

Audit Agenda



Wednesday 24 June 2020 at 6.30 pm

Via Microsoft Teams

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 Silwal
Councillor Herbert Chapman (Chairman)	Councillor Symington
Councillor Mahmood	Councillor Townsend

Substitute Members:
Councillors

For further information, please contact Corporate and Democratic Support or 01442 228209

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 (Pages 4 - 9)

To confirm the minutes of the previous meeting

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. EXTERNAL AUDIT - AUDIT PLAN ADDENDUM COVID-19 (Pages 10 - 12)

6. INTERNAL AUDIT SERVICE REPORTS (Pages 13 - 91)

Capital Programme
Core Financials & Budgetary Controls
Apprenticeship Scheme and Levy
Governance Role
Disaster Recovery
Website Accessibility

7. INTERNAL AUDIT ANNUAL REPORT 2019/20 (Pages 92 - 102)

8. TIAA - WELCOME TO THE NEW INTERNAL AUDITORS (Pages 103 - 117)

REVISED Internal Audit Programme 20/21

9. STRATEGIC RISK REGISTER UPDATE (Pages 118 - 122)

10. WORK PROGRAMME (Page 123)

Agenda Item 3

AUDIT COMMITTEE PART 1

MINUTES OF THE MEETING HELD ON: 05 February 2020

ATTENDING

Councillors:

Councillor Chapman (Chairman)

Councillor Silwal

Councillor SO.Mahmood

Councillor Stevens

Councilor Townsend

Councillor Tindall

Outside Representatives:

DBC Officers:

Anna Elloitt

Matthew Kelly

M Sells, Member Support Officer (Minutes)

Ben Hosier

Grant Thornton

Amber Bannister

Sarah Ironmonger

Mazars

Sarah Knowles

The Meeting commenced at 7:30pm.

No.	AGENDA ITEM
1	APOLOGIES FOR ABSENCE Apologies for absence were submitted on behalf of James Dean and Councillors Symington and Elliot
2	MINUTES OF THE PREVIOUS MEETING The Minutes of the previous meeting held on 20/11/19 were review and agreed

3	<p>DECLARATIONS OF INTEREST</p> <p>There were no Declarations of Interest.</p>
4	<p>PUBLIC PARTICIPATION</p> <p>There was no public Participation.</p>
5	<p>EXTERNAL AUDIT – AUDIT PLAN UPDATE</p> <p>Amber Banister presented to the Committee.</p> <p><u>Audit Plan</u></p> <p>The audit plan provides a summary of the audit approach for the coming year and is based on the risk assessment procedures undertaken by Grant Thornton in December and January.</p> <p>the key approaches remain the same as those last year, this is due to the fact the Council haven't undergone any major transformation and their procedure remain largely the same.</p> <p>Revenue recognition is a presumed risk and can be redacted if it is deemed not to be a risk after investigation.</p> <p>The valuation of land and buildings is a significant figure on the accounts and is sensitive to market changes.</p> <p>Protection from liability is a similar risk as it requires an expert and there is estimation involved.</p> <p>Management override and controls is a presumed risk on all audits.</p> <p>Materiality levels for this year have been determined at 3.2 million which is 2% of the gross operating expenditure. This remains the same as last year. Anything over 200k will be reported.</p> <p>The Value for money conclusion assessment identified Financial Sustainability as a potential risk, there is financial challenge across the board for the overall sector.</p> <p>There is a change in the fees from last year, this is due to increased scrutiny and expectation throughout the year within the audit profession which has increased the level of work. This has resulted in an increase in fees across the whole audit particularly in PPE (Property, Plant and Equipment) and Pensions. The total fee increased amounts to £7500, however this remains lower than the fee for 2017/2018.</p> <p>N.Howcutt informed the Committee that DBCs fees are slightly higher than those of other authorities in Hertfordshire even though it is believed there is a very low risk level, this could be due to higher risk levels in previous years therefore James Deane is in discussions with PSAA at the moment looking at the scale fees and how they were originally set. This isn't an issue with Grant Thornton but something that DBC are taking up directly with PSAA.</p>

Housing Benefit Certification Report 2018 / 19

This report was completed in November 2019, initial testing was performed on the 3 housing benefit types used by DBC, and this includes anything within the housing revenue account, rent rebates and rent allowances.

