



Audit Agenda

Wednesday 12 September 2018 at 7.30 pm

Conference Room 2 - The Forum

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

Membership

Councillor Birnie
Councillor Douris
Councillor McLean

Councillor Silwal
Councillor Taylor (Chair)
Councillor Tindall

Substitute Members:

Councillors G Adshead, Anderson, England, Link, Pringle and Ransley

For further information, please contact member.support@dacorum.gov.uk

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence

2. DECLARATIONS OF INTEREST

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

- (i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

- (ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct For Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

3. MINUTES AND ACTIONS (Pages 4 - 7)

To confirm the minutes of the previous meeting and consider the actions

4. PUBLIC PARTICIPATION

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation

5. STRATEGIC RISK REGISTER (Pages 8 - 25)

To provide an update on the Strategic Risk Register for 2018/19.

6. LOCAL GOVERNMENT OMBUDSMAN - ANNUAL REVIEW LETTER 2018 (Pages 26 - 30)

1. Members will find included the Annual Review Letter 2018 published by the Local Government Ombudsman (LGO). The Annual Review Letter contains the LGO's annual summary of statistics on the complaints about this Council for the year ended 31 March 2018.
2. In addition the LGO has attached the following spreadsheets:
 - Additional information on the complaints and enquiries received in the period
 - Additional information on the decisions made in the period.
3. The annual letter and corresponding data tables were published on the LGO website on 25 July 2018.

7. EXTERNAL AUDIT PROGRESS REPORT

To consider an update from the Council's External Auditor.

8. INTERNAL AUDIT PROGRESS REPORT (Pages 31 - 42)

9. INTERNAL AUDIT: SERVICE REPORTS (Pages 43 - 68)

To consider the following report:

- GDPR
- Social Media

10. AUDIT COMMITTEE - SEPTEMBER 18 - WORK PROGRAMME (Pages 69 - 70)

To consider the Audit Committee Work Programme for September 2018.

Agenda Item 3

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

25 JULY 2018

Present:

Councillors: Taylor (Chairman) McLean
Birnie Silwal
Douris Tindall

Also Attended: Councillor Elliot, Portfolio Holder for Finance & Resources.

Officers: J Deane Corporate Director (Finance and Operations)
N Howcutt Assistant Director (Finance & Resources)
F Jump Group Manager (Financial Services)
S Desor Interim Financial Accountant
L Warden Group Manager (Tenants & Leaseholders)
J Doyle Group Manager (Democratic Services)

Others: M Towler Mazars
S Ironmonger Grant Thornton
A Conlan Grant Thornton

The meeting began at 7.30 pm

57. APOLOGIES FOR ABSENCE

None

58. DECLARATIONS OF INTEREST

There were no declarations of interest.

59. MINUTES AND ACTIONS (Agenda Item 3)

The minutes of the meeting held on 31 May 2018 were agreed by the members present and signed by the Chairman.

60. PUBLIC PARTICIPATION (Agenda Item 4)

None.

61. STRATEGIC RISK REGISTER – QUARTER 1 (Agenda Item 5)

Deferred to the September meeting.

62. DBC STATEMENT OF ACCOUNTS 2017/18 and AUDIT OF DBC ANNUAL ACCOUNTS – GRANT THORNTON (Agenda Item 6b and 6a)

Resolved:

1. That the Audit Committee
 - a) notes the final financial outturn for 2017/18;
 - b) Approves the additional movements on earmarked reserves from the provisional outturn as set out at 6.4 in the report to the committee;
 - c) acknowledges the capital slippage as set out in appendix C of the report;
 - d) Completes its review of the Statement of Accounts 2017/18 and any matters on which assurance is sought in order to approve the Statements on behalf of the Council;
 - e) subject to consideration of the External Auditor's Audit Findings Report, approve the letter of representation as attached at Appendix F of the report to the committee in their capacity of those charged with Governance; and
 - f) subject to (a) above, approve the Statement of Accounts for 2017/18.
2. Acknowledge that, having substantially completed their audit of DBC financial statements and subject to the outstanding queries and items being resolved, Grant Thornton have proposed an unqualified audit opinion, as detailed in Appendix D of their report to the Audit Committee.

Advice

The Committee agreed that DBC officers should proceed with an outline of the accounts and then the Auditors would present their opinion. F Jump (FJ), Group Manager: Financial Services first introduced the reports for consideration, including the documents circulated just prior to the meeting.

J Deane (JD), Strategic Director – Finance and Operations was pleased to report a good deal of satisfaction with the presentation of a timely, valid and complete set of accounts this year. This year, the production of the Statement of Accounts had to be delivered on a compressed timetable (submitted by 31 May) despite significant changes in finance personnel during the year; four had left and only one of the replacements was in post ahead of three others joining later. He praised F Jump and the others involved for the efforts made to ensure the accounts were completed on time and in the desired format. The Chair and the remainder of the committee endorsed this view and recorded their thanks to F Jump and her team.

FJ then took the committee through the two main elements of the report: the final outturn for 2017/18 and the final Statement of Accounts; and then outlined the various documents and appendices that make up the final Statement.

Before moving to the Auditor's Report, Cllr Birnie sought and was given some clarification on the points raised regarding 'Reserves', particularly the difference between 'usable' and 'other' reserves. He pointed out that the different terminology used in reference to them made it difficult to keep track and examine the function of these reserves. He asked if the reserves are listed anywhere? Officer suggested that members could keep track using the reserves listed in the February Budget Report and monitor their status through the updated list, generally included in the quarterly reports.

Audit of DBC Annual Accounts – Grant Thornton (Item 6a)

S Ironmonger (SI) of Grant Thornton Auditors introduced their report (including the addendum circulated to the meeting) containing the findings and recommendations on the Statement of Accounts: particularly highlighting their 'unqualified' opinion set out in Appendix D of their report.

Cllr Birnie asked for the reasoning behind which areas are tested out of the hundreds of items that might be tested. He wished to know if there is a set percentage for the overall possible areas for testing. SI responded that this is a statistical sample based on a set criteria developed to identify key areas for investigation which ensure that the operations of the Council are thoroughly examined and tested. It is not a fixed percentage but targeted investigations dependant on the size and scope of the council's activities.

Cllr Tindall asked if the significant difficulties experienced in obtaining listings of transactions and balances (as identified on page 13 of the auditor's report) had been addressed. FJ advised that the changes in staffing may have been a factor and it is being addressed to everyone's satisfaction. A Conlon of Grant Thornton (AC) advised that this is mainly a technical issue with the operation of the process due to the variety of sub-process being examined.

A Conlon then went on to say that this is in general a good set of accounts which the auditors expect to declare 'unqualified'. He highlighted the identified, significant risks as set out on page 7 of their report; they have been audited and the controls assessed. He went through five main areas of risks and the auditor's assessment of the effectiveness of the controls in place.

He drew particular attention to the risks surrounding PPE valuations. As an example he identified the disposal of Jarman Park as a significant financial disposal and that the processes compared well with financial accounting standards.

The auditors examined the council's 'going concern' assumptions and declared them appropriate, supporting 'value for money'.

He concluded that the key accounting policy processes are sufficient and that there are no variants to suggest the budget processing is not working. 100% of planned savings had been achieved and he would endorse the unqualified VFM opinion. He confirmed the robustness of the high standard of Full/Substantial as appropriate gradings. See item 63.

The Chair and committee thanked the auditors for their work and then confirmed the recommendations affirming the 'unqualified' audit.

63. HEAD OF INTERNAL AUDIT OPINION /ANNUAL REPORT 2017/18 (Agda Item 7)

M Towler of Mazars (MT) introduced the summary report from the Internal auditors and took the committee through the main points.

He commented that it was good to see the results in the External Auditor's report and felt the Council could take reassurance from the fact that the report shows the main risks had been identified, addressed, and any areas of concern improved. He felt this is echoed in the work done by Internal Audit and the general tone of their reports. He pointed out that his report shows that in the service investigations carried out there were **8 Full** and **10 Substantial** assessments leading to an overall assessment of '**Substantial**' for the work of the council.

His only note of concern and area for improvement involved the return of audit survey reports; of the 18 sent out only 5 were returned completed. MT did add that this is not a material issue but simply a matter of concern. He would encourage their completion as they measure the value of the audit to those audited. After establishing that it only takes about 30 minutes for the manager to complete the survey, Cllr Douris suggested that officers make it one of this year's targets to achieve 100% return of surveys. NH agreed to take this away and look at our approach.

The Chair singled out for praise those services that had achieved **Full/Full** assessments during the year and recorded for the minutes his and the committee's thanks to **ALL** employees, pointing out that they are testament to the improvement efforts being made at DBC (See confirmation from external Auditors Minute 62).

64. INTERNAL AUDIT PROGRESS REPORT (Agenda Item 8)

The committee considered the report from the Internal Auditor, Mazars - MT informed the committee on the results from the first quarter in which there was one audit finalised (to be considered at this meeting). There are still five audits outstanding from last year but this is mainly as their implementation dates have not yet been reached. He concluded that in his opinion things are moving forward as planned. Cllr Tindall suggested that the report might benefit from a 'still outstanding' column. Officer and MT felt that the comments column should serve this purpose.

65 INTERNAL AUDIT SERVICE REPORTS (Agenda Item 9)

The committee considered the Mazars report on the audit of **Housing Rents** (Evaluation assurance: **Full**. Testing assurance: **Substantial**).

