external auditor; and
 - Emerging risk issues for the Delegating Authority.
- 2.2.2 The level of Internal Audit Services will be based on the number of Internal Audit Days delivered in the 2015/2016 financial year baseline supplied by Delegating Authority's in-house resource (185 productive days per FTE) plus those Productive Days bought in from the outsourced provider of audit services (716 days)
- 2.2.3 The Agreed Audit Plan shall be presented for endorsement and approval within the required Delegating Authority's Audit Committee reporting timescales normally at the meeting held annually in February, to the Delegating Authority's Corporate Leadership Team and the Delegating Authority's Audit Committee. For reference, the Delegating Authority's Audit Committee meets at least four times per year.
- 2.2.4 In accordance with the Public Sector Internal Audit Standards the Chief Audit Executive will develop and ensure that the Agreed Annual Audit Plan will provide sufficient and appropriate evidence in order that the Chief Audit Executive is able to deliver the Chief Audit Executive's Annual Internal Audit Opinion and Report that can be used by the Delegating Authority to inform its Annual Governance Statement.
- The Chief Audit Executive's Annual Internal Audit Opinion and Report must conclude on the overall adequacy and effectiveness of the Delegating Authority's framework of governance, risk management and control.
- The Chief Audit Executive's Annual Internal Audit Opinion and Report will incorporate
- The Chief Audit Executive's assurance opinion;
 - A summary of the work that supports this opinion; and
 - A statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.
- 2.2.5 Each planned Internal Audit Assignment included within the Agreed Annual Audit Plan will be effectively planned and defined within formal terms of reference to include:

- Assignment objectives;
- Scope;
- Timing;
- Resource allocation; and
- Deliverable

2.2.6 Comprehensive audit files will be produced and maintained to support the audit conclusions reached.

2.3 Delivery

2.3.1 Manage the delivery of the Agreed Internal Audit Plan

2.3.2 To comply with the Performance Indicators

2.3.3 To agree changes to the Agreed Annual Audit Plan as follows:

- Requests to defer planned Internal Audit Assignment : on the written authority of the Delegating Authority's relevant Chief Officer (only); subject to the Chief Audit Executive having the right to refuse the deference if considered appropriate The Chief Audit Executive will have the independence to complete an audit if he considers it appropriate, thereby maintaining the required independence.
- Requests to cancel planned Internal Audit Assignment: on the written authority of the Delegating Authority's relevant Chief Officer (only); subject to the Chief Audit Executive having the right to refuse the request to cancel, if considered appropriate
- Requests to add new Internal Audit Assignment: on the written authority of the Delegating Authority's relevant Chief Officer (only); subject to the Chief Audit Executive having right to refuse the addition of new audits, if considered appropriate

2.3.5 To operate a risk based process for the follow-up of internal audit recommendations / agreed management actions as defined within the Final Internal Audit Report delivered for each Internal Audit Assignment included within the Agreed Annual Audit plan.

2.4 Quality / Reporting

2.4.1 In accordance with the requirements of the Public Sector Internal Audit Standards to ensure that all planned Internal Audit Assignments are subject to management review to ensure that the agreed audit scope / objectives have been delivered.

2.4.2 To produce a written report into each Internal Audit Assignment in a format to be agreed.

- 2.4.3 To produce a quarterly summary progress report on the delivery of the Agreed Internal Audit Plan in an agreed format to the Delegating Authority's Corporate Leadership Team and Audit Committee.
- 2.4.4 In accordance with the requirements of the Public Sector Internal Audit Standards to produce an Chief Audit Executive Annual Internal Audit Opinion and Report
- 2.4.5 In accordance with the CIPFA Delivery Good Governance in Local Government Framework ("The Framework") to prepare and publish an Annual Governance Statement in accordance with the Framework which meets the statutory requirement set out in Regulation 4(2) of the Accounts and Audit Regulations 2011 for inclusion within the Statement of Accounts of the Delegating Authority.

2.5 Reporting to the Delegating Authority's Audit Committee

- 2.5.1 Attend each meeting of the Delegating Authority's Audit Committee (between 4 – 6 meetings per year).
- 2.5.2 Prepare all necessary reports in the agreed reporting format to include progress performance reports, annual report, draft Annual Governance Statement and draft Agreed Annual Audit Plan.
- 2.5.3 To hold Delegating Authority's Audit Committee chairs' briefing meetings in advance of each meeting of the Delegating Authority's Audit Committee.

2.6 Contract Management

- 2.6.1 To effectively manage the performance of the Managed Supplier to the performance standards required as set out in the Performance Indicators set out in Annex 1 to Schedule 1.
- 2.6.2 To maintain Managed Supplier's non-chargeable time (for planning, management etc.) at or below the current baseline level of the external contractor being a total of 761 days.
- 2.6.3 At the expiry or termination of the Managed Contract in consultation and in agreement with the Delegating Authority, to procure and manage a new contract for internal audit services.

3. **Counter Fraud and Investigation Services**

3.1 General

- 3.1.1 To provide strategic management and leadership of the Counter Fraud and Investigation function, including the preparation and delivery of the Delegating Authority's Counter Fraud Strategy.

- 3.1.2 To act as the Delegating Authority's whistle-blowing officer for the purposes of the Public Interest Disclosure Act 1998 ("PIDA 1998").
- 3.1.3 To operate an effective system for receiving fraud referrals from the Delegating Authority's staff, members of the public and others as appropriate;
- 3.1.4 To operate an effective system of managing National Fraud Initiatives or equivalent fraud referrals;
- 3.1.5 To screen all fraud referrals received from sources as highlighted in 3.1.3 above on the basis of risk prior to allocation of referrals for investigation.
- 3.1.6 To operate and maintain as appropriate the Ealing, Hounslow and Brent case management system in respect of fraud referrals passed for investigation including maintenance of evidence to relevant legal standards.
- 3.1.7 Delivery of proactive anti-fraud campaigns to at least 2 campaigns per financial year
- 3.1.8 Maintain agreed referral relationships with the Department for Work and Pensions in respect of Housing Benefit related fraud matters following the transfer of responsibility for the investigation of Housing Benefit fraud to the National Single Fraud Investigation Service.
- 3.1.9 To deliver Financial Investigation Services in respect of the Proceeds of Crime Act 2002 cases.
- 3.1.10 Prepare all necessary reports for the Delegating Authority's Audit Committee in the agreed reporting format to include progress performance reports, annual report and the Counter Fraud Strategy as referenced above.
- 3.2 Appropriate qualifications and experience of staff delivering the service
- 3.2.1 The Host Authority shall provide the Services with the use of suitably qualified and experienced investigators, and will provide appropriate training and support for apprentices and CIPFA trainees who may from time to time be placed with the Services.
- 3.2.2 The Delegating Authority warrants that the Relevant Employees are suitably qualified and experienced investigators
- 3.3 Investigation of internal irregularities:
- 3.3.1 With regard to the investigation of internal irregularities the Parties agree that investigations of the Delegating Authority's staff will be prioritised and should take, in the majority of cases, no more than two months to conclude. It is known and accepted that certain cases may become complex or convoluted due to other factors, and may take longer. Any cases involving the Delegating Authority's staff

should be the subject of regular managerial case reviews by the Host Authority and the progress of such cases should be communicated to the Delegating Authority's Director of Finance on a periodic basis, with frequency to be agreed by the Parties. Such cases will be reviewed formally by the Host Authority on a monthly basis or such other frequency as agreed by the Parties .