Additional testing was also performed on any errors that were found the previous year.

The initial testing on the 3 areas included 20 cases of each with a further 40 cases on the 2 errors found the previous year.

Any errors found this year will prompt another 40 test cases in that area for next year.

6

STRATEGIC RISK REGISTER

Nigel Howcutt presented a report to the Committee

Risk Based Verification Policy

This report is published annually, the purpose of the report is to monitor System and Processes used by Councils to ensure their processes are up to date and accurate.

This process currently costs 10K per Annum which is 1/3 less than previous years.

With the introduction on Universal Credit the caseloads have decreased, the majority of claims which are being dealt with are “low risk”, these tend to be claims which are “passported” therefore all the evidence and verification work has been done by the DWP.

Full details can be found in the part 2 minutes

Strategic Risk Register Q3

Because of timings the Q2 report was presented at the end of November 2019, since then the scores on the SRR have not changed but the commentary has been updated, any edits requested through the Audit committee can be made to Cabinet when it is presented in March.

N.Howcutt Welcomed questions from the Committee.

Councillor Chapman enquired if the delay to the expected 2020 review of National redistribution on the business rates was a definite delay or a possible delay.

N.Howcutt confirmed it was a definite delay, they are awaiting the outcome of the fair funding review this year which will give more certainty over the level fo resources required by LA’s that will then be fed into the business rates funding model for future years, it is expected the Council will be self-sufficient by 2022 / 23 so effectively there is no reliance on business rates, from that period onwards.

Councillor Tindall has some concerns regarding the recruitment process for professional staff such as planners, Building Control and Environmental Staff. He feels there is a lack of retention in these areas and would like to know how this is being addressed. He also feels

the risk should be rated larger than 6, with SR2 being split into professional and nonprofessional staff.

N.Howcutt confirms he will feedback the concept of splitting SR2 into professional and Nonprofessional staff. As far as recruitment and retention of professional roles is concerned, it is an issue across all local authorities, DBC has the apprenticeship and graduate incentive schemes which are being rolled out across DBC, these are funded by almost 500k over the next 3 years, there have been 3 new apprentices signed up in the last month. Although at the moment they would be classed as general staff their training requirements will push them into the professional category over time which is why there would be a concern about splitting the SR2 as reporting is not necessarily easily separated these are things that will need to be considered.

There will always be an issue when it comes to professional qualified staff such a surveyors and accountants, these are 2 key areas in which Local Authorities struggle to recruit. This is mainly due to the competition with other authorities and the private sector, things like flexible working and work life balance are areas that can make the roles at DBC more attractive.

Councillor Tindall appreciates it may be difficult to split into professional and nonprofessional but asks if it could be ensured that there is a particular narrative about professional staff within the commentary of SR2 every time.

N.Howcutt assures Councillor Tindall he will look at all options and will report back to the Group.

Councillor Townsend would like clarification on SR6 – the risk that that the borough doesn't have sufficient investment to ensure essential infrastructure is available across the borough, it is felt that the report is mainly focused on developments in Hemel Hempstead and he feels it should be looked at more broadly considering the size of proposed developments in Tring and other surrounding areas. Councillor Townsend isn't comfortable with the mitigated risk score being as low as it is, Health care is a particular concern and he would like clarification as to who is responsible for ensuring there are enough GPs to serve the population.

Councillor Tindall would like to add that the Primary Care Networks (PCNs) are due to go live in July and he would like to know if the risk register will be looking at the PCN and taking this into account.

N.Howcutt explains that this section of the report is vast and covers many different areas such as highways. Transport, Health as well as Education to name a few. Also the responsibility for most large infrastructure projects sits with Hertfordshire County Council who also monitor future demand for services like education provision and community provision, these things will factor into the local plan once that is finalised.