The audit raised two Priority 2 recommendations and one priority 3 recommendation as follows:

Recommendation 1: Rent Debits – Termination of Tenancy Forms (Priority 2)

Recommendation 2: Rent Arrears – Former Tenant Arrears (Priority 2)

Recommendation 3: Recharge of Services Provided to Tenants – Calculation of Charges (Priority 3)

Cllr Tindal enquired if the Orchard system had failed us, since it had not prompted any action in two years. L Warden, Group Manager: (Tenants & Leaseholders) (LW) felt the gap in the software had been filled by a more effective structure and reporting line that ensured the team could keep track of the issues. They are collecting and assessing the evidence on how effective this method is before considering investing in a costly software update.

The Chair pointed out that the last two lines of the report, the officers' comments and the expressed satisfaction of the Auditors would suggest that this matter is in hand and being addressed.

66. AUDIT COMMITTEE WORK PROGRAMME (Agenda Item 10)

The committee considered the work programme for 2018/19 and made no alterations or additions.

Resolved: That the work programme for 2018/19 be agreed.

The meeting ended at 20.35 pm.

Agenda Item 5



AGENDA ITEM: 5

SUMMARY

Report for:	Audit Committee
Date of meeting:	12 July 2018
PART:	1
If Part II, reason:	

Title of report:	Strategic Risk Register Quarter 1, 2018/19
Contact:	Cllr Graeme Elliot , Portfolio Holder Finance & Resources James Deane , Corporate Director (Finance & Operations) Linda Dargue, Lead Officer, Insurance & Risk
Purpose of report:	To provide the Quarter 1 update on the Strategic Risk Register
Recommendations	That the content of this report is noted and that Committee seek further assurance where required.
Corporate objectives:	Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives
Implications:	<u>Financial</u> Incorporated within the report.
'Value For Money Implications'	<u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report these minimum balances are secured. Budget exercises for 2017/18 have ensured that the minimum balance requirements will also be met for the next financial year.
Risk Implications	Effective risk management is an important factor in all policymaking, planning and decision making.

	Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external assessments
Equalities Implications	Equality Impact Assessment reviewed/carried out* Not applicable
Health And Safety Implications	Not applicable
Consultees:	Chief Officer Group
Background papers:	Cabinet, October 2014, Agenda Item 10

BACKGROUND

1. The revised Strategic Risk register showing the position at the end of Q1 2018/19 is attached at Appendix A.
2. There are no changes to the risk scores for this quarter, however the narrative has been reviewed and amended as appropriate to reflect the current position.
3. This iteration of the risk register, i.e. as at Quarter 1, will be reported to Cabinet on 16 October 2018, and will include comments and suggestions as requested by the Audit Committee.

STRATEGIC RISK REGISTER

June 2018



C5 - The Council fails to comply with the regulatory framework within which it must operate.					
Category:	Corporate Priority:	Risk Owner:	Portfolio Holder:	Tolerance:	
Legal & Regulatory	Dacorum Delivers	James Deane	Graeme Elliot	Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	2 Medium	6 Amber
Consequences		Current Controls		Assurance	
<p>As a public sector organisation, there a number of regulatory frameworks which govern the way in which the Council must operate both on a day-to-day basis and in the discharging of one-off duties or actions.</p> <p>Generally, compliance with these frameworks is considered an operational risk and is monitored and managed through a combination of the Operational Risk Register and Performance Indicators which are reported to the relevant Overview and Scrutiny Committees.</p> <p>However, there is a risk that in some circumstances failure to comply with regulations could result in a number of consequences for the Council that are sufficiently negative and high profile in nature to become, for a short time, strategic in nature.</p> <p>For example, failure to follow the correct protocols prescribed under the data protection legislation could result in the following consequences for the Council:</p>		<p>The Council has a number of strategies and policies in place which aim to provide clarity in the way Council Members and staff should operate.</p> <p>These documents are reviewed and updated periodically by Officers who are experts in the field and are frequently the subject of Internal Audit reviews in order to provide Members with independent, third-party assurance.</p> <p>These processes mitigate the likelihood of this risk crystallising and have resulted in my reducing the inherent risk score from '4', Very Likely, to '2', Unlikely.</p> <p>Data Protection policy & procedures Health & Safety policy & procedures Risk Management framework Safeguarding policy & procedures Financial Regulations Procurement Standing Orders Constitution</p>		<p>The Financial Regulations (Main Accounting) and Emergency Plan were audited by Mazars, the Council's Internal Auditors in 2014/15 and achieved a FULL level of assurance.</p> <p>The Risk Management framework and Procurement Standing Orders were audited in 2014/15 and achieved a SUBSTANTIAL level of assurance.</p>	

STRATEGIC RISK REGISTER

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<p>1. Disclosure of personal information causing harm to a resident 2. High profile negative publicity regarding the way the Council operates 3. Significant financial penalty imposed by the Information Commissioner</p> <p>This risk has been included on the Strategic Risk Register to ensure that there is scope to escalate an operational risk for Cabinet consideration and Audit Committee scrutiny should there be a period of intensified risk in a specific regulatory area.</p>	<p>Emergency Plan Human Resources terms & conditions</p>	
<p>Sign Off and Comments</p>		
<p>Sign Off Complete</p> <p>The General Data Protection Regulation (GDPR), an EU law relating to data protection, came into force on 25 May 2018. GDPR has implications for the way in which councils manage the data they hold, and increases the penalties they face for breaching those regulations.</p> <p>DBC employs an Information Security Team Leader within the Legal Governance Team who has been leading on the GDPR implementation project. An Internal Audit of the new processes is scheduled to take place commencing 31 July, which will focus on the Council's compliance with the new requirements. The outcome will be reported to the Audit Committee at the first available opportunity.</p>		

C6 - The Council does not attract and retain the skill sets within its workforce that will enable it to maximise opportunities for delivering its services more efficiently through increased partnership working.

<p>Category: People/Employees</p>	<p>Corporate Priority: Dacorum Delivers</p>	<p>Risk Owner: Sally Marshall</p>	<p>Portfolio Holder: David Collins</p>	<p>Tolerance: Treating</p>	
<p>Inherent Probability</p>	<p>Inherent Impact</p>	<p>Inherent Risk Score</p>	<p>Residual Probability</p>	<p>Residual Impact</p>	<p>Residual Risk Score</p>

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4 Very Likely	4 Severe	16 Red	2 Unlikely	4 Severe	8 Amber
Consequences		Current Controls		Assurance	
<ul style="list-style-type: none"> • The quality of service delivery is likely to be adversely affected due to a lack of resources and/or skills to effectively deliver services through increased partnership working. • There is likely to be a reduction in efficiency savings due to inability to create more effective partnerships. • There is also likely to be a negative impact on any proposals for devolved powers. • A failure to create more examples of effective partnership working will result in a higher likelihood of back office and front line services being reduced as the financial constraints on the Council's budget continue to tighten. 		<ul style="list-style-type: none"> - Leading in Dacorum continues to be delivered focussing on key management competencies to ensure managers are leading staff effectively. - People strategy is being implemented which covers workforce improvements such as staff recognition, staff benefits and how we recruit/retain staff. 		<ul style="list-style-type: none"> • The projected annual turnover rate (as calculated in Q1) is 12% which is comparable to the local government average (12%). • Recruitment for most posts is generally competitive with a good number of applications being received from suitably qualified candidates for vacant posts. However, there are pockets in the organisation that are having difficulties in recruiting staff. Work is underway to explore options to overcome these difficulties by understanding why staff are leaving and what the possible barriers are preventing people applying. 	
Sign Off and Comments					
Sign Off Complete					

STRATEGIC RISK REGISTER

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We have a well-established and effective approach to recruiting staff, although there are some areas in which it is more difficult to attract candidates. We use a range of media to advertise and operate up-to-date recruitment policies and practices. However, following a review we have begun to implement changes, which will make the Council more attractive to prospective recruits. This includes a new recruitment website, easier forms and using the power of LinkedIn and other social media sites to better target suitable candidates.

We have also implemented proposals to modernise our terms and conditions, which includes car salary sacrifice, travel season tickets, holiday trading and a new staff recognition scheme, which will form part of the overall recruitment package.

A project to review our approach to training and development is underway which will ensure our corporate training fulfils the workforce needs and that the service training budgets are consistently split across the teams. We are also continuing to provide a dedicated management-training programme (Leading in Dacorum) that focuses on service planning, innovation, efficiencies and workforce planning, as well as a comprehensive mandatory training programme to ensure staff have the right skills to carry out their roles.

Controls do not develop at a sufficient pace to keep track with the continually emerging data protection risks

Category: Corporate	Corporate Priority: Dacorum Delivers	Risk Owner: Sally Marshall	Portfolio Holder: David Collins	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	4 Severe	12 Red	2 Unlikely	3 High	6 Amber
Consequences		Current Controls		Assurance	
Cause of Risk - The Council is reliant on vast amounts of good quality data and information to determine sound decisions and plans, conduct operations and deliver services. It is also required by the Data Protection Act and Government's Public Sector Network (PSN) Code of		Information Security Officer appointed responsibilities include: <ul style="list-style-type: none"> the Council's Corporate Information Assurance specialist the custodian, owner and updater of ICT Security and Information Governance strategy, policy and procedure ensuring that the Council complies with the latest 		<ul style="list-style-type: none"> Information Security Officer appointed Various ICT policies and procedures in place Compulsory training for staff on Data Security PSN Compliance GDPR Training 	

STRATEGIC RISK REGISTER

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Connection (CoCo) to maintain confidentiality, integrity, availability and appropriately authorised use of the data.