3.4 Delivery of proactive work:

- 3.4.1 The Host Authority shall submit a schedule of proposed proactive work for agreement by the Delegating Authority's Director of Finance on a quarterly basis. Proposals should be supported by evidence as to why they are likely to be worthwhile, such risk factors and predictive analytics as expounded in national and London bulletins issued by recognised think tanks, issues of public concern, possible financial recoveries and so on.

3.5 Delivery of national fraud initiative data matching work:

- 3.5.1 It is expected that all high-priority matches are dealt with in a timely fashion and to meet all associated deadlines prescribed by the National Fraud Initiatives matching service.

3.6 Delivery of external fraud work:

- 3.6.1 The Host Authority shall ensure that the Services include annual work that is carried out to address fraud risks in the following areas: council tax, business rates, insurance, non-recourse to public funds, direct payments and the various types of grants administered by the Delegating Authority .

3.7 Delivery of proactive work with a high financial savings element:

- 3.8 The Parties will agree a schedule of work that outlines the delivery of work resulting in financial savings.

3.8 Delivery of work pertaining to potential reputational damage or disrepute:

- 3.8.1 Where investigations have the potential for reputational damage or disrepute, these are to be prioritised and delivered on an urgent basis with weekly updates provided to the Delegated Authority's Director of Finance.

3.9 Rapid response/emergency work:

- 3.9.1 The Host Authority shall provide a rapid response on work which is reasonably deemed to be an emergency by both Parties acting reasonably and in good faith, for example certain frauds involving the transfer of large funds will demand an urgent response.

3.10 Work pertaining to the recovery of funds or freezing of assets:

- 3.10.1 The Services shall ensure it has the expertise, links and resources to effect asset freezing where appropriate and should be able to invoke this on immediate basis.

3.11 Prosecution work:

- 3.11.1 The Host Authority shall write a scoping document outlining details pertaining to the various aspects of prosecution work in terms of investigation, legal action and costs and how recoveries of funds will operate in practice.

3.12 Delivery of investigations work pertaining to schools:

- 3.12.1 The Services should continue to support the Delegating Authority's schools in the investigation of irregularities and fraud. This should be done in a manner similar to internal irregularity work referred to at paragraph 3.3.1 above.
- 3.13 Housing fraud identified by, or pertaining to Brent Housing Partnership:
- 3.13.1 The Delegating Authority is contractually obliged to provide audit and investigation services to Brent Housing Partnership. The Host Authority agrees that it will deliver such audit and investigation services on behalf of the Delegating Authority in accordance with the terms of this Agreement.
- 3.14 Housing fraud identified by, or pertaining to housing associations:
- 3.14.1 The Host Authority shall use its reasonable endeavours to continue to increase the number of fraudulently let social housing properties (belonging to the Delegating Authority or a registered social landlord) recovered each year, from the 2014/15 baseline subject to the number of fraudulently let social housing properties in existence.
- 3.15 Fraud prevention work:
- 3.15.1 The Parties shall agree a plan for fraud prevention work including attendance at the Delegating Authority's departmental or team meetings to raise the awareness of fraud in order to prevent such activity and foster referrals and encourage whistleblowing.

Schedule 1

Annex 1

Performance Indicators

Agreement Specific

Performance Measure	Target
Reports to the Delegating Authority's Audit Committee agreed by the Delegating Authority 15 days prior to the Audit Committee meeting date.	100%
Delivery of the Shared Services Performance Indicators for Audit & Investigation Services set out in this Schedule	100%

Internal Audit Services Specific

Performance Measure	Target
% of the Agreed Annual Audit Plan completed to an agreed timetable	100
% of draft Internal Audit Reports issued within 10 days of audit closure meeting	95
% of final Internal Audit Reports issued within 5 days of final management comments received from the Delegating Authorities	100
% of Internal Audit Assignments delivered within planned time allocation as set out in the Agreed Annual Audit Plan (unless an extension has been agreed by the Head of Internal Audit Partnership)	100%

Investigation Services Specific

Performance Measure	Target
Outcomes – sanctions as defined in the reports to the Delegating Authority's Audit Committee	65
Value of overpayments and savings made by the Delegating Authority and identified through the fraud investigation cases completed	£922,000
Number of cross-borough proactive anti-fraud campaigns delivered each year.	2
Number of Delegated Authority's fraudulently let council properties Recovered (subject to the number of actual fraudulently let Delegated Authority's council properties	51

Staff and Managed Supplier Specific

% productivity of all in-house staff calculated against the total number of productive days available taking into account bank holidays and annual leave.	90%
% maximum of Managed Supplier non-chargeable time.	5%



Audit Committee
5 January 2016

Report from the Chief Finance Officer

Wards affected:
ALL

Review of progress against previous KPMG recommendations

1.0 Summary / Introduction

- 1.1 The audit committee has previously received reports in private from KPMG regarding the operation of financial controls and how these could be strengthened. Appendix One to this report shows the progress made in implementing their recommendations

2.0 Recommendations

- 2.1 That the audit committee note the contents of appendix one and discuss as appropriate.

3.0 Financial implications

- 3.1 The cost of the procurement referred to in appendix one for support in enhancing the financial control environment and optimising the use of the Oracle system will be met from existing reserves.

4.0 Legal Implications

- 4.1 The procurement referred to will be conducted in accordance with relevant legislation.

5.0 Diversity Implications

- 4.1 None specific

6.0 Contact Officer

- 8.1 Conrad Hall, Chief Finance Officer

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Audit Committee 5 January 2016

Detailed progress against previous KPMG recommendations

No	Recommendation	Officer and Due Date	Update at December 2015
1	<p><u>Head of FSC review of supplier amendments</u></p> <p>The Head of FSC to review the supplier bank amendments report monthly, and to ensure that the supplier amendment procedure has been correctly followed for a sample of changes.</p> <p>In addition, for all suppliers with an annual spend over £500k, or on a risk assessed approach, these should be individually checked by the Head of FSC prior to any payments being made.</p>	Head of FSC/ August 2015	<p>Head of FSC and the Operational Director review the supplier bank amendments report daily, and ensure that the supplier amendment procedure has been correctly followed for a sample of changes.</p> <p>In addition, all payments over £50k (fifty thousand pounds) are individually checked by the Head of FSC prior to any payments being made.</p>
2	<p><u>Payroll bank account reconciliation</u></p> <p>To process the outstanding items on the bank account and ensure it is brought up to date, and to ensure management has sufficient assurance over the payroll bank account.</p> <p>Also, when the bank account register is reviewed, management ensure that it is an assurance reflection of the current status of all bank reconciliations</p>	Head of Financial Management/ October 2015	<p>The payroll bank reconciliation is undertaken monthly and is up to date.</p> <p>The bank account register is reviewed monthly at the Finance DMT</p>