Health is slightly different, an element of the Section 106 and CIL payments is allocated towards additional health care provision in and around the borough dependant on what is being built, one example is LA3 (Stoney Croft area) DBC has been allocated 300k towards enhanced GP facilities in the area because of the development of the new homes, and the council is supporting the local health service to deliver an enhanced doctors surgery..

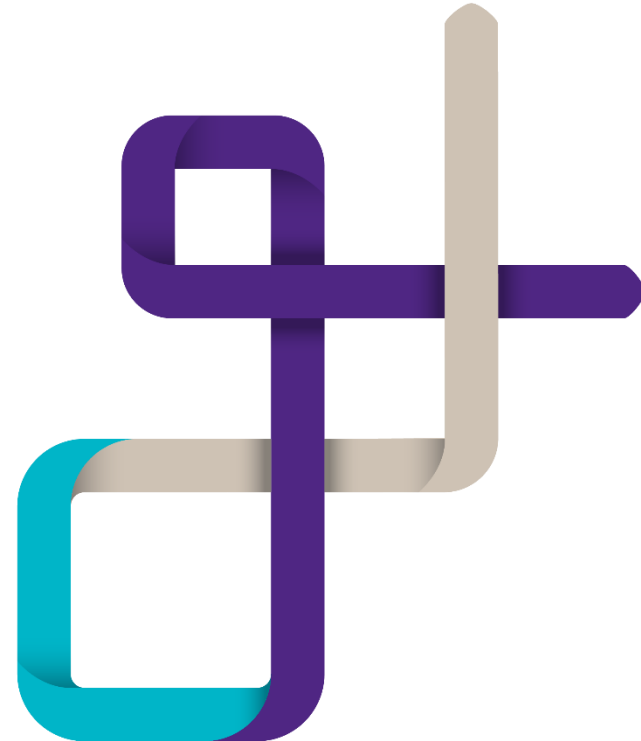
	<p>Councillor Townsend thinks it is about communication with the public to try and reassure them that the infrastructure will be in place where developments are planned and would like to highlight that he feels this is a highly sensitive area.</p> <p>N.Howcutt agrees this is a sensitive area and requires cross agency partnerships, a significant step forward has been made with the creation of “The Growth Board” with the aim of funding infrastructure across Hertfordshire as a whole.</p>
7	<p>INTERNAL AUDIT REPORTS</p> <p>Sarah Knowles Presented to the Committee.</p> <p>Audit Plan There are 2 items which are still awaiting start dates</p> <ul style="list-style-type: none"> • Social Media / IT • Apprenticeship Levy <p>All other items are either planned to start or is currently in progress. Everything is one track to deliver the plan by the end of March 2020.</p> <p>The following reports have been issued</p> <ul style="list-style-type: none"> • Council Tax • Leisure Services Contract Management • NNDR <p>The Core financials are due to start next week, accounts receivable and accounts payable will be first followed by treasury management and main accounting the week commencing 24th March.</p> <p>Councillor Tindall requested last year’s internal audit reports be added to the minutes.</p> <p>Council tax Very good report with good assurance with both design and effectiveness testing which was carried out. There were no recommendation raised.</p> <p>N.Howcutt praised the staff who run such a good service</p> <p>NNDR The assurance report was good with no recommendations that were raised.</p> <p>Leisure Services Contract Management This is again a good report with good assurance given on the design of the system and just 1 priority 2 recommendation raised in terms of the effectiveness this was specifically about records of discussions held at meetings.</p> <p>Councillor Tindall would like to know how the 6 monthly strategic board meeting knew what was being said or done in the monthly Operational meeting if no accurate records were being kept of these meetings.</p>