With the Government's 'Open' agenda, increased flexible working patterns of staff, and increased partnership working and use of multiple information storage sources, controls on data management and security have become complex and important.

Consequences of Risk –

1. Poor decision making due to ineffective use of or insufficient availability of data and information sharing.
2. Loss, misrepresentation or unauthorised disclosure of sensitive data, DBC has the potential to be susceptible to cyber-attacks or sabotage.
3. Under performance. Breach of Data Protection Act leading to legal actions, fines, adverse publicity, and additional remedial and data protection costs.
4. Significant interruption of vital services leading to failure to meet duties and to protect people, finances and assets.
5. Potential damage to DBC's reputation.

legislation in terms of ICT Security standards and compliance.

- To ensure that the Council's policies and procedures regarding ICT Security and Information governance are adhered to across all the Council's services.
 - To keep informed of relevant technical innovation and changes to technological, infrastructure, telecom and software systems in relation to Information Security.
 - To be the custodian and owner of Information Security and Governance Standards.
 - To manage Information Security and Governance strategies and to support the Council in the future development of Information Security, Governance and Business Continuity.
 - To train Council Staff, Members on Information Security, Data Protection Act and Freedom of Information Acts.
- Compulsory training for staff on Data Security
- PSN Compliance
 - Audit of data protection approach

Sign Off and Comments

Sign Off Complete

STRATEGIC RISK REGISTER

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We have a robust approach to managing data security and protection. This includes a range of technical security measures such as anti-virus software, automated software patching, corporate firewalls and various multiple factor authentication processes. New staff also have to review and sign a number of Information Security / Management Policies (Including data protection) and all suppliers working with our data are required to complete an 'accreditation form'.

Overall systems availability in Q4 was above target at 99.4% and third scrutiny and testing as part of our PSN accreditation is scheduled for Q3. We are in the process of refreshing both desktop and data centre hardware and software, further strengthening our resilience, and we are continuing to work with our suppliers to progress delivery of resilient lines.

Quarterly training courses and refreshers on the Data Protection Act have now been merged with an extensive GDPR (mandatory) training schedule. A GDPR 12 point action plan, previously presented to CMT, is now being implemented.

F6 Changes to legislation could negatively affect the medium to long term viability of the HRA Business Plan.

Category: Financial	Corporate Priority: Affordable Housing	Risk Owner: Mark Gaynor	Portfolio Holder: Margaret Patricia Griffiths	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
<p>Since the 'once and for all' settlement with government on the self financing of the HRA there have been major legislative and policy changes which, overall, have impacted detrimentally on the HRA Business Plan:</p> <ul style="list-style-type: none"> • The re-invigoration of the RTB which has increased sales from around 15-20 per year to well over 100 • The parallel introduction of the RTB 'one for one' replacement scheme where the Council can use receipts to build new homes but only to pay for 30% of costs (leaving the other 70% to be sourced) • A change to national rent policy which moved from RPI 		<p>Elements of the changes are yet to apply (the rent changes start from April 2016) and the current controls – proper business planning, the disciplines of the MTFS, project and programme management arrangements, effective contract management, annual efficiency programmes and so on – reflect on the existing position and could provide sufficient mitigation to the long term business plan. The controls proposed for the new changes – if the proposed legislation is enacted – will only mitigate the impact to an extent as the scale of change, compounded with previous changes, are so</p>		<p>A remodelling of the HRA Business Plan has been made to take account of the impact of the changes which will be considered by Cabinet (initially in November 2015 and periodically thereafter). This has demonstrated that the current new build programme can be completed. The ability to extend this further will depend on the success of the mitigations above.</p>	

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+ 0.5% to CPI + 1% and ending the process of reaching target rents (leaving 60% of DBC properties below target)

The government now propose two further changes which, if enacted, will further constrain the capacity of the HRA Business Plan viability:

- A rent reduction of 1% per year for four years and a complete inability to make any progress towards convergence to target rents (a reduction of income of £30M over the first four years and over £500M over the lifetime of the HRA Business Plan)
- Enforced sales of 'high value' council homes as they become vacant to fund Housing Association RTB

The first of these changes is already in draft legislation and the assumption must be that it will happen. The consequences are very significant, and even with mitigation will continue to be so:

The financial viability of the HRA to meet its current business plan objectives in full cannot be made due to loss of income and economies of scale as stock numbers diminish.

Services to tenants will have to reduce, including proposed investment in the existing stock, to deal with the scale of resource reduction.

The new build programme at its proposed scale will have to reduce, and possibly cease, in order to provide services to tenants and balance the books.

That resources provided through RTB one for one replacement will be unused and lost to the Borough as it is returned to the Treasury as a result of the Council's

significant. The controls are as follows:

A complete review of the HRA Business Plan to spread the impacts over activities and over time. Initially, in order to deliver the current new build programme, this will be focused on a slowing down of the investment into current stock.

Reducing the costs of running the service through efficiency and service redesign (in partnership with tenants and leaseholders).

Improved procurement of services and renegotiation of existing contracts (though these have been procured within the last year or so and will restrict potential). This would include seeking shared services with other partners and models of operation which reduce the overheads of the HRA.

Maximising the income to the HRA by altering use of parts of the stock (increased use of HRA stock for temporary accommodation and provision of low level care as part of a tenancy where rent controls do not apply).

Altering the tenure mix of the current new build programme to include shared ownership and market sale in order to cross subsidise new rented provision. This could incorporate an element of affordable rent to increase revenue.

Development of a partnership approach to use of RTB one for one replacement funding with local Housing Associations in order to minimise losses of resource to the Borough and to increase supply of new homes.

Fully exploring the potential of a Local Housing Company

STRATEGIC RISK REGISTER

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inability to provide the 70% match funding and as Housing Associations reduce their supply of new affordable homes (as a result of the same legislative changes impacting on the Council).
The Council's housing stock will progressively reduce through RTB, enforced sales and reduction in new build which will reduce its ability to meet the housing needs in the Borough and achieving the strategic objective of increasing the supply of affordable homes.

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to improve the cost of delivery of new homes alongside the benefits to the General Fund.
Lobbying of government regarding the disproportionately severe impacts of the changes, though historical reasons, on DBC seeking some local amelioration.
Ensuring that our intelligence on the changing position and on developments within the sector are fully up to date through membership of ARCH, liaison with CIH and other key bodies.
The following controls are in place already with regard to the financial and strategic management of the HRA Business Plan:

- An annual refresh of the HRA Business Plan reported both to CMT and to Cabinet
- Monthly meeting between budget holders and accountants monitoring progress against original timeframes and costs
- Regular meetings of the Corporate New Build Group considering performance and new schemes
- CMT receive a fortnightly update on the new build programme
- Performance Board comprising Chief Officers and cabinet members receive a report on progress before each cabinet meeting
- Reports on HRA performance go the Overview and Scrutiny every quarter
- The HRA is reported as part of the overall corporate financial reporting process

Sign Off and Comments

STRATEGIC RISK REGISTER

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Sign Off Complete

The risk level remains unchanged. The government has launched a bidding round to increase the borrowing capacity for new build though has restricted this to new schemes that must complete in the next three years which is not the 5-10 year deal that allows effective delivery.

F7 - Funding and income is not sufficient to deliver the Council's corporate objectives

Category: Financial	Corporate Priority: Dacorum Delivers	Risk Owner: James Deane	Portfolio Holder: Graeme Elliot	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
<p>The government's austerity programme has led to reduced Local Authority funding over the last seven years, resulting in the Council's need to find savings of £7m since 2010/11. Further funding reductions in excess of £3m are forecast over the next four years, which increases the risk of the Council being unable to deliver its vision for the borough, as detailed in the Corporate Plan. (http://www.dacorum.gov.uk/docs/default-source/council-democracy/dacorum_corporateplan_web.pdf?sfvrsn=2)</p> <p>Sustained funding reductions of this magnitude are not only a risk to the Council's capacity to grow and enhance the community, but more fundamentally they are a risk to the continued provision of high quality frontline services to residents.</p>		<p>The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment, which allows for more effective forward planning. These controls are detailed below, and have resulted in my reducing the inherent risk score from '4', Very Likely, to '3', Likely.</p> <p>The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members</p>		<p>In May 2018, the Council was audited by Mazars on 'Budgetary Control', focusing on the control processes in place to both set and manage the Council's annual budgets, and secured a 'FULL' level of assurance.</p> <p>Also in May 2018, the Council's medium-term financial monitoring and savings control programme was audited by Mazars under the umbrella of 'Benefits and Savings Realisation'. This audit also received a 'FULL' level of assurance.</p> <p>The external auditors, Grant Thornton, gave the following 'value for money' opinion within the 2016/17 year end audit of the Council: 'based on the work we performed to address the significant risk, we concluded that [the Council] had proper arrangements in place in all significant respects to ensure it delivered value for</p>	

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<p>If the Council is unable to deliver its vision or to protect its frontline service provision, it risks the following consequences:</p> <p>Increased community hardship as the services provided to the most vulnerable residents in the borough are impacted, leading to delays in their accessing financial and residential help.</p> <p>The impact of reducing standards of environmental services across the borough could lead to a less attractive environment and a loss of community identity and civic pride for residents.</p> <p>Reputational damage as residents become dissatisfied with their experience of interacting with the Council. This risk is exacerbated by the growth of social media and the ability of residents to share their experiences with large numbers of people instantaneously.</p>	<p>to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version is accessible via the following link:</p> <p>http://www.dacorum.gov.uk/docs/default-source/council-democracy/mtfs-july-cabinet-2015.pdf?sfvrsn=0</p> <p>The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.</p> <p>The Council's reviewing of its Corporate Plan together with its Communications Strategy mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently by managing aspiration and expectation (detail below). On this basis, I have reduced the Impact score from '4', Severe, to '3', High.</p> <p>The Council reviews its Corporate Plan periodically to ensure that the vision for the borough remains relevant and realistic within the financial constraints outlined within the MTFS and the HRA plan. The aspirations of the Council and the community are managed through the Council's Communications Strategy both through social media,</p>	<p>money in its use of resources.'</p> <p>These audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives.</p>
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June 2018



the local press and Digest.