3	<p>Preliminary BACS Runs</p> <p>Management to monitor that payments are not added or removed before they are paid, by checking a sample of transactions between both reports.</p>	Head of FSC/ September 2015	Payments may properly be removed from a preliminary payment run and this is documented. Management review each payment run to check that no payments are added. This is shown clearly on the payment run checklist.
4	<p><u>Policies and Procedures</u></p> <p>An overarching, high level policy be developed for the FSC and held on the Brent Intranet, detailing the aims of the FSC. This will ensure that the service areas and FSC staff have a clearer understanding of the FSC's role.</p> <p>Policies are developed at team level, to ensure staff understand the role of each of the three teams in the FSC.</p> <p>Detailed procedure documents are created for all function of the FSC.</p>	Head of FSC/ August-November 2015	<p>The Finance intranet pages have been updated, and set out the roles and responsibilities for the FSC. These will need to be further updated to reflect the council's new organisational structure</p> <p>Key policies and procedure notes covering change of bank details and payment runs have been produced, issued to staff and staff have been trained in their operation.</p>
5	<p><u>Direct Expenditure Forms</u></p> <p>It be reiterated to Service areas that DEF payments are only to be used in exceptional circumstances, and that any request not deemed exceptional should be refused by the AP team</p>	Head of FSC/ August 2015	A full review of services using this method of payment has been undertaken, and the number of DEF payments has

	<p>DEF payments are to be authorised by the Service Area in line with the scheme of delegation and checked by AP.</p> <p>DEF payments above a certain threshold are verified by the AP Team Leader, Head of Finance or Operational Director as necessary.</p>		<p>been reduced following this review.</p> <p>The FSC check and ensure that all DEF payments are authorised in line with the scheme of delegation.</p>
6	<p><u>Retention of Supporting Documents</u></p> <p>Management to ensure that supporting documents are retained at all times, and held centrally so that they are easily accessible.</p>	Head of FSC/ August 2015	Implemented
7	<p><u>Internal Audit follow up of recommendations</u></p> <p>That for key financial systems which are followed up annually that the findings are included in the report.</p>	Head of Internal Audit/ October 2015	This will now be incorporated in key financial systems audit reports
8	<p><u>Authorisation of Credit Notes and refunds</u></p> <p>All credit notes and refunds to be approved by the AR team leader, ideally having been raised by the relevant service to ensure they are appropriate.</p>	Head of FSC/ Aug 2015	Implemented
9	<p><u>Internal Audit assurance rating</u></p> <p>The council to consider changing the assurance rating</p>	Chief Finance Officer/	In progress and will be

	<p>wording of its internal audit reports so that staff do not take more assurance than they should from them.</p> <p>In addition, the council should report all priority one recommendations for the core financial systems to the Audit Committee as per definition used in the reports</p>	March 2016	discussed at the Audit Committee in March 2016.
10	<p><u>Expenses Review</u></p> <p>Management to review the operation of expenses and implement a procedure so that staff have a proper understanding of their responsibilities.</p>	Head of Financial Management/ September 2015	Implemented
11	<p><u>Control Account Reconciliations</u></p> <p>A register of all control and holding accounts, including the frequency of reconciliation, is kept by a member of the finance team. This should be reviewed by management on a periodic basis to ensure the process is operating as expected, and so that any problems can be identified and escalated in a timely manner.</p>	Head of Financial Management/ September 2015	A register is maintained and updated monthly and reported to the Finance DMT
12	<p><u>Implementation of Internal Audit Recommendations</u></p> <p>Internal Audit recommendations to be added to an internal FSC actions log.</p>	Head of FSC/ September 2015	All internal audit recommendations are recorded on the internal audit tracker system, and are periodically updated.

13	<p><u>Communication with Service Areas</u></p> <p>An overarching FSC document be created, detailing the FSC aims and objectives. Further guidance should be issued to Service Areas so that they are better equipped to deal with issues themselves.</p>	Head of FSC/ Ongoing	<p>The Finance intranet pages have been updated, and include the role and responsibilities of the FSC. This will need to be further updated to reflect the council's new organisational structure</p> <p>Regular guidance is has been issued on the "what's new" part of the intranet and this will be ongoing. Guidance has also been developed for suppliers (on how to submit an invoice for payment), and this will be issued early in the new year.</p>
14	<p><u>Documentation of Review</u></p> <p>Management to evidence reviews (such as the review of the transactions awaiting reconciliation report) so that senior management can gain comfort that the control is performed consistently.</p>	Head of FSC/ September 2015	This information is reported to Finance DMT on a monthly basis.
15	<p><u>Authorisation of Chaps Payments</u></p> <p>It should be made clear on the payment request that the authoriser should be different from the requester.</p>	Principal Treasury Officer/ September 2015	Implemented

	The AP team should refuse any requests where this is not the case.		Implemented
16	<p><u>Lloyds payment card register</u></p> <p>Inform the AP team to cancel leavers' purchase cards to be added to the Managers guidance for leavers to the council.</p> <p>AP officers to update the GPC card register as payment cards are cancelled.</p> <p>AP team to receive a list of leavers in the month and compare this to the GPC card register, to verify that leavers payment cards have been cancelled.</p> <p>On a quarterly basis, the AP team leader should request a list of active cards and users from Lloyds and reconcile this to the GPC register.</p>	Head of Financial Management/ September 2015	<p>Implemented manually. An automatic link to the leavers form is being developed</p> <p>Implemented</p> <p>Implemented</p> <p>Implemented from December 2015</p>
17	<p><u>Lloyds payment card expenditure</u></p> <p>Management to review expenditure not claimed and authorised on a monthly basis to ensure that unclaimed transactions are followed up promptly.</p> <p>Management to consider withdrawing purchase cards from users who persistently process expenses late.</p>	Head of Financial Management September 2015	<p>Implemented</p> <p>Implemented</p>
18	<p><u>Verification of bank details</u></p> <p>AP officer to contact individuals (on supplier set up) to verify the authenticity of their bank account details.</p>	Head of FSC/ October 2015	Implemented