	<p>Ben Hosier assured Councillor Tindall that he attended both meetings and reported all information to the attendees. Going forward accurate formal minutes will be kept of each meeting.</p> <p>N.Howcutt - in terms of internal audit scope DBC are looking for independent assurance that the requirements specified in the leisure contract are being fulfilled by the provider and the leisure contract management team.</p> <p>The outcome of the report is that there is good assurance in terms of the system design and substantial around operating controls, this show that the contract is being managed effectively, information is being received in a timely manner, deadlines are being adhered to and the information is deemed to be accurate and robust.</p> <p>The one issue highlighted was the lack of formal notification and publication of minutes, this has already been actioned and going forward all meetings will be recorded.</p> <p>Capital programme was deferred to the next meeting</p>
8	<p>INTERNAL AUDIT COMMISSIONING</p> <p>Full details can be found in the Part 2 minutes</p>
9	<p>WORK PROGRAMME</p> <p>The work programme was reviewed and agreed</p> <p>Councillor Townsend would like Planning to be added to the work Programme, specially the decision making process.</p> <p>N.Howcutt suggests it is added for April / June 2020.</p>
	<p>There being no further business the meeting ended at 21:40</p>

External Audit Plan update

Year ending 31 March 2020

Dacorum Borough Council
18 May 2020



Introduction & headlines

Purpose

This document provides an update to the planned scope and timing of the statutory audit of Dacorum Borough Council ('the Authority') as reported in our Audit Plan dated 5th February 2020, for those charged with governance.

The current environment

In addition to the audit risks communicated to those charged with governance in our Audit Plan on 5 February 2020, recent events have led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. The significance of the situation cannot be underestimated and the implications for individuals, organisations and communities remains highly uncertain. For our public sector audited bodies, we appreciate the significant responsibility and burden your staff have to ensure vital public services are provided. As far we can, our aim is to work with you in these unprecedented times, ensuring up to date communication and flexibility where possible in our audit procedures.

Impact on our audit and VfM work

Management and those charged with governance are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice. The deadline for the preparation of the financial statements has been delayed to 31 August 2020 and the date for submission of audited financial statements delayed to 30 November 2020. We continue to be responsible for forming and expressing an opinion on the Dacorum Borough Council's financial statements and VfM arrangements. We are currently in discussion with management to agree a suitable revised audit timescale which meets prescribed the deadlines noted above.

In order to fulfil our responsibilities under International Auditing Standards (ISA's (UK)) we have revisited our planning risk assessment. We may also need to consider implementing changes to the procedures we had planned and reported in our Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working. Additionally, it has been confirmed since our Audit Plan was issued that the implementation of IFRS 16 has been delayed for the public sector until 2020/21.

Changes to our audit approach

To date we have:

- Identified a new significant financial statement risk, as described overleaf.
- We have reviewed materiality levels we determined at the planning stage, we do not proposed any changes to our materiality assessment as a result of the risk identified due to Covid-19. Our materiality assessment will be revisited to ensure it remains appropriate following publication of the draft accounts by Dacorum Borough Council.

Changes to our VfM approach

We have updated our VfM risk assessment and have not identified any new VfM risks in relation to Covid-19 and will instead review the impact and arrangements in place as a response to Covid-19 within our existing significant risk of financial sustainability.

Conclusion

We will ensure any further changes in our audit and VfM approach and procedures are communicated with management and reported in our Audit Findings Report. We wish to thank management for their timely collaboration in this difficult time.

Significant risks identified – Covid – 19 pandemic

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Covid – 19	<p>The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;</p> <ul style="list-style-type: none"> - Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation - Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation and receivable recovery estimates, and the reliability of evidence we can obtain to corroborate management estimates - Financial uncertainty will require management to reconsider financial forecasts supporting their going concern assessment and whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and - Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties. <p>We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach • Liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise • Evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic. • Evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely • Evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances • Evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment • Discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence

Dacorum Borough Council

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Internal Audit Report
Capital Programme
March 2020

FINAL REPORT

Contents

- 01 Introduction
- 02 Background
- 03 Key Findings

Appendices

- A1 Audit Information
- A2 Risk Matrix
- A3 Statement of Responsibility

If you should wish to discuss any aspect of this report, please contact Sarah Knowles, Senior Manager, sarah.knowles@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk

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 A3 of this report for further information about responsibilities, limitations and confidentiality.