Sign Off and Comments

Sign Off Complete

The General Fund position on the Council's Outturn for 2017/18 showed an overall underspend of £90k, which equates to 0.4% variance on an annual budget of £21.4m.

A £90k year-end variance is significantly less than in previous years, and indicates that continued government funding reductions are posing an ever-increasing risk to the Council's ability to deliver its services within the available financial envelope.

The Council's primary financial planning document is the MTFS, of which an updated version will be reported to Cabinet in July 2018. The recent audits referred to in the 'Assurance' section of this risk provide assurance that the Council's approach to financial planning is robust. However, the draft MTFS position is likely to show a significant savings requirement over the medium term, largely due to continued uncertainty around government funding for local authorities, which will bring increased political risk for the Council as Members face ever-more challenging political decisions around the prioritisation and funding of the services it provides.

13 - The Borough does not secure sufficient investment in infrastructure to ensure that housing delivery and economic and community growth is sustainable in the longer term.

Category: Infrastructure	Corporate Priority: Affordable Housing	Risk Owner: Mark Gaynor	Portfolio Holder: Graham Sutton	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
4 Very Likely	4 Severe	16 Red	3 Likely	3 High	9 Amber
Consequences		Current Controls		Assurance	
The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships		Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities)		The process for setting out development delivered is through the Authority Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure. Regular reports are made as set out above in controls.	

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to deliver it. Failure to provide this infrastructure will have a number of damaging consequences:
A reduction in the quality of life and opportunities for people in the Borough
A serious constraint to economic growth with the impact on the contribution to service provision through Business Rates growth
Increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope
Damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council

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or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.

The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:

Ensuring that the Local Plan (and its component elements such as the Core Strategy, site allocations, supporting policies and so on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials. Use of masterplanning supports what is required to be delivered to produce sustainability on larger sites. The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes an element of CIL which can be spent by local communities and act to link growth directly with infrastructure provision local people want.

Operating a 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision

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making within required time limits.
Stimulating required growth through the Council's own regeneration activity, including Hemel Evolution, Gade Zone and Heart of Maylands resulting in inward investment being more likely.
Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.
Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.
Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)
Working to create key partnerships to bring forward development capable of funding major infrastructure (such as Gorhambury)
These controls are exercised within the following:

- Monthly reporting to Hemel Evolution Board and Corporate Regeneration Group
- Fortnightly reporting on key projects to CMT
- Reporting to Performance Board before each Cabinet Meeting
- A clear programme for the Local Development Framework and CIL

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	<ul style="list-style-type: none"> • Quarterly reporting to Overview and Scrutiny • Regular reporting to Cabinet • Adherence to the agreed performance and project management processes 	
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Sign Off and Comments

Sign Off Complete

Progress on the transport infrastructure for Maylands and the Enterprise Zone continues and the designs for the improved layout for Junction 8 and Green lane are in the process of being finalised.

RE The Council does not embrace the increased use of social media as a tool for social engagement and increased community engagement.

Category: Reputational	Corporate Priority: Dacorum Delivers	Risk Owner: Sally Marshall	Portfolio Holder: David Collins	Tolerance: Treating	
Inherent Probability	Inherent Impact	Inherent Risk Score	Residual Probability	Residual Impact	Residual Risk Score
3 Likely	3 High	9 Amber	2 Unlikely	3 High	6 Amber
Consequences		Current Controls		Assurance	
<p>The risk of not using social media</p> <p>- This will mean that our approach to engagement (i.e. letters, workshops, printed magazines) is likely to exclude key demographic groups including younger residents and those who are more technologically minded.</p> <p>- We will not be able to respond to negative posts or views which could cause significant reputational damage or risk.</p>		<p>In order to mitigate these risks we have put in place a number of controls:</p> <p>The risk of not using social media</p> <p>- Our social media strategy sets out how we will proactively engage with residents through Twitter, Facebook, Linked In, Instagram and using online videos.</p> <p>- We have 18 social media accounts covering corporate and operational services including from the CSU.</p>		<ul style="list-style-type: none"> o Corporate Information Security Management Policy o Corporate Information Technology Security Policy o Data Protection Act Policy o Freedom of Information Policy o PSN/Government Connect (GSx) Acceptable Usage Policy o Information Security Incident Procedure o Social Media Strategy o Facebook and Twitter accounts o Social Media Management System o Dedicated communications specialists 	

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- We will have less opportunity to influence Government and media through the use of targeted campaigns and communications.
- The organisation may not be viewed as 'technologically forward thinking' which could lead to reputational risks. This includes more difficulty in attracting hi-tech investment or exclusion from innovation pilots.

Managing the risk of social media

- Members of the public can use DBC's profile to raise negative or incorrect statements that damage the reputation of DBC.
- Employees may breach data security rules regarding the management of private or confidential information.
- Inappropriate or unacceptable content posted by employees
- Our social media accounts are 'identity jacked' which occurs when fake accounts are set up to look like those of DBC. This is a risk because the fake accounts can post incorrect or inappropriate information which is then associated with DBC.
- Weak authentication in the use of social media accounts can lead to them being hacked. The hacked

- We regularly use social media to actively promote campaigns, events and messages.
- We interact with partners and other third parties (eg HCC) to promote joint initiatives via social media
- We generate reports and analysis on scale and content of Facebook and Twitter posts.

Managing the risk of social media

- We employ the Crowd Control system to enable the Communications team to manage and authorise services posts and tweets.
- The Crowd Control system also enables the Communications team to monitor and respond to any negative posts.
- Our system provides automatic moderation of abusive messages.
- We provide in-house training for all staff posting on DBC social media accounts.
- We use a subscription service that manages and secures accounts.
- All staff are required to read and sign-up to a range of

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accounts are then used to post inappropriate, derogatory or libellous comments.

- The use of social media can make it easier for 'pressure groups' to generate support behind negative campaigns.

policies including:

- Corporate Information Security Management Policy
- Corporate Information Technology Security Policy
- Data Protection Act Policy
- Freedom of Information Policy
- PSN/Government Connect (GSx) Acceptable Usage Policy
- Information Security Incident Procedure

Sign Off and Comments

Sign Off Complete

We continue to operate a proactive and engaged social media programme, which is managed by a Communications Team with significant social media experience. In Q1 we posted over 1257 outbound messages across our 15 social media accounts, received over 1073 direct messages which were responded to in accordance with our social media policy and guidance. We have recently received a draft audit result of 'full and substantial' on our social media controls. Our online Digital Digest now has over 14,000 subscribers and continues to grow.

18 July 2018

By email

Sally Marshall
Chief Executive
Dacorum Borough Council

Dear Sally Marshall,

Annual Review letter 2018

I write to you with our annual summary of statistics on the complaints made to the Local Government and Social Care Ombudsman (LGSCO) about your authority for the year ended 31 March 2018. The enclosed tables present the number of complaints and enquiries received about your authority and the decisions we made during the period. I hope this information will prove helpful in assessing your authority's performance in handling complaints.

Complaint statistics

In providing these statistics, I would stress that the volume of complaints does not, in itself, indicate the quality of the council's performance. High volumes of complaints can be a sign of an open, learning organisation, as well as sometimes being an early warning of wider problems. Low complaint volumes can be a worrying sign that an organisation is not alive to user feedback, rather than always being an indicator that all is well. So, I would encourage you to use these figures as the start of a conversation, rather than an absolute measure of corporate health. One of the most significant statistics attached is the number of upheld complaints. This shows how frequently we find fault with the council when we investigate. Equally importantly, we also give a figure for the number of cases where we decided your authority had offered a satisfactory remedy during the local complaints process. Both figures provide important insights.

I want to emphasise the statistics in this letter reflect the data we hold, and may not necessarily align with the data your authority holds. For example, our numbers include enquiries from people we signpost back to the authority, some of whom may never contact you.

In line with usual practice, we are publishing our annual data for all authorities on our website, alongside an annual review of local government complaints. The aim of this is to be transparent and provide information that aids the scrutiny of local services.

Future development of annual review letters

Last year, we highlighted our plans to move away from a simplistic focus on complaint volumes and instead turn focus onto the lessons that can be learned and the wider improvements we can achieve through our recommendations to improve services for the many. We have produced a new corporate strategy for 2018-21 which commits us to more comprehensively publish information about the outcomes of our investigations and the occasions our recommendations result in improvements to local services.

We will be providing this broader range of data for the first time in next year's letters, as well as creating an interactive map of local authority performance on our website. We believe this will lead to improved transparency of our work, as well as providing increased recognition to the improvements councils have agreed to make following our interventions. We will therefore be seeking views from councils on the future format of our annual letters early next year.