19	<p><u>Escalation of Invoices on Hold</u></p> <p>Management to implement a procedure for the escalation of invoices on hold.</p> <p>Management to review an invoices on hold report on a regular basis to ensure there are no longstanding unresolved invoices.</p>	Head of FSC/ October 2015	A full cleanse of all invoices on hold that are over 6 months old is underway, and this will become a regular ongoing process
20	<p><u>Self approval of journals</u></p> <p>Either the oracle system is adjusted so that it is not possible for the same user to upload and post via journal; or</p> <p>A report is run on a monthly basis of all journals that have been uploaded and posted by the same user. This report should to be reviewed a senior member of staff to ensure that all journals that were raised in this way were appropriate and accurately raised.</p>	Head of Financial Management/ September 2015	This report is being run and reviewed regularly
21	<p><u>Credit Checks</u></p> <p>FSC to carry out credit checks on new customers</p>	Head of FSC/ October 2015	It would not be cost effective to carry out credit checks on all new customers. Where it is cost effective and in the Council's interest to undertake credit checks this will be

			implemented. Where possible, payment is being sought prior to providing a service, but some legal obligations can override this
22	<u>Framework i reconciliations</u> Management to ensure that this reconciliation is reviewed on a timely basis	Team Manager Client Affairs/ September 2015	Implemented
23	<u>Maintenance of a training log</u> Each of the three team leaders to maintain a training log. This should record which team members have attended any mandatory training sessions, ensuring that those that do not attend training sessions can be followed up appropriately	Head of FSC/ November 2015	Corporate arrangements are being used to record and progress training and development

Project Rose

1	Select invoices for checking supplier and bank account details using a sampling software therefore ensuring that each invoice in the payment batch has an equal chance of being selected		A tender document has been issued seeking consultancy support and advice that will include a review of sampling and any other suitable software.

2	Consider the use of software tools that support the review of complete payment data for entries that look suspicious such as amount just below the threshold, duplicate payments, round sum etc. This would support the initial control environment and would add to the protection over fraud and error risk .		We have recently implemented AP forensics which is used in advance of every payment run, and seeks to identify duplicate payments. A tender document has been issued seeking consultancy support and advice that will include a review of any other suitable software that may be deemed appropriate..
3	Implement controls around the header data thereby restricting access to who can make changes in the data.		Management instructions are in place.
4	Undertake a training programme across the finance function (including Accounts Payable) whereby the importance of controls is demonstrated and encourage the accounts payable team to suggest controls to develop a more robust control environment		In progress and ongoing
5	Stress the importance to staff of being proactive about implementation of controls and encourage professional scepticism in their day to day job		In progress and ongoing
6	Revisit some of the manual controls in place to determine if there are any duplication of efforts in order to stream line the process.		The tender referred to above will result in these improvements

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 <p>Brent</p>	<p>Audit Committee 5 January 2016</p> <p>Report from the Chief Finance Officer</p>
<p>For Information</p>	<p>Wards affected: All</p>
<p>Corporate Risk Register</p>	

1. Summary

- 1.1 This report presents the council's current Corporate Risk Register.

2. Recommendations

- 2.1 The Audit Committee to review and note the contents of the Council's updated Corporate Risk Register.

3. Detail

- 3.1 The risk register is attached at appendix 1. This sets out the council's corporate and key operational risks. Only those operational risks with a net score of 12 or more are reported to the Audit Committee. There are further risks contained within the departmental registers which can be viewed via the infostore system.
- 3.2 Strategic Directors are required to maintain an operational risk register and review this periodically with their Departmental Management Teams. The register is now held on Infostore and Directors are required to ensure their registers are up to date in accordance with the Audit Committee reporting cycle. The key dates are: 10th March, 10th June, 27th August and 3rd December 2015.
- 3.3 The Audit Committee last reviewed the register at its meeting on 16th September 2015.
- 3.4 Since the last meeting at which the risk register was presented, the Risk Management Group has met on two occasions. The registers are attached as appendix 1, and the following changes should be noted:

Corporate Risks

- Addition of Information Governance risk (CMT5).
- Addition impact of government's housing and welfare reforms risk (R&G4)
- Addition of contractor claim in respect of delay in completing Crest Academies project risk (R&G13)
- No risks removed.
- Reduction of residual risk score of risk of budget savings having significant consequences for service delivery (CMT 1) from 25 to 12.
- Reduction in residual risk score of failure to achieve required budget savings of resulting in overspend (CMT 2) from 25 to 16.
- Increase in residual risk score of non compliance with Health and Safety legislation (CMT3) from 12 to 20.
- Increase in residual risk score for Information Governance risk (CMT5) from 12 to 20 and further actions indicated to address issues arising from the recent audit by the Information Commissioner's Office.

Adult Social Care Department

- Reduction in residual risk score of risk of budget and demand (ASC4) from 20 to 18.
- Reduction in residual risk score of risk of service quality failure (ASC5) from 12 to 10.

Chief Operating Officer's Department

- Removal of risk of failure of the Public Realm contract (COO16).
- Removal of risk of Transportation contract dispute (COO17).
- Removal of risk of not meeting new income targets set for new library in Willesden Green (COO18).
- Removal of risk of NHS England not providing information and assumptions for the Council to novate existing contracts or issue new contracts for 0-5 year children's public health (COO19).
- Removal of risk of increase in Public Health grant to reflect new responsibility for commissioning 0-5 children's public health not covering the full cost of the service (COO20).
- Residual risk score for risk of Community Access programme failing to achieve planned savings reduced from 12 to 8 (CO09).
- Residual risk score for Information Governance risk increased from 15 to 20 and further actions indicated to address issues arising from the recent audit by the Information Commissioner's Office (COO10).

Children & Young People Department

- No risks added or removed.
- Inherent and residual risk scores of risk of a disproportionate reduction to

Council's general funds as a result of academy conversions (C&YP5) reduced from 30 to 25 and 24 to 20 respectively.

Regeneration & Growth Department

- No additions or removals.
- Increase in residual risk score of non compliance with Health and Safety legislation (R &G8) from 12 to 20.

4. Legal Implications

- 4.1 The Accounts and Audit Regulations (England) 2011 section 4(1) require the council to "ensure that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk."
- 4.2 Further section 5 (1) (4) (i) requires that the Chief Finance Officer determines accounting control systems which include adequate measures to ensure that risk is appropriately managed.