01 Introduction

As part of the Internal Audit Plan for 2019/20, we have undertaken a review of the Capital Programme at Dacorum Borough Council. The objectives of the audit were to evaluate the adequacy of the system of internal control and its application in practice within the area under review.

Dacorum Borough Council published its capital programme covering a 5 - year period, in line with its Medium Term Financial Strategy. As part of the annual MTFS review and budget setting process, Senior Officers are invited to submit new Capital bids using a standardised business case template for Council projects.

As approved by Cabinet in February 2019, the 2019/20 total Capital Programme allocation is £59.032m, of which £42.289m is to be spent on the Housing Revenue Account (HRA) Capital Schemes, and £16.743m is to be spent on non-HRA Capital Schemes.

In addition to looking at the Capital Programme as a whole, five capital projects were chosen from four different services. These projects were:

- Commercial Assets and Property Development
 - Tring Community Centre – new play area for Children’s Nursery
 - Bunkers Farm
- Procurement and Contracted Services
 - Multi Storey Car Park – Berkhamstead
- Information, Communication and Technology
 - Future Vision of CRM
- Strategic Planning and Regeneration
 - The Bury – Conversion into Museum and Gallery

We engaged with a number of staff members during the review and are grateful for their assistance during the course of the audit.

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.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A1, whilst further analysis of the control environment over Council Tax is shown in Appendix A2.

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

02 Background

The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over management of the Capital Programme, and provide guidance on how to improve the current controls going forward.



The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations; and
- preparation and agreement of a draft report with the process owner.

In summary, the scope covered the following areas: Policies and Procedures, Governance Arrangements, Allocations of Capital Programme Budget, Project Initiation, Monitoring, End of Project Evaluation and Tracking Realisation of Proposed Benefit.

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 <p data-bbox="313 582 537 614">Good Assurance</p>	 <p data-bbox="761 582 985 614">Good Assurance</p>

Main Findings
<ul style="list-style-type: none"> Our main finding is that there are projects that have been approved for the Capital Programme, without having fully completed a capital bid as required by the Council when submitting capital proposals. However, the exceptions related to an historic budget process that has since been strengthened, and therefore no recommendation has been raised.

Examples of areas of strength
<ul style="list-style-type: none"> Training is provided to all budget holders by the Finance team on a quarterly basis. Finance also offer full support and advice to budget managers throughout the annual capital cycle. There is a clearly defined governance structure in place, both to manage the Capital Programme, as well as individual projects. Feasibility studies are completed and evaluated against each project to assess potential costs and impact. Communication between Project Management Boards and Finance regarding financial updates on capital projects effectively help to ensure effective budget monitoring across the Capital Programme.

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	0
3 (Housekeeping)	0
TOTAL	0

Risk Management

The risk most relevant to the Capital Programme is as follows:

- The Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future. (*Strategic Risk 6:December 2018*)

A suggested risk and control matrix for the Capital Programme is included at Appendix A2. This matrix will help to inform senior management of the effectiveness of the existing controls in place to manage the EMA and to illustrate where issues identified in the audit report will strengthen areas of existing controls.

Value for Money

Value for money (VfM) considerations can arise in various ways and our audit process aims to include an overview of the efficiency of systems and processes in place within the auditable area.

To ensure the Council is achieving value for money when awarding tenders for Capital works, Officers must adhere to the Council's Commissioning and Procurement Standing Orders.

A1 Audit Information

Audit Control Schedule	
Client contacts:	Caroline Souto – Team Leader - Finance Planning and Analysis Fiona Jump – Group Manager - Financial Services
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Temi Tewogbade, Auditor
Work commenced	4 November 2019
Finish on Site \ Exit Meeting:	26 November 2019
Draft report issued:	28 January 2020
Management responses received:	5 March 2020
Final report issued:	10 March 2020

Scope and Objectives

The overall objective of this audit was to provide assurance that the systems of control in respect of the Capital Programme, with regards to the areas set out below are adequate and are being consistently applied.