Supporting local scrutiny

One of the purposes of our annual letters to councils is to help ensure learning from complaints informs scrutiny at the local level. Sharing the learning from our investigations and supporting the democratic scrutiny of public services continues to be one of our key priorities. We have created a dedicated section of our website which contains a host of information to help scrutiny committees and councillors to hold their authority to account – complaints data, decision statements, public interest reports, focus reports and scrutiny questions. This can be found at www.lgo.org.uk/scrutiny I would be grateful if you could encourage your elected members and scrutiny committees to make use of these resources.

Learning from complaints to improve services

We share the issues we see in our investigations to help councils learn from the issues others have experienced and avoid making the same mistakes. We do this through the reports and other resources we publish. Over the last year, we have seen examples of councils adopting a positive attitude towards complaints and working constructively with us to remedy injustices and take on board the learning from our cases. In one great example, a county council has seized the opportunity to entirely redesign how its occupational therapists work with all of its districts, to improve partnership working and increase transparency for the public. This originated from a single complaint. This is the sort of culture we all benefit from – one that takes the learning from complaints and uses it to improve services.

Complaint handling training

We have a well-established and successful training programme supporting local authorities and independent care providers to help improve local complaint handling. In 2017-18 we delivered 58 courses, training more than 800 people. We also set up a network of council link officers to promote and share best practice in complaint handling, and hosted a series of seminars for that group. To find out more visit www.lgo.org.uk/training.

Yours sincerely,



Michael King
Local Government and Social Care Ombudsman
Chair, Commission for Local Administration in England

Local Authority Report: Dacorum Borough Council
For the Period Ending: 31/03/2018

For further information on how to interpret our statistics, please visit our website:
<http://www.lgo.org.uk/information-centre/reports/annual-review-reports/interpreting-local-authority-statistics>

Complaints and enquiries received

Adult Care Services	Benefits and Tax	Corporate and Other Services	Education and Children's Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
0	5	1	0	5	2	7	16	0	36

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Decisions made

				Detailed Investigations			
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After Initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
3	2	14	9	3	2	40%	33

Notes

Our uphold rate is calculated in relation to the total number of detailed investigations.
 The number of remedied complaints may not equal the number of upheld complaints. This is because, while we may uphold a complaint because we find fault, we may not always find grounds to say that fault caused injustice that ought to be remedied.

Complaints Remedied

by LGO	Satisfactorily by Authority before LGO Involvement
2	0

Reference	Authority	Category	Received
16002475	Dacorum Borough Council	Planning & Development	12/04/17
16017972	Dacorum Borough Council	Planning & Development	19/09/17
16018327	Dacorum Borough Council	Housing	31/05/17
16018634	Dacorum Borough Council	Planning & Development	04/04/17
17000146	Dacorum Borough Council	Planning & Development	04/04/17
17000162	Dacorum Borough Council	Benefits & Tax	04/04/17
17000632	Dacorum Borough Council	Planning & Development	12/04/17
17000777	Dacorum Borough Council	Benefits & Tax	07/06/17
17001184	Dacorum Borough Council	Housing	24/04/17
17001801	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	15/05/17
17004468	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	19/06/17
17004502	Dacorum Borough Council	Planning & Development	20/06/17
17004854	Dacorum Borough Council	Highways & Transport	26/06/17
17006470	Dacorum Borough Council	Planning & Development	20/07/17
17007531	Dacorum Borough Council	Housing	01/09/17
17007847	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	14/08/17
17009149	Dacorum Borough Council	Benefits & Tax	05/09/17
17009737	Dacorum Borough Council	Benefits & Tax	14/09/17
17011149	Dacorum Borough Council	Housing	09/10/17
17011619	Dacorum Borough Council	Highways & Transport	17/10/17
17012029	Dacorum Borough Council	Benefits & Tax	24/10/17
17012694	Dacorum Borough Council	Planning & Development	03/11/17
17012851	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	08/11/17
17013316	Dacorum Borough Council	Housing	16/11/17
17013385	Dacorum Borough Council	Planning & Development	17/11/17
17013550	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	20/11/17
17013841	Dacorum Borough Council	Planning & Development	27/11/17
17015805	Dacorum Borough Council	Planning & Development	25/01/18
17016176	Dacorum Borough Council	Planning & Development	28/03/18
17016562	Dacorum Borough Council	Planning & Development	22/01/18
17017731	Dacorum Borough Council	Corporate & Other Services	12/02/18
17018069	Dacorum Borough Council	Housing	16/02/18
17018219	Dacorum Borough Council	Planning & Development	20/02/18
17018571	Dacorum Borough Council	Planning & Development	26/02/18
17020237	Dacorum Borough Council	Housing	27/03/18
17020336	Dacorum Borough Council	Planning & Development	28/03/18

Reference	Authority	Category	Decided	Decision	Remedy
16002475	Dacorum Borough Council	Planning & Development	25/08/17	Upheld	Financial Redress
16008585	Dacorum Borough Council	Planning & Development	24/08/17	Upheld	Apology, Procedure Change
16017090	Dacorum Borough Council	Housing	05/04/17	Closed after initial enquiries	Null
16017972	Dacorum Borough Council	Planning & Development	18/10/17	Closed after initial enquiries	Null
16018327	Dacorum Borough Council	Housing	17/01/18	Not Upheld	Null
16018634	Dacorum Borough Council	Planning & Development	08/09/17	Not Upheld	Null
17000146	Dacorum Borough Council	Planning & Development	26/04/17	Closed after initial enquiries	Null
17000162	Dacorum Borough Council	Benefits & Tax	04/04/17	Referred back for local resolution	Null
17000632	Dacorum Borough Council	Planning & Development	12/04/17	Referred back for local resolution	Null
17000777	Dacorum Borough Council	Benefits & Tax	05/07/17	Closed after initial enquiries	Null
17001184	Dacorum Borough Council	Housing	24/04/17	Referred back for local resolution	Null
17001801	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	02/06/17	Closed after initial enquiries	Null
17004468	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	24/07/17	Closed after initial enquiries	Null
17004502	Dacorum Borough Council	Planning & Development	26/07/17	Closed after initial enquiries	Null
17004854	Dacorum Borough Council	Highways & Transport	26/06/17	Referred back for local resolution	Null
17006470	Dacorum Borough Council	Planning & Development	20/07/17	Referred back for local resolution	Null
17007531	Dacorum Borough Council	Housing	22/09/17	Referred back for local resolution	Null
17007847	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	26/01/18	Not Upheld	Null
17009149	Dacorum Borough Council	Benefits & Tax	05/09/17	Referred back for local resolution	Null
17009737	Dacorum Borough Council	Benefits & Tax	14/09/17	Referred back for local resolution	Null
17011149	Dacorum Borough Council	Housing	09/10/17	Referred back for local resolution	Null
17011619	Dacorum Borough Council	Highways & Transport	17/10/17	Referred back for local resolution	Null
17012029	Dacorum Borough Council	Benefits & Tax	24/10/17	Incomplete/Invalid	Null
17012851	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	08/11/17	Referred back for local resolution	Null
17013316	Dacorum Borough Council	Housing	16/11/17	Advice given	Null
17013385	Dacorum Borough Council	Planning & Development	03/01/18	Closed after initial enquiries	Null
17013550	Dacorum Borough Council	Environmental Services & Public Protection & Regulation	20/11/17	Referred back for local resolution	Null
17015805	Dacorum Borough Council	Planning & Development	20/02/18	Referred back for local resolution	Null
17016562	Dacorum Borough Council	Planning & Development	16/02/18	Closed after initial enquiries	Null
17017731	Dacorum Borough Council	Corporate & Other Services	19/02/18	Referred back for local resolution	Null
17018069	Dacorum Borough Council	Housing	16/02/18	Advice given	Null
17018219	Dacorum Borough Council	Planning & Development	20/02/18	Incomplete/Invalid	Null
17020237	Dacorum Borough Council	Housing	27/03/18	Incomplete/Invalid	Null



DACORUM BOROUGH COUNCIL

INTERNAL AUDIT PROGRESS REPORT

Audit Committee – September 12 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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Introduction

This progress report to the Audit Committee covers the work carried out during the period April 1st 2018 to August 31st 2018 by Mazars.

Appendix 1 outlines progress to date against the 2018/19 Internal Audit Plan.

Background

The purpose of the internal audit plan is to identify the work required to achieve a reasonable level of assurance to be provided by Mazars in compliance with the Code of Practice for Internal Audit.

The fundamental role of Internal Audit is to provide senior management and Members with independent assurance on the adequacy, effectiveness and efficiency of the system of internal control, and to report major weaknesses together with recommendations for improvement. This role is fulfilled by carrying out appropriate audit work, normally in accordance with a strategic plan and an annual operational plan, as approved by the Corporate Director (Finance & Operations) and the Audit Committee.

As internal audit is a major source of assurance that the Council is effectively managing the principal risks to the achievement of its corporate objectives, a key rationale for the development of the internal audit plan was the Council's own Corporate and Service Risk Registers and how the internal audit plan can provide this assurance.