5. Financial Implications

- 5.1 None

6. Diversity Implications

- 6.1 None

7. Contact Officer Details

Steve Tinkler, Head of Audit & Investigations, 1st floor, Brent Civic Centre

Telephone – 07525 893458

Conrad Hall, Chief Finance Officer

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ID1	Identification	Impact	Owner	Raw risk	Raw likelihood	Raw Risk Score	Controls	Assurance	Net risk	Net likelihood	Net risk score	Movement Indicator	Further Actions	Deadline	Responsible
ASC 1	Failure to safeguard vulnerable persons (older persons; persons with physical & learning disabilities; mental health, transitional young people and other vulnerable adults) leading and resulting in resulting in abuse, death or injury of vulnerable persons (both in terms of safety and financial	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Strategic Director, Adult Social Care	6	3	18	Safeguarding of Adults Teams deal with safeguarding adults issues. Safer Recruitment; training; Multi - Agency Policies and Procedures for Adults; ASC Transformation Programme; Reablement. Appointeeships/Deputyship arrangements in place after client needs have been assessed. Good links with Children & Families and Legal to ensure robust adherence to safeguarding children's policies and procedures.	Care Quality Commission Inspections; Carers Survey; Internal Audit; Office of Protection. Children's Service, Ofsted, Internal Audit On-going training for staff in relation to safeguarding and regular review of procedures and policies.	6	2	12	↔	None	N/A	Head of Reablement and Safeguarding
C & YP 1	Failure to meet demand for school places.	Council unable to discharge statutory duty to provide education. Reputation damage, legal challenge, increased health and safety risks.	Strategic Director, Children and Young People	6	6	36	New School Place Planning Strategy approved October 2014 and updated approved by Cabinet November 15. Funding for basic need secured from central govt to provide additional school places; strengthen partnership working with EFA to maximise influence over Free Schools programme and reduce costs to Council; strengthen partnership working with Regional Schools Commissioner to maximise influence over secondary expansion, use of Fair Access Protocol to place pupils above published numbers; Temporary expansions and Projects established to address shortfall; Regular reports to CMT & Executive to agree prioritisation of use of capital funding; Strategy Board meets on a regular basis. Lobbying and work with London Councils, Education Funding Agency, Department for Education and Schools	Regular monitoring by CMT & Cabinet.	6	4	24	↔	None.	N/A	Strategic Director, Children and Young People
C & YP 2	Vulnerable children not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Strategic Director, Children & Young People	6	4	24	Safeguarding of Children Teams deal with child protection and safeguarding issues; Brent Local Safeguarding Children's Board; Safer Recruitment & Training; Whistleblowing; publicity; raising of awareness at schools & community in general; Children & Young People Plans; Child Protection Arrangements; Strong partnership working with relevant agencies; High level monitoring meetings with Chief Executive; Corporate Parenting Committee; Auditing arrangements; Range of monitoring arrangements to track progress; Overview & Scrutiny; Performance Information (quarterly scorecards); Timely reviews of Looked After Children.	Ofsted Inspection deemed that children were safe. Internal Service User Surveys; Internal Audit. Continuous Monitoring & Development; Safeguarding & Looked After Children Inspection Action Plan; Continued collaboration with relevant agencies.	6	2	12	↔	None.	N/A	Strategic Director, Children & Young People
CMT1	Budget savings of 20-40% have significant consequences for service delivery which have not been predicted as part of the budget process and staff.	Unforeseen service delivery failure.	Chief Finance Officer	6	6	36	Budget monitoring system to identify issues and prioritise mitigating actions CMT and DMTs focused on high risk proposals to identify issues One Council project management discipline in place to ensure successful delivery	Governance system reviewed annually to ensure meeting challenges. External audit opinion. Service inspections as appropriate. Review of Q1 and Q2 financial and performance information has not shown any significant unanticipated impact of service changes	3	4	12	↓	Review of Q3 financial and performance information to review further issues arising	31 January 2016	Chief Finance Officer
CMT2	Failure to achieve required budget savings of between 20-40% resulting in overspend	Budget overspend requires draw down on reserves, impacts upon ability to meet other unforeseen pressures, council unable to fund statutory services	Chief Finance Officer	6	6	36	Budget monitoring system to identify issues and prioritise mitigating actions, CMT and DMTs focus on high risk proposals to identify issues. One council project management discipline in place to ensure successful delivery. Projects at risk flagged via PMO	Monthly budget monitoring process shows forecast overspend over £2m. Actions are in place to control and mitigate this, but may not be wholly successful	4	4	16	↓	Additional CMT control of expenditure approved to enhance control	31 January 2016	Chief Finance Officer

CMT3	Non compliance with Health and Safety legislation.	Death or injury to public or staff; criminal prosecution or civil litigation; Service stopped; Loss of public trust.	Director of Regeneration & Growth	6	4	24	H&S Policies and procedures in place Regular testing of procedures Mandatory H&S training programme Regular H&S review meetings with Property & Projects and Corporate H&S Board	1. Health & Safety Board 2. Regular Monitoring	5	4	20	↑	Mazars have been commissioned to undertake an external review of the Council's Health and Safety arrangements.	31/03/16	Operational Director, Regulatory Services
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CMT4	Major or large scale incidence (accident, natural hazard, riot or act of terrorism); business interruption affecting the Council's resources and its ability to deliver critical services. Risk top safety of staff and loss	Service delivery disruption and impact on the Council's ability to deliver critical services. Reputational damage to the borough should perpetrator of terrorism be living or radicalised within the borough.	Chief Operating Officer	6	5	30	Secondary data centre able to deliver all ICT services. All systems can be managed remotely. All staff have access to remote desktop.	Emergency Planning and Business Continuity Planning. Regular review and assessment of robustness of plans.	6	2	12	↔	Lessons learnt are being incorporated into revised business continuity plans. An action plan from the recent event will address outstanding weaknesses.	October 2015	Operational Director, Community Services
CMT5	Information Governance - Inappropriate access, corruption or loss of data	Exposure of confidential information or corruption of data Prosecution or fine for statutory breach Loss of public trust	Senior Information Risk Owner (Chief Finance Officer)	5	6	30	Audits of compliance Policies and Procedures in place Information governance forum Mandatory e-learning modules for all staff	1. Information Governance Group 2. Internal Audit	5	4	20	New	The findings resulting from the review by the Information Commissioner's Office (ICO) are to be actioned. The report is to be presented to the January 2016 meeting of the Audit	31/03/16	Information Governance Officer
COO2	Successful Judicial Challenge against the authority by way of Judicial Review and other litigation.	Reputational risk to the authority and inability to progress with strategic objectives of the organisation; potential cost to the Council if costs order made against the authority.	Chief Legal Officer	6	5	30	Legal advice given at CMT, Cabinet and PCG, clear advice given on potential areas of challenge and any litigation commenced. Monitoring process of decision making to include proactive advice on issues such as equality impact analysis and considering how decisions are made, obtain expert advice on key problem issues as required.	1. Cabinet 2. CMT 3. PCG 4. Legal team 5. Counsel Advice	6	3	18	↔	Chief Legal Officer to prepare report about judicial reviews to be presented to Corporate Management Team (CMT). Development of protocol to enable Heads of Service to have better visibility on them. Training to be arranged for client departments	31/03/16	Chief Legal Officer
R&G4	Impact of government's housing and welfare reforms causes significant leading to a rise in homelessness	Increased homelessness and associated service pressures leading to an increase in use of emergency accommodation and out-of-borough placement	Operational Director Housing & Employment	6	6	36	Cross-service welfare reform approach in place. Temporary Accommodation reform plan in place to maximise homelessness prevention and private rented resolution and development of resettlement resources for out-of-borough placements.	Regular Monitoring	5	4	20	New	Mainstream of assisted self-service frontline service from April 2016, integrated with benefits and employment advice. Joint homelessness and children act assessment protocol to be developed.	30/4/16	Head of Housing Needs
R&G13	Crest Academies - risk of substantial contractor claim in respect of delay to completion of project.	Significant financial cost to council for which no budget exists.	Operational Director Property & Projects	5	6	30	Obtain appropriate legal advice in advance of a contractual claim being made and in the event that a claim is made, act according to that legal advice.	Legal advice obtained to date indicates that the anticipated claim is largely unsubstantiated and not the council's liability.	4	5	20	New	None	N/A	Operational Director Property & Projects