Policies and Procedures: There are sufficiently detailed policies and procedures in place to enable budget holders to administer and manage capital projects in an effective and efficient manner.

Governance Arrangements: There is clear accountability and an adequate structure is in place to facilitate an efficient, effective, and transparent decision-making process regarding the Capital Programme.

Allocation of Capital Programme Budget: Capital Project bids are subject to robust scrutiny to ensure that the proposals are realistic and support the Council's capital strategy. In addition, it is ensured that proposed projects are prioritised in accordance with the nature, extent, associated risks, strategic fit, and feasibility of proposed benefit

Project Initiation: Each project within the Capital Programme has clearly defined objectives and milestones, and an adequate governance structure is put in place with clearly defined responsibilities. Projects are scoped in sufficient details to enable reliable estimates of budget, timescale and other resource requirements.

Monitoring: Progress of the Capital Programme is monitored regularly and preventative measures are put in place where possible to avoid slippage or overspend, and corrective actions are taken to address slippage or overspend if materialised. Information need of management is clarified and complete, accurate, and valid performance information relating to Capital Programme is provided to facilitate effective and efficient management oversight and decision making.

End of Project Evaluation and Tracking Realisation of Proposed Benefit: Projects are evaluated upon completion and any lessons learnt are fed through to future projects. Realisation of proposed benefit is tracked through fully and corrective actions are taken where possible to remedy any under achievement.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial Assurance:	Whilst there is a basic sound system of internal control design, there are weaknesses in design, which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses, which put some of the system objectives at risk.
Limited Assurance:	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.
No Assurance	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.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations which are fundamental to the system and upon which the organisation should take immediate action. Major issues for the attention of senior management and the Audit Committee
Priority 2 (Significant)	Recommendations, which, although not fundamental to the system, provide scope for improvements to be made. Recommendations for local management action in their areas of responsibility.
Priority 3 (Housekeeping)	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. Detailed problems of a minor nature resolved on site through discussions with local management.

A2 Risk Matrix

Area: Policies and Procedures

					Poorly defined policies and procedures	Insufficient guidance and training for budget holders	Linked Issues
		Significance			H	H	
		Current Exposure			A	A	
		Future Exposure			A	A	
A01	Policies and Procedures						
Existing Controls							
C01 01	Financial regulations are up to date and available to staff and the public on the council website			E	H		
C01 02	Training is provided to budget managers and officers by senior members of the Finance Team			E		H	

Area: Governance Arrangements

					Inadequate and ineffective governance structure	Lack of accountability	Linked Issues	
				Significance	M	M		
				Current Exposure	A	A		
				Future Exposure	A	A		
A02	Governance Arrangements							
<i>Existing Controls</i>								
C02 01	Clearly defined governance structure is in place			E	H	H		

Area: Allocation of Capital Programme Budget

				Capital project bids are not sufficiently scrutinised	Linked Issues
		Significance	H		
		Current Exposure	L		
		Future Exposure	A		
A02	Allocation of Capital Programme Budget				
<i>Existing Controls</i>					
C03 01	A capital bid form must be completed and approved for every prospective capital project		P	H	

Area: Project Initiation

						Objectives and milestones are unrealistic	Linked Issues		
								Significance	H
								Current Exposure	A
								Future Exposure	A
A04	Project Initiation								
<i>Existing Controls</i>									
C04 01	The feasibility of each project is evaluated						E	M	

Area: Monitoring

					Slippage / Overspend	Capital project does not align with the Council's strategic objectives	Capital project updates not reported accurately to Finance	Linked Issues
					Significance	H	M	M
					Current Exposure	A	A	A
					Future Exposure	A	A	A
A05	Monitoring							
Existing Controls								
C05 01	Finance Team meet with budget managers twice per month			E	H		H	
C05 02	Reports reviewed in quarterly Cabinet meetings			E	H	H		
C05 03	Status of capital programme reported to Corporate Management Team on a quarterly basis			E	H	H		
C05 04	Projects logged and monitored through Rocket and Project Management Office			E	H			