Progress to Date

Progress against the 2018/19 Internal Audit plan is shown in Appendix 1 and shows the status of work to date and the number of days delivered. At the time of this report, progress against the plan is as follows:

Number of audits in plan	14	
Number of audits finalised	2	14%
Number of audits issued at draft		
Number of audits currently in progress	1	7%
Number of audits with planned start dates	4	29%
Number of audits with start dates to be agreed	7	50%
Total	14	100%

We have issued the following Final reports since the last Audit Committee meeting:

- GDPR (Evaluation assurance: **Substantial**. Testing assurance: **Substantial**)
- Social Media (2017/18) (Evaluation assurance: **Full**. Testing assurance: **Substantial**)

Follow-up of Recommendations

2017/18 and 2018/19

The table below details the recommendations raised in the audit reports for 2017/18 and 2018/19. The summary of the outcome of our follow up work to the 31st July 2018 is shown in the table below:





Year	Total Recommendations	Implemented / no longer relevant	%	Implemented / partly implemented / no longer relevant	%
2017/18	20	18	90%	18	90%
2018/19	6	2	33%	2	33%
Total	26	20	77%	20	77%

Appendix 2 provides a summary of the status of all recommendations where the proposed implementation date was before 31st July 2018.

Definition of Assurance & Priorities

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here 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' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

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

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Priority 1 Recommendations

No Priority 1 recommendations have been raised in the final reports issued since the last Audit Committee meeting.

Appendix 1 – Status of Audit Work 2018/19

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	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Core Financial Systems	Main Accounting	Audits previously given a high level of assurance: continuous auditing methods will be used in these areas to cover the adequacy and effectiveness of the Key Controls in place across the four area	20		Q2-Q4							
	Treasury Management, Cash & Bank											
	Accounts Receivable											
	Accounts Payable											
	Budgetary Control	To cover strategic approach to co-ordinating budgetary control, monitoring and reporting, and also testing a sample of departments.	8		Q4							
	Council Tax	Covering adequacy and effectiveness of controls including liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Q3							Planned to start October
	NNDR	Covering adequacy and effectiveness of controls including Business Rate Retention Scheme, liabilities, billing, cash collection, recovery and accounting. CRSA to be applied.	8		Q3							Planned to start October
	Housing Benefit and Council Tax Support	Covering adequacy and effectiveness of controls including new claims, size criteria, benefit caps, amendments, backdated benefits, payments and reconciliations. CRSA to be applied.	8		Q3							Planned to start October
Core Financial Systems Total			52									

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Operational Risks	Business Continuity	Covering adequacy and effectiveness of the Council's arrangements for Business Continuity including maintenance and testing of plans.	10		Q3							
	Planning	Covering adequacy and effectiveness of controls in place over planning applications, including new national changes.	10		Q4							
	Housing Rents	Covering adequacy and effectiveness of controls over the management of housing rents and service charges, including collection of rent arrears.	10	10	Q1	Final Issued	Full	Substantial	-	1	2	
Operational Risks Total			30	10								
Strategic Risks	General Data Protection Regulation	Covering adequacy and effectiveness of controls over preparations for General Data Protection Regulations.	15	15	Q2	Final Issued	Substantial	Substantial	-	2	1	
	Commercial Asset Management	Covering adequacy and effectiveness of controls over management of garages within the Borough.	15	2	Q2	Work in Progress						
	Procurement	To provide assurance over the Council's controls in place in relation to the governance and evaluation of significant contracts. The review will focus on particular projects.	15	0.5	Q3	ToR Issued						Planned to start November
Strategic Risks Total			45	17.5								

	Area	Scope	Plan Days	Days Delivered	Start of Fieldwork	Status	Opinion		Recommendations			Comments
							Evaluation	Testing	1	2	3	
Governance, Fraud & other Assurance Methods	Governance and Risk Management	The use of CRSA to provide assurance that managers understand their requirements and take ownership of their responsibilities. Risk management workshops and training.	28	1	Q2-Q4			N/A				
	Counter Fraud	Internal Audit will continue to work with the Council in the development of a fraud risk register, the provision of fraud awareness training, pro-active fraud exercises, etc.	10		Q2-4							
	Benefits/Savings Realisation	To provide assurance that processes are in place to measure such initiatives. Suggested areas of review are the CSU and PAYE/VAT health checks.	10		Q3							
Governance, Fraud & other Assurance Methods			48	1								
	TBC	The specific areas will be agreed with management	25		Q3							
ICT total			30									
Other	Follow-up of Recommendations	Follow-up of all priority 1 and 2 recommendations made in final reports issued.	10	2								
	Management		20	3								
	Ad Hoc	Contingency allocation to be utilised upon agreement of the Assistant Director (Finance & Resources).	20									
Other total			62	5								
TOTAL			250	33.5								

Appendix 2 – Follow-up of Recommendations

A follow-up audit has been undertaken in accordance with the 2018/19 audit plan. The objective was to confirm the extent to which the recommendations made in 2017/18 internal audit final reports have been implemented.

The tables below provides a summary of the status of all 2017/18 recommendations raised in final reports issued.

2017/18

Title	Raised	Implemented	Partly Implemented	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Not yet due	Resp. Officer
Housing Rents	2	2	-	-	-	30 Sept 2017	31 Dec 2017	-	Katie Kiely
Off Payroll Engagement	1	1	-	-	-	31 Dec 2017	-	-	Sally Nunn
ICT Cyber Security	4	4	-	-	-	30 Sep 2017	31 Jan 2018	-	Ben Trueman
Information Governance	2	2	-	-	-	31 Mar 2018	-	-	John Worts
Council Tax	1	1	-	-	-	30 June 2018	-	-	Chris Baker
Community Contracts	1	1	-	-	-	31 Jan 2018	-	-	Alex Care
Capital Programme	2	2	-	-	-	31 Jul 2018	-	-	Fiona Jump
Core Financial Systems	1	1	-	-	-	28 Feb 2018	-	-	Fiona Jump
Empty Properties	1	1	-	-	-	30 Jun 2018	-	-	Natasha Beresford
Housing Benefit and Council Tax Support	1	1	-	-	-	31 Jan 2018	-	-	Matthew Kelly
Community Infrastructure Levy	2	2	-	-	-	31 Jul 2018	-	-	Chris Taylor
Social Media	2	-	-	-	-	31 August 2018	-	2	Matt Rawdon
Total	20	18	-	-	-			2	

2018/19

Title	Raised	Implemented	Partly Implemented	Outstanding	No longer relevant	Original Due Date	Revised Due Date	Not yet due	Resp. Officer
Housing Rents	3	2	-	-	-	31 Oct 2018		1	Katie Kiely
GDPR	3	-	-	-	-	31 Oct 2018	-	3	John Worts
Total	6	2	-	-	-			4	

Appendix 3 - Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

This report is confidential and must not be disclosed to any third party or reproduced in whole or in part without our prior written consent. To the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation amendment and/or modification by any third party is entirely at their own risk.

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Registered in England and Wales No 0C308299.





Dacorum Borough Council Final Internal Audit Report GDPR

August 2018

This report has been prepared on the basis of the limitations set out on page 10.

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Distribution List:

John Worts – Information Security Manager
Mark Brookes – Solicitor to the Council
Matt Rawdon – Group Manager, People and Performance
Linda Roberts – Assistant Director, Performance, People and Innovation
Nigel Howcutt – Assistant Director, Finance & Resources
James Deane – Corporate Director (Finance and Operations) (Final Report Only)
Sally Marshall – Chief Executive (Final Report only)

Key Dates:

Date of fieldwork: July/August 2018
Date of draft report: August 2018
Receipt of responses: August 2018
Date of final report: August 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

The Report was prepared solely for the use and benefit of Dacorum Borough Council and to the fullest extent permitted by law Mazars LLP accepts no responsibility and disclaims all liability to any third party who purports to use or rely for any reason whatsoever on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification. Accordingly, any reliance placed on the Report, its contents, conclusions, any extract, reinterpretation, amendment and/or modification by any third party is entirely at their own risk. Please refer to the Statement of Responsibility in Appendix C of this report for further information about responsibilities, limitations and confidentiality.

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1. Executive Summary

1.1. Background

As part of the Internal Audit Plan for 2018/2019 we have been requested to undertake a review of Dacorum Borough Council's key control and processes for the General Data Protection Regulation (GDPR).

This area was included in the plan at request of the Audit Committee and also due to significance of risks related to the area in Dacorum Borough Council's Risk Register.

In April 2016, the European Union introduced GDPR. This legislation is intended to strengthen data protection rights for individuals within the EU and came into effect on 25th May 2018.

This legislation also applies to organisations outside the EU that offer goods or services to individuals within the EU. The UK government has confirmed that the UK's decision to leave the EU will not affect the commencement of the GDPR.

We are grateful to the Corporate Director (Finance and Operations), Assistant Director (Performance, People and Innovation), the Information Security Manager and other council staff for their assistance provided to us during the course of the audit.

This report summarises the results of the internal audit work and, therefore does not include all matters that came to our attention during the audit. Such matters have been discussed with relevant staff.

1.2. Audit Objective and Scope

The overall objective of the audit was to evaluate and test controls over the following areas:

- An assessment of plans in place to address GDPR that came into force in May 2018;
- Assessment of action plan(s) in place to comply with the new regulation to ensure that any gaps are covered to new rules; and
- Responsibility for delivery and governance of the GDPR project.

The audit also included a review of key areas stipulated within Article 5 of GDPR, which requires personal data shall be:

- Processed lawfully, fairly and in a transparent manner in relation to individuals;
- Collected and used for specified, explicit and legitimate purposes;
- Adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;
- Accurate and, where necessary, kept up to date (including taking every reasonable step to ensure inaccuracies are erased or rectified);
- Kept in a form which permits identification of data subjects for no longer than necessary (for the purposes of which the personal data is being processed). This includes not storing information for longer than necessary; and
- Processed in a manner that ensures appropriate security over personal data.