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Service Area	ID1	Identification	Impact	Owner	Raw Impact	Raw Likelihood	Raw Risk	Existing Controls	Sources of Assurance	Net Impact	Net Likelihood	Net Risk Score	Further Actions	Movement Indicator	Deadline	Responsible Officer
Adult Social Care	ASC 1	Failure to safeguard vulnerable persons (older persons; persons with physical & learning disabilities; mental health, transitional young people and other vulnerable adults) leading and resulting in resulting in abuse, death or injury of vulnerable persons (both in terms of safety and financial abuse)	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Head of Reablement and Safeguarding / Adult Social Services	6	3	18	Safeguarding Adults Teams deal with all safeguarding alerts and investigations - specialisation to improve response times and quality. Multi-agency safeguarding adults board, independent chair, Multi - Agency Policies and Procedures, and multi-agency audit of quality. Strategic and operational links, with clear oversight and audit to ensure robust adherence to safeguarding children's policies and procedures. Strategic plan for multi-agency safeguarding board and ASC service plan set out priorities for improvement within ASC and across partner agencies.	Care Quality Commission Inspections; Carers Survey; Internal Audit; Office of Protection. Children's Service, Ofsted, Internal Audit	6	2	12	None.	↔	N/A	Head of Reablement and Safeguarding
Adult Social Care	ASC 4	Budget / Demand - by 2020 ageing population and more complex needs are projected to increase costs by 26%, and Care Act has introduced new legislation and responsibilities, the full effect of which are not yet known, and the Council needs to make a further £53m savings	Failure to deliver a more efficient cost effect service will result in overspending budgets, or not delivering on statutory responsibilities to service users and the new responsibilities for carers in the Care Act.	Strategic Director, Adult Social Care	6	5	30	Demand, and costs are monitored on a monthly basis by DMT. All aspects of the budget (on a priority / impact basis) are reviewed to identify new and more efficient ways to deliver services and support.	Change and Improvement Board, Corporate financial reporting	6	3	18	Continue close monitoring through Change and Improvement Board to ensure connections to performance and quality are maintained. Deliver key projects (NAIL/MH Improvement project/Customer Journey Review/Rehab and Reablement). Identify and develop the next tranche of projects on a priority basis	↓	31/03/16	Strategic Director Adult Social Services

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ID1	Identification	Impact	Owner	Raw Impact	Raw Likelihood	Raw Risk Score	Existing Controls	Sources of Assurance	Net Impact	Net Likelihood	Net Risk Score	Further Actions	Movement Indicator	Deadline	Responsible Officer
COO1	Failure to achieve 2015-16 agreed Council wide budget savings	Overspend, leading to reduced reserves and greater savings needed in future years	Chief Operating Officer	6	6	36	Budgets for 2015-16 and 2016-17 have been agreed in line with projected savings targets. All departments to manage vacancies to mitigate overspend. COO monthly Budget monitoring meeting in place. Hold on all non essential expenditure and recruitment.	1. Cabinet 2. CMT 3. Corporate Finance	2	6	12	None.	↔	16/03/2016	COO DMT Members
COO2	Successful Judicial Challenge against the authority by way of Judicial Review or other litigation	Reputational risk to the authority and inability to progress with strategic objectives of the organisation; potential cost to the Council if costs order made against the authority	Chief Operating Officer	6	5	30	Legal advice given at CMT, Cabinet and PCG, clear advice given on potential areas of challenge and any litigation commenced. Monitoring process of decision making to include proactive advice on issues such as equality impact analysis and considering how decisions are made, obtain expert advice on key problem issues as required.	1. Cabinet 2. CMT 3. PCG 4. Legal team 5. Counsel Advice	6	3	18	Chief Legal Officer to prepare report about judicial reviews to be presented to Corporate Management Team (CMT). Development of protocol to enable Heads of Service to have better visibility on them. Training to be arranged for client departments.	↔	31/03/2016	Chief Legal Officer
COO3	Major or large scale incidence (accident, natural hazard, riot or act of terrorism); business interruption affecting the Council's resources and its ability to deliver critical services. Risk top safety of staff and loss of	Staff do not have access to data centre equipment; staff do not have access to network and desktops Services not delivered as planned	Operational Director, Community Services	6	6	36	Secondary data centre able to deliver all ICT services. All systems can be managed remotely. All staff have access to remote desktop	Recent bomb threat proved remote access allowed the majority of staff to continue working in a reasonable manner. A more extended absence from the CC has not been tested. Lessons learnt need to be incorporated into revised business continuity plans. Action Plan has been approved by CMT.	6	2	12	Silver Training to be undertaken for officers in November 2015. Action Plan approved by CMT to be implemented.	↔	31/03/2016	Operational Director Community Services
COO4	Non-compliance with EU Procurement Regulations in the letting of Contracts	Financial loss from cost of Legal challenge from unsuccessful tenderers; reputational damage	Operational Director, Strategic Commissioning	4	4	16	Contract Standing Orders; Blue Book Requirement; Involvement of qualified staff within Procurement Team in the letting of all significant contracts across the Council; training provided to departments on Procurement regulations etc. updated and accessible information on the intranet covering all aspects of procurement and tendering. Category managers attending department management team meetings on a regular basis.	Internal Audits of major contracts; regular advice from legal contracts team; regular liaison between procurement and legal contracts team	3	4	12	None	↔		Head of Procurement

COO6	Ability to attract and retain high calibre staff	Key Posts unfilled Poor service delivery Failure to have a succession plan in place can lead service failure and the council not having a talent pipeline that identifies future leaders.	HR Director	5	5	25	Existing recruitment and retention policy and procedures	HR Improvement Group	5	4	20	1. Implement a Workforce Strategy and Action Plan for 2015 – 2019	↔	16/03/2016	HR Director
COO7	OC Programme Savings 2015/16 and beyond there is a risk that the delay in identifying new OC projects, will limit that amount of savings that can be delivered in 2015/16 through the OC Programme.	There could be insufficient lead-in time to agree, scope and put new projects into delivery before April 2015 to be able to realise significant savings in 2015/16.	Operational Director, Strategic Commissioning	6	4	24	1. It has been agreed that the departmental budget saving process managed by Corporate Finance will be the main mechanism for identifying new large or cross-cutting OC projects. 2. Potential 2015/16 budget savings from new OC Projects will need to be realistic given the delay in identification and validated by Corporate Finance.	1. Cabinet 2. CMT 3. Corporate Finance 4. Programme Board	3	4	12	1. Programme Board to monitor progress with confirming departmental budget savings and the number of new OC projects identified	↔	16/03/2016	Head of Performance and Improvement
COO8	Failure to manage performance	Lack of visibility of key performance information and risks impacting service areas' ability to drive improvement and implement service changes.	Operational Director, Strategic Commissioning	4	4	16	1. Departmental scorecard monitoring. 2. Quarterly performance and finance review. 3. High Level Monitoring review. 4. Data quality strategy in place. 5. Audit of Inphase data.	1. Departmental scorecard monitoring. 2. Quarterly performance and finance review. 3. High Level Monitoring review. 4. Data quality strategy in place. 5. Audit of Inphase data.	3	4	12	Extra support is being offered to managers and heads of service to ensure consistency. Additional training is also being offered in performance management. New Performance Management framework developed - go live Sep 15	↔	16/03/2016	Head of Performance and Improvement
COO10	Information Governance - Inappropriate access, corruption or loss of data	Exposure of confidential information or corruption of data Prosecution or fine for statutory breach Loss of public trust	Senior Information Risk Owner (Chief Finance Officer)	5	6	30	Audits of compliance Policies and Procedures in place Information governance forum Mandatory e-learning modules for all staff	1. Information Governance Group 2. Annual Assurance Returns	5	4	20	Findings arising from the audit by the Information Commissioner's Office (ICO) to be actioned. ICO Report to be presented to the Audit Committee in January 2016.	↑	16/03/2016	Information Governance Manager