Area: End of Project Evaluation and Tracking Realisation of Proposed Benefit

					Projects are not sufficiently evaluated upon completion	Realisation of proposed benefits is not tracked	Linked Issues
					Significance	M	M
					Current Exposure	A	A
					Future Exposure	A	A
A06	End of Project Evaluation and Tracking Realisation of Proposed Benefit						
Existing Controls							
C06 01	Project Completion form				E	H	
C06 02	Project Evaluation form must be completed				E	H	

Key to Codes

Significance

H	High
L	Low
M	Medium

Exposure

A	Acceptable
L	Limited
U	Unacceptable

Effectiveness

E	Effective
I	Ineffective
P	Partly Effective

A3 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.

Registered office: Tower Bridge House, St Katharine's Way, London E1W 1DD, United Kingdom. Registered in England and Wales No 0C308299.

Dacorum Borough Council

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Internal Audit Report
Core Financial Systems and Budgetary Control
March 2020

FINAL REPORT

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If you should wish to discuss any aspect of this report, please contact Sarah Knowles, Senior Manager, sarah.knowles@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk

Status of our reports

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01 Introduction

As part of the Internal Audit Plan for 2019/20, we have undertaken a review of Core Financial Systems and Budgetary Control via self-service questionnaire approach. The objectives of the audit were to evaluate the adequacy of the system of internal control and its application in practice within the area under review.

We engaged with a number of staff members during the review and are grateful for their assistance during the course of the audit.

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.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A1.

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

- discussion of our findings with management and further development of our recommendations.

In summary, the scope covered the following areas: Accounts Payable, Accounts Receivable, Treasury Management, Main Accounting and Budgetary Control.

02 Background



The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Core Financial Systems, and provide guidance on how to improve the current controls going forward.

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;
- identification of control weaknesses and potential process improvement opportunities;

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 Good Assurance	 Good Assurance

Main Findings
We did not raise any recommendations as a result of this audit.
In our previous audit report, no recommendations were raised.

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	0
3 (Housekeeping)	0
TOTAL	0

Examples of areas of strength
<ul style="list-style-type: none"> • Purchase orders are authorised as per Financial Regulations and there is a segregation of duties between the officer that orders the goods, signs the goods received note and authorises the payment. • The various key control accounts reconciled monthly with the General ledger, were checked, signed off and dated by an independent officer. Furthermore, any differences were explained, investigated and cleared in a timely manner. • Investment strategy and performance is regularly reported to senior management and Members as required. Deals were only made with approved institutions, and were signed off in accordance with approved authorisation limits. • The 2019/20 budget was approved by Cabinet and Council in February 2019. The budget monitoring information is reviewed by budget holders and budget monitoring meetings are undertaken on a monthly basis. • Virements are appropriately authorised and fully supported by documentation.

Risk Management

The key organisational risks most relevant to Core Financial System are as follows:

- Funding and income is not sufficient to deliver the Council's Corporate Objectives (*SR1, Strategic Risk Register December 2018*)
- That the Borough does not secure sufficient investment in essential infrastructure that is required for continued and improved economic performance and housing delivery that is sustainable and fit for the future (*SR6, Strategic Risk Register December 2018*)

Value for Money

The Council, as a public body, is responsible for providing proper stewardship of the public funds it utilises by ensuring value for money is achieved within the delivery of its services. The Council's governance structure and reporting framework helps to ensure that budget positions and any significant risks are reviewed on a consistent basis.

04 Areas for Further Improvement and Action Plan

No recommendations were raised as a result of this audit.