Although the UK has had data protection legislation since the Data Protection Act 1984 came into force, the demands on the Council have increased since 25 May 2018 when new GDPR legislation came into force. In order to ensure ongoing compliance with data protection legislation there is an Information Security manager (Data Protection Officer) who oversees management and control of data.

Further detail on scope of the audit is provided in Section 2 of the report.

1.3. Summary Assessment

Our audit of DBC's internal controls in operation found that, whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk. There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Substantial	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment is shown in Section 3.

1.4. Key Findings

Two priority 2 recommendations and one priority 3 recommendation were raised where we believe there is scope for improvement within the control environment. These are set out below:

- Framework to be implemented for conducting Privacy Impact Assessments in line with the guidance on such processes contained in GDPR (Priority 2).
- All staff to complete GDPR mandatory training (Priority 2).
- Incident Management Policy to be updated with a workflow document (Priority 3).

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.5. Management Response

The management response was received in a timely manner and has been included in the main body of the report.

1.6. Acknowledgement

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of Assignment

2.1. Background

As part of the agreed 2018/2019 Audit Plan, Mazars have undertaken a review of the controls in place at Dacorum Borough Council in relation to GDPR.

2.2. Scope of the Audit

The audit was carried out to evaluate and test controls over the following areas:

- An assessment of plans in place to address GDPR that came into force in May 2018:

The Council has an established data protection policy and a project plan in place, which has been used to identify requirements for the Information Security Manager to manage the GDPR project.

There is a document centre accessible by all staff on the council intranet, which includes all GDPR, Information and Security policies.

- Assessment of action plan(s) in place to comply with the new regulations to ensure that any gaps are covered to the new set of rules:

Information asset registers are currently being updated and all required documentation under GDPR which was already in place, is being updated or will be drafted as per the GDPR project plan.

The Housing department has adopted an enhanced GDPR regime within their department and have unofficial GDPR champions to help staff to maintain compliance. The team also updated their personal development plans to incorporate GDPR. The DPO is using the service as a model for all services to follow.

- Responsibility for delivery and governance of the GDPR project:

There has been an established GDPR awareness campaign across the organisation. This has also included the council's Corporate Management Team, Senior Leadership Team, Elected Representatives including Audit Committee, Parish Councils and Community Associations.

The council has updated the Strategic Risk Register to highlight the implications of breaching GDPR and penalties the council face in light of that. An amber risk score has been assigned.









The audit approach was developed by an assessment of risks and management controls operating within each area of the scope. The following procedures will be adopted:

- Identification of the role and objective of each area;
- Identification of risks relating to the auditable area and the controls in place that enable the control objectives to be achieved; and
- Evaluation and testing of controls within the system.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
An assessment of plans in place to address GDPR that came into force in May 2018			
Assessment of action plan(s) in place to comply with the new regulations to ensure that any gaps are covered to the new set of rules			Recommendation 1 (P2)
Responsibility for delivery and governance of the GDPR project			Recommendation 2 (P2)
Assessment of delivery of the GDPR awareness campaign across the organisation			Recommendation 3 (P3)

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Framework to be implemented for conducting Privacy Impact Assessments in line with the guidance on such processes contained in GDPR (Priority 2).

<p>Recommendation</p> <p>The Council should develop a privacy by design approach to working and embedding the appropriate technical, administrative and physical safeguards required to comply with GDPR.</p> <p>The Privacy Impact Assessment (PIA) should be embedded within Project management framework and risk management process.</p> <p>For any new projects, a PIA should be undertaken to establish the potential impact on data protection/GDPR compliance.</p>
<p>Observation</p> <p>The Council has not implemented a framework to allow them to identify instances where a privacy impact assessment would be required and how this would be performed in the event that an assessment should be undertaken.</p> <p>Without implementing a framework for conducting privacy impact assessments, there is an increased risk that the Council will fail to comply with GDPR requirements regarding Data Protection by Design and Data Protection Impact Assessments. This in turn could result in breaches of the new Act and ensuing litigation and reputational damage.</p> <p>The Council has carried out one off PIA's, but there is not a specific process in place for officers to carry out.</p>
<p>Responsibility: Information Security Manager / Innovation & Improvement Team Leader</p>
<p>Management response / deadline: Agreed. DPIA will be part DBC's Project Management framework by 30/9/18.</p>

Recommendation 2: All staff to complete mandatory training (Priority 2).

<p>Recommendation</p> <p>An appropriate process should be introduced to capture all staff that have undertaken GDPR Training.</p> <p>It should be ensured that all staff have completed Mandatory GDPR training as soon as practicably possible.</p>
<p>Observation</p> <p>Staff GDPR training figures were provided at the time of the audit from the HR system, the DPO. This showed that although over 700 staff work at the council, but only just over 400 were shown on table sent.</p> <p>As a result:</p> <ul style="list-style-type: none"> • A significant number of staff have not completed the mandatory training and/or • The training statistics on the HR system are inaccurate.
<p>Responsibility: HR and Information Security Manager</p>
<p>Management response / deadline: Note the figures (for 1 August 2017 to 30 July 2018) for Forum staff attending were 483. The discrepancy lies only with mainly manual working / outdoor working staff from Cupid Green attending. We will try to obtain the figures for Cupid Green Staff, Deadline by 31/10/18.</p>





Recommendation 3: Scope for the Incident Management Policy to be updated with a flowchart to help staff to understand processes to follow in the event of an incident (Priority 3).

<p>Recommendation</p> <p>The incident management policy should be updated and a flowchart attached as per the data breach policy, helping and enabling staff to effectively detect, report and investigate a personal data breach.</p>
<p>Observation</p> <p>There is a Data Breach policy in place and accessible via the intranet. There is also a workflow document to help staff understand what to do in the event of a breach.</p> <p>There is also an IT incident management policy for staff to follow in the event of an IT/virus failure.</p> <p>Both policies have similar messages for staff, and the data breach policy has an easy to read workflow document which (in the event of an incident) staff could easily apply.</p> <p>It was felt that it would also be useful for the incident management policy to be updated with a workflow diagram to enable staff to follow the process more clearly.</p>
<p>Responsibility: ICT in conjunction with Information Security Manager</p>
<p>Management response / deadline: Agreed – by 30/9/18</p>

Appendix A - Reporting Definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here 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' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

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

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix B - Staff Interviewed

The following personnel were consulted:

Audit sponsor: Nigel Howcutt – Assistant Director, Finance & Resources

Audit Contacts: Matt Rawdon – Group Manager, People and Performance

- Assistant Director - Performance, People and Innovation
- Information Security Manager
- ICT Operations Team Leader
- Housing Team (Property & Place)

We would like to thank the staff involved for their co-operation during the audit.

Appendix C Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Registered in England and Wales No 0C308299.

Audit Committee – 12th September 2018

Report in absentia (John Worts – Information Security Team Leader)

(Responses in Red Font)

Recommendation 1: Framework to be implemented for conducting Privacy Impact Assessments in line with the guidance on such processes contained in GDPR (Priority 2).

Recommendation

The Council should develop a privacy by design approach to working and embedding the appropriate technical, administrative and physical safeguards required to comply with GDPR.

The Privacy Impact Assessment (PIA) should be embedded within Project management framework and risk management process.

For any new projects, a PIA should be undertaken to establish the potential impact on data protection/GDPR compliance.

Observation

The Council has not implemented a framework to allow them to identify instances where a privacy impact assessment would be required and how this would be performed in the event that an assessment should be undertaken.

Without implementing a framework for conducting privacy impact assessments, there is an increased risk that the Council will fail to comply with GDPR requirements regarding Data Protection by Design and Data Protection Impact Assessments. This in turn could result in breaches of the new Act and ensuing litigation and reputational damage.

The Council has carried out one off PIA's, but there is not a specific process in place for officers to carry out.

Responsibility: Information Security Manager / Innovation & Improvement Team Leader

Management response / deadline: The Data Protection Impact Assessment was made live in the Project Management Framework on 3/9/18. It will also be made live as part of the procurement and standing orders w/c 10/9/18

Recommendation 2: All staff to complete mandatory training (Priority 2).

Recommendation

An appropriate process should be introduced to capture all staff that have undertaken GDPR Training.

It should be ensured that all staff have completed Mandatory GDPR training as soon as practicably possible.

Observation

Staff GDPR training figures were provided at the time of the audit from the HR system, the DPO. This showed that although over 700 staff work at the council, but only just over 400 were shown on table sent.

As a result:

- ☒ A significant number of staff have not completed the mandatory training and/or
- ☒ The training statistics on the HR system are inaccurate.

Responsibility: HR and Information Security Manager

Management response / deadline: Note the figures (for 1 August 2017 to 30 July 2018) for Forum staff attending were 483. The discrepancy lies only with mainly manual working / outdoor working staff from Cupid Green attending. We will try to obtain the figures for Cupid Green Staff, Deadline by 31/10/18.

Recommendation 3: Scope for the Incident Management Policy to be updated with a flowchart to help staff to understand processes to follow in the event of an incident (Priority 3). Recommendation

The incident management policy should be updated and a flowchart attached as per the data breach policy, helping and enabling staff to effectively detect, report and investigate a personal data breach.

Observation

There is a Data Breach policy in place and accessible via the intranet. There is also a workflow document to help staff understand what to do in the event of a breach.