COO1 1	Failure to manage strategic suppliers and related procurement programmes	Supplier failure means council unable to deliver projects/service to time, cost or quality	Operational Director, Strategic Commissioning	5	6	30	Dedicated in house procurement and legal teams advising on all tenders and contracts	1. CMT 2. DMT	5	3	15		↔		Head of Procurement
COO1 2	Service delivery - DWP's implementation of Universal Credit causes increased pressure on Brent and there is inadequate funding to mitigate this.	Adverse impact on HB service, CSC performance and budget overspend	Director of Customer Services	5	5	25	Lobbying DWP to increase funding proposed UC mitigation plans . Financial Improvement Strategy agreed by Cabinet in November 2015.	1. DMT 2. CMT 3. Cabinet	5	4	20	Welfare Reform Strategy going to CMT in December 2015.	↔	10/12/2015	Head of Benefits and Customer Services
COO1 3	Non-compliance with Health & Safety legislation	Death or injury to public or staff Criminal prosecution or civil litigation Service stopped Loss of public trust	Chief Operating Officer	6	4	24	H&S Policies and procedures in place Regular testing of procedures Mandatory H&S training programme Implement new Occupational Health policy and procedures Recruit an Occupational Health Advisor	1. Health and Safety Committee 2. CMT 3. Managers	6	3	18	All risk assessments to be updated by departments. Mazars' specialist to undertake a Health and Safety audit.	↔	31/03/2016	ALL COO DMT Members

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ID1	Identification	Impact	Owner	Raw Impact	Raw Likelihood	Raw Risk Score	Existing Controls	Sources of Assurance	Net Impact	Net Likelihood	Net Risk Score	Further Actions	Movement Indicat	Deadline	Responsible Officer
C&YP1	Failure to meet demand for school places	Council unable to discharge statutory duty to provide education. Reputation damage, legal challenge, increased health and safety risks	Interim Operational Director Early Help & Education Division Children and Young People	6	5	30	New School Place Planning Strategy approved October 2014 and updated approved by Cabinet November 15. Funding for basic need secured from central govt to provide additional school places; strengthen partnership working with EFA to maximise influence over Free Schools programme and reduce costs to Council; strengthen partnership working with Regional Schools Commissioner to maximise influence over secondary expansion, use of Fair Access Protocol to place pupils above published numbers; Temporary expansions and Projects established to address shortfall; Regular reports to CMT & Cabinet to agree prioritisation of use of capital funding; Strategy Board meets on a regular basis. Lobbying and work with London Councils, Education Funding Agency, Department for Education and Schools	Regular monitoring by CMT & Cabinet.	6	4	24	None.	↔	N/A	Interim Operational Director Early Help and Education Division
C&YP2	Vulnerable children not adequately safeguarded.	Abuse, Death or injury of vulnerable persons. Reputational damage to Council.	Operational Director, Children Social Care	6	4	24	Safeguarding of Children Teams deal with child protection and safeguarding issues; Brent Local Safeguarding Children's Board; Safer Recruitment & Training; Whistleblowing; publicity; raising of awareness at schools & community in general; Children & Young People Plans; Child Protection Arrangements; Strong partnership working with relevant agencies; High level monitoring meetings with Chief Executive; Corporate Parenting Committee; Auditing arrangements; Range of monitoring arrangements to track progress; Overview & Scrutiny; Performance Information (quarterly scorecards); Timely reviews of Looked After Children. Continuous Monitoring & Development; Safeguarding & Looked After Children Inspection Action Plan; Continued collaboration with relevant agencies.	Ofsted Inspection deemed that children were safe. Internal Service User Surveys; Internal Audit.	6	2	12	None.	↔	N/A	Operational Director, Children Social Care
C&YP3	Increase in demand for social care services resulting from welfare reforms(more families with no recourse to public funds, more families declared intentionally homeless, more children looked after)	Increase in number of looked after children or greater demand for housing services for vulnerable children and young people, NRPP and IH families. Pressures translate into increased financial pressures.	Operational Director, Children Social Care	5	6	30	Improved budgetary controls; robust budget monitoring; improved commissioning arrangement. Children being are being supported to remain at home where safe. Services will be re-prioritised to meet the needs of the most vulnerable. Improved commissioning arrangements including cross borough work with WLA. Early help services are targeting vulnerable and disadvantaged families and showing success in preventing escalation of problems. NRPF and homelessness pressures being monitored.	Management information reports track activity and identify trends, to which management are able to respond	4	5	20	Closer working relations between housing and social care have been put into place, with best practice being identified from Lewisham. Scoping on a systems review (to explore the efficiency of the current model and identify options for improvements) across housing and children's social care is due to start.	↔	Oct 2015	Operational Director, Children Social Care
C&YP5	Disproportionate reduction to Council's general fund arising from academy conversions.	Impact on Council's ability to improve attainment of children & young people.	Interim Operational Director Early Help & Education Division Children and Young People	5	5	25	Participated in joint action with several other local authorities to challenge General Fund top slicing by Central government. Continue to take robust approach to leasing issues to minimise risk from transfer of liabilities on academisation. Modelling of schools budgets based on proposed new funding formula and continuing to make 'pessimistic' assumptions about an increased number of academies. Improving approach to negotiating transfers. Services to schools remodelled to ensure fulfilment of statutory duties within smaller financial envelope. School Effectiveness Service now 95% funded by DSG.		5	4	20	None	↓	N/A	Interim Operational Director Early Help and Education Division

C&YP7	Major fraud or financial mismanagement in schools.	Reputational damage; removal of financial delegation; increase resources required from LA to support school.	Interim Operational Director Early Help & Education Division Children and Young People	6	4	24	There is a rolling-programme of school audits in place which is thorough and robust. Where significant financial issues and risks are identified then the Council has and will continue to take robust action. When issues are identified all schools are informed of major learning points and are offered support to put in place an action plan to address any major issues. Although the audit function is robust - work is being undertaken to ensure that measures are being implemented within schools to ensure financial issues and risks are being addressed. Several cases have been forwarded to the internal fraud team to investigate any suspicions or misaccounting or fraudulent behaviour and this is sending a strong message out to all schools.	Internal Audit.	6	3	18	None.	↔	N/A	Interim Operational Director Early Help and Education Division
C&YP8	Failure to recruit sufficient numbers of permanent social workers and the related higher level of social work turn-over	Inconsistency in case analysis and planning. Instability for the family.	Operational Director, Children and Young People	5	5	25	Range of recruitment activity in place. Consistency of management Longer term agency staff Audit and QA mechanisms	Auditing and quality assurance programmes. Robust management oversight	4	5	20	Wider range of recruitment activities being pursued. Recent successful recruitment.	↔	30 November 2015	Operational Director. Children Social Care

ID1	Identification	Impact	Owner	Raw Impact	Raw Likelihood	Raw Risk Score	Existing Controls	Sources of Assurance	Net Impact	Net Likelihood	Net Risk Score	Further Actions	Movement Indic	Deadline	Responsible Officer
R&G 01	Inability to deliver new affordable housing in accordance with housing strategy targets	Risk to council's reputation due to residents having to wait longer to be rehoused. Increased temporary accommodation levels and costs and increased unmet housing need.	Operational Director Housing & Employment	4	5	20	Performance monitored quarterly at corporate level. Housing Partnerships service area and Housing Investment Board established to maximise housing investment planning and resources and promote direct and partnership affordable housing development. Regular liaison with GLA over grant-funding opportunities. Housing Zones designated and programme board established.	Regular Monitoring	4	3	12	Submit second infill phase bid to GLA (January 2016). Commence procurement of delivery partners for RTB receipts (February 2016). Develop partnerships with RP partners for medium-term re-investment of their RTB sales proceeds (April 2016)	↔	30/4/16	Head of Housing Partnerships
R&G 02	Inability to deliver enough primary school capacity through the Schools Capital Programme (including SEN provision in that phase)	Council in breach of its statutory duty. Increasing numbers of children having to be educated out of Borough or without a school place.	Operational Director Property & Projects	5	6	30	Work with Children & Young Peoples Dept. to plan and deliver requirements for school places and identify alternative education solutions where required. Scope to identify future funding/grant funding options. Work with EFA on establishment of new schools.	Schools Place Planning Strategy approved by Cabinet in October 2014.	4	4	16	Annual review due October 2015.	↔	31/10/15	Operational Director Property & Projects
R&G 03	Inability to meet government set Carbon & Efficiency savings targets with funding/fines attached. Target is 2,024 tCO2 reduction by 2018.	Council having a reduced services budget	Operational Director Planning & Regeneration	5	3	15	Ensure works with Carbon Management Group ensuring data is captured and is of good quality, but that other Departments co-operate, share skills and knowledge and communicate effectively.	Regular Monitoring, seeking new opportunities	4	3	12	None	↔	N/A	Energy Manager
R&G 04	Impact of government's housing and welfare reforms causes significant leading to a rise in homelessness	Increased homelessness and associated service pressures leading to an increase in use of emergency accommodation and out-of-borough placement	Operational Director Housing & Employment	6	6	36	Cross-service welfare reform approach in place. Temporary Accommodation reform plan in place to maximise homelessness prevention and private rented resolution and development of resettlement resources for out-of-borough placements.	Regular Monitoring	5	4	20	Mainstream of assisted self-service frontline service from April 2016, integrated with benefits and employment advice. Joint homelessness and children act assessment protocol to be developed.	↔	30/4/16	Head of Housing Needs
R&G 05	Assaults on staff/customers due to the open nature of the Civic Centre Foyer	Possible extensive injury to staff or customers. Reputational risk of Civic Centre being seen as an unsafe place to visit. Financial impact on ability to hire out event spaces.	Operational Director Property & Projects	5	3	15	A - extensive security presence in public areas. B- extensive security camera surveillance of public areas. C- Non confrontational/pleasant environment D- proactive communications between service teams and security team about known customers who may present a risk when visiting the civic centre.	Continual monitoring by FM Team and security sub group of the cc Stakeholder Group	5	3	15	A- Periodic review of communications between service teams and security B- Change surveillance camera position in service corridor under grand staircase C- review door locking arrangements for rooms off service corridor.	↔	30/03/16	Operational Director Property & Projects
R&G 06	Deficits in employment & Skills service quality and delivery	Reduced and/or less effective vocational training and employment outcomes for Brent residents. SFA grant-funding for START service is not maintained. OFSTED grading is not maintained.	Operational Director Housing & Employment	3	6	18	Detailed improvement plan in place with external peer challenge. Dedicated Quality Manager position established.	Regular monitoring	3	4	12	Mock OFSTED inspection scheduled for next term	↔	31/10/15	Head of Employment & Skills
R&G 07	Income decline in Building Control due to loss of business share	This will prevent/delay Planning & Regeneration 's ability to become self financing .A greater call upon the Councils revenue budgets	Operational Director Planning & Regeneration	4	5	20	Significant relationship based marketing LABC partnering agreement in place. New work strands introduced - e.g. party wall	Regular monitoring	4	4	16	Plan to win back business, also more flexible recruitment allowing speedy downsizing e.g. use of partnering, agency staff and consultants	↔	31/10/16	Head of Planning & Head of Building Control

R&G 08	Health and safety – failure of compliance.	Risk of prosecutions and fines from HSE Risk of serious injury to staff and subsequent insurance claims	Operational Director Property and Asset Management	6	4	24	Regular H&S review meetings with Property & Projects and Corporate H&S Board.	Regular monitoring	5	4	20	Mazars have been commissioned to undertake an external review of the Council's Health and Safety arrangements.	↑	31/03/16	operational Director Property and Asset Management
R&G 12	Inability to deliver enough secondary school capacity through the Schools Capital Programme (including SEN provision in that phase)	Council in breach of its statutory duty. Increasing numbers of children having to be educated out of Borough or without a school place.	Operational Director Property & Projects	5	6	30	Work with Children & Young Peoples Dept. to plan and deliver requirements for school places and identify alternative education solutions where required. Scope to identify future funding/grant funding options. Work with EFA on establishment of new schools and with EFA/Officers on identification and acquisition of suitable sites.	Schools Place Planning Strategy approved by Cabinet in October 2014. Annual review due October 2015.	4	5	20	Annual review of School Place Planning Strategy (due in October 2015) to identify a strategic approach to delivery of sufficient secondary school places.	↔	31/10/15	Operational Director Property & Projects
R&G 13	Crest Academies - risk of substantial contractor claim in respect of delay to completion of project.	Significant financial cost to council for which no budget exists.	Operational Director Property & Projects	5	6	30	Obtain appropriate legal advice in advance of a contractual claim being made and in the event that a claim is made, act according to that legal advice.	Legal advice obtained to date indicates that the anticipated claim is largely unsubstantiated and not the council's liability.	4	5	20	None	↔	N/A	Operational Director Property & Projects