There is also an IT incident management policy for staff to follow in the event of an IT/virus failure.

Both policies have similar messages for staff, and the data breach policy has an easy to read workflow document which (in the event of an incident) staff could easily apply.

It was felt that it would also be useful for the incident management policy to be updated with a workflow diagram to enable staff to follow the process more clearly.

Responsibility: ICT in conjunction with Information Security Manager

Management response

Agreed – by 30/9/18 – John Worts to meet with Service Desk Team Leader (ICT). Note: The ICT incident workflow is already included in the Personal Data Breach Workflow – so just needs separating out to form the start of the ICT document.

Dacorum Borough Council

Final Internal Audit Report

Social Media

August 2018

This report has been prepared on the basis of the limitations set out on page 9.

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Distribution List:

Nigel Howcutt – Assistant Director, (Finance & Resources)
Matt Rawdon – Group Manager, People and Performance
James Deane – Corporate Director (Finance and Operations)
Sally Marshall – Chief Executive (Final Report only)

Key Dates:

Date of fieldwork: May/June 2018
Date of draft report: July 2018
Receipt of responses: July 2018
Date of final report: August 2018

Status of our reports

This report ("Report") was prepared by Mazars LLP at the request of Dacorum Borough Council and terms for the preparation and scope of the Report have been agreed with them. The matters raised in this Report are only those which came to our attention during our internal audit work. Whilst every care has been taken to ensure that the information provided in this Report is as accurate as possible, Internal Audit have only been able to base findings on the information and documentation provided and consequently no complete guarantee can be given that this Report is necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

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1. Executive Summary

1.1. Background

Dacorum Borough Council have a Social Media Policy in place with an aim to providing a structured approach to the corporate and service-specific use of social media and will ensure that such use is effective, lawful and does not compromise the Council's information or its computer systems/networks.

Dacorum use Crowd Control HQ software to provide information on content stream, trending online news themes, media exposure, online news sentiments and top news sources.

1.2. Audit Objective and Scope

The overall objective of the audit was to evaluate and test the controls over the following areas:

- Strategy and Governance
- Training and Awareness
- Processes
- Technology

Further detail on the scope of the audit is provided in Section 2 of the report.

1.3. Summary Assessment

Our audit of DBC's internal controls in operation found that there is a sound system of internal control designed to achieve the system objectives. Also, there is testing evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. Our assessment in terms of the design of, and compliance with, the system of internal control covered is set out below:

Evaluation Assessment	Testing Assessment
Full	Substantial

Management should be aware that our internal audit work was performed according to UK Public Sector Internal Audit Standards (PSIAS) which are different from audits performed in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. Similarly, the assurance gradings provided in our internal audit report are not comparable with the International Standard on Assurance Engagements (ISAE 3000) issued by the International Audit and Assurance Standards Board.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A, whilst further analysis of the control environment is shown in Section 3.

1.4. Key Findings

Two priority 3 recommendations were raised where we believe there is scope for improvement within the control environment. These are set out below:

- The responsibility for providing training on Social Media should be formally assigned (Priority 3)
- The Social Media training process should be formalised and updated when necessary to take into account developments in Social Media (Priority 3)

Full details of the audit findings and recommendations are shown in Section 4 of the report.

1.5. Management Response

We received the management response in a timely manner, and this has been included in the main body of the report.

1.6. **Acknowledgement**

We would like to take this opportunity to thank all staff involved for their time and co-operation during the course of this visit.

2. Scope of Assignment

2.1. Background

As part of the agreed 2017/2018 Audit Plan, Mazars have undertaken a review of the controls in place at Dacorum in relation to Social Media.

2.2. Scope of the Audit

The audit was carried out to evaluate and test controls over the following areas:

- Strategy and Governance:

There is a consistent approach to the use of social media technologies which is aligned with business objectives. Staff are aware of their responsibilities in relation to social media use and risk assessments are conducted prior to commencing social media projects.

- Training and Awareness:

Staff receive training in regards to using social media on behalf of the Council. Disciplinary processes have been formally defined and are enforced when required.

- Processes:

It is ensured that inappropriate information is not shared through social media contributing to negative publicity for the Council. Unauthorised access is gained to social media technologies.

- Technology:

Social media devices are sufficiently protected from malicious software. Inappropriate material cannot be accessed through the Council's network, and the use of social media is actively monitored.









The audit approach was developed by an assessment of risks and management controls operating within each area of the scope. The following procedures will be adopted:

- Identification of the role and objective of each area;
- Identification of risks relating to the auditable area and the controls in place that enable the control objectives to be achieved; and
- Evaluation and testing of controls within the system.

3. Assessment of Control Environment

The following table sets out in summary the control objectives we have covered as part of this audit, our assessment of risk based on the adequacy of controls in place, the effectiveness of the controls tested and any resultant recommendations.

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Strategy and Governance			
Training and Awareness			Recommendations 1 and 2
Processes			
Technology			

The classifications of our assessment of risk for the design and operation of controls are set out in more detail in Appendix A.

4. Observations and Recommendations

Recommendation 1: Assign Social Media Training responsibility (Priority 3)

<p>Recommendation</p> <p>The responsibility for providing training on Social Media should be formally assigned.</p>
<p>Observation</p> <p>Formally assigning the responsibility for Social Media training helps ensure that an appropriate Social Media training regime is in place.</p> <p>The responsibility to provide Social Media training has not been formally assigned to specific roles.</p> <p>There is a risk that Social Media training is not being reviewed and updated to account for developments with Social Media.</p>
<p>Responsibility</p> <p>Communications and Consultation Team Leader</p>
<p>Management response / deadline</p> <p>All members of the communications team are capable to deliver the social media training programme due to the required level of proficiency needed in social media within the communications team. In order to formalise this process, the training programme will be assigned to a specific Communications Officer (Lou Fuller).</p> <p>The training programme is regularly updated as changes in the social media landscape and functionality in the social media management system changes.</p> <p>Deadline: August 2018</p>





Recommendation 2: Social Media Training (Priority 3)

<p>Recommendation</p> <p>A Social Media training programme would help ensure a consistent approach to training.</p>
<p>Observation</p> <p>A Social Media training programme helps ensure that training provided is appropriate.</p> <p>Training is not currently formalised and consists of one to one sessions, but could benefit from a consistent approach that ensures effective training coverage.</p> <p>There is a risk that Social Media training is not being reviewed and updated to account for developments with Social Media.</p>
<p>Responsibility</p> <p>Communications and Consultation Team Leader</p>
<p>Management response / deadline</p> <p>Due to the variety of platforms, needs and requirements, we need to maintain the flexibility to provide individually tailored training plans. However, we will implement a standardised basic social media training programme for all social media users to provide a consistent approach to training and learning.</p> <p>The training programme is regularly updated as changes in the social media landscape and functionality in the social media management system changes.</p> <p>Deadline: August 2018</p>

Appendix A - Reporting Definitions

Audit assessment

In order to provide management with an assessment of the adequacy and effectiveness of their systems of internal control, the following definitions are used:

Level	Symbol	Evaluation Assessment	Testing Assessment
Full		There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied.
Substantial		Whilst there is a basically sound system of internal control design, there are weaknesses in design which may place some of the system objectives at risk.	There is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited		Weaknesses in the system of internal control design are such as to put the system objectives at risk.	The level of non-compliance puts the system objectives at risk.
Nil		Control is generally weak leaving the system open to significant error or abuse.	Significant non-compliance with basic controls leaves the system open to error or abuse.

The assessment gradings provided here 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' does not imply that there are no risks to the stated control objectives.

Grading of recommendations

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

Level	Definition
Priority 1	Recommendations which are fundamental to the system and upon which the organisation should take immediate action.
Priority 2	Recommendations which, although not fundamental to the system, provide scope for improvements to be made.
Priority 3	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.
System Improvement Opportunity	Issues concerning potential opportunities for management to improve the operational efficiency and/or effectiveness of the system.

Appendix B - Staff Interviewed

The following personnel were consulted:

Audit sponsor: Nigel Howcutt – Assistant Director, Finance & Resources

Audit Contacts: Matt Rawdon – Group Manager, People and Performance

Auditee Contacts: Robert Smyth – Director - Performance, People and Innovation
Kevin Soley – Communications and Consultation Team Leader
Kate Norval – Communication and Consultation Lead Officer

We would like to thank the staff involved for their co-operation during the audit.

Appendix C Statement of Responsibility

We take responsibility to Dacorum Borough Council for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Agenda Item 10

September 2018

AUDIT COMMITTEE: Work Programme 2018-19

MEETING DATE	DEADLINE TO MONITORING OFFICER	DEADLINE TO MEMBER SUPPORT	ITEMS:	WHO RESPONSIBLE
12/09/18		03/9/18	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Completed Service Reports <ul style="list-style-type: none"> • Commercial Asset Management 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance
21/11/18		12/11/18	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Completed Service Reports <ul style="list-style-type: none"> • ICT • Council Tax • NNDR • Benefits 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance
06/02/19		28/1/19	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)

			Completed Service Reports <ul style="list-style-type: none"> • Core Financials • Business Continuity • Procurement • Benefits/Savings Realisation 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance
27/03/19		18/03/19	External Audit Progress Report	Grant Thornton
			Internal Audit Progress Report	Internal Audit (Mazars)
			Progress Report <ul style="list-style-type: none"> • Budgetary Control • Governance and Risk Management • Planning 	Internal Audit (Mazars)
			Strategic Risk Register	DBC - Finance