A1 Audit Information

Audit Control Schedule	
Client contacts:	Fiona Jump – Financial Services Group Manager Tracy Claridge – Assistant Financial Accountant Caroline Souto – Team Leader - Financial Planning & Analysis
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Mark Lunn, Audit Manager Priya Kumre, Carmela Alas, Auditors
Work commenced	24 th February 2020
Finish on Site \ Exit Meeting:	6 th March 2020
Draft report issued:	-
Management responses received:	-
Final report issued:	17 th March 2020

Scope and Objectives

The overall objective of this audit was to provide assurance that the systems of control in respect of Core Financial Systems, with regards to the areas set out below are adequate and are being consistently applied.

Treasury Management

- Any transactions/deals are made only with approved institutions, and are signed off in accordance with approved authorisation limits.
- The cash flow position is monitored on a daily basis.
- The Treasury Management system is regularly reconciled to the cash book and the main accounting system.
- Investment performance reports are produced and reviewed regularly.
- Investment strategy and performance is regularly reported to senior management and members as required.

Main Accounting

- Requests to amend or create new codes are authorised by an appropriate officer.
- Journals are appropriately authorised and fully supported by documentation.
- Suspense accounts are checked and cleared regularly.
- All feeder systems (other than those above) are reconciled regularly and any variances investigated in a timely manner.
- Bank reconciliation is undertaken regularly and any variances are investigated in a timely manner.

Budgetary Control

- All members of staff act consistently in compliance with the legislative and management requirements and the budget management functions are conducted in an economic, efficient and effective manner. Responsibility for managing budgets is clearly established and is delegated to appropriately qualified, trained and competent staff.
- Budgets are set and funds allocated so as to achieve the organisation's strategic and operational objective
- s.
- Budgets are appropriately approved and are completely and accurately loaded onto the financial management system in a timely manner.
- Budgets are communicated to all the relevant parties to allow effective monitoring by budget holders.
- Robust procedures are in place for the monitoring of budgets. Any variances identified are investigated and remedial actions taken where appropriate so as to minimise the risk of budget over/underspends.
- Timely and accurate financial information is produced on a regular basis and is reported to the appropriate forum to facilitate effective monitoring and decision making.
- Budget adjustments including virements are completely, accurately, and validly processed in a timely manner and supporting documentation is retained to support the actions taken.

Scope and Objectives continued

Accounts Payable

- Formal and robust procedures are in place for making amendments to supplier information.
- Invoices are matched to purchase orders prior to payment. (No PO No Pay process is now in place)
- Retrospective purchase orders are monitored and any persistent non-compliance with the PO process is escalated.
- For any exempt purchases (where a PO is not required), invoice is authorised in accordance with the approved scheme of delegation.
- Any duplicate payments are identified and investigated promptly.
- Exception reports are designed to identify high level purchase orders which potentially should have gone through the Procurement function in line with the Council's Standing Orders.
- BACS payment runs are checked and authorised in accordance with the approved scheme of delegation.
- Regular reconciliations with the main accounting system take place.
- Open POs are regularly checked and cleansed to ensure the accuracy of the financial commitment raised on the system

Accounts Receivable

- Details of the invoices are checked for accuracy, completeness and validity. (For self-service invoice, this is now automated and checks are completed through a workflow. A sales order request turns into an invoice when it is approved)
- BACS payment notification reports regularly checked to the bank statements.
- Accuracy and validity of credit notes are checked.
- Aged debtor reports are reviewed regularly.
- Refunds and write-offs are approved prior to action being taken.

Debt recovery enforcement progress is monitored and recovery actions are undertaken in accordance with the Council's policy.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial Assurance:	Whilst there is a basic sound system of internal control design, there are weaknesses in design, which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses, which put some of the system objectives at risk.
Limited Assurance:	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.
No Assurance	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.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	<p>Recommendations which are fundamental to the system and upon which the organisation should take immediate action.</p> <p>Major issues for the attention of senior management and the Audit Committee</p>
Priority 2 (Significant)	<p>Recommendations, which, although not fundamental to the system, provide scope for improvements to be made.</p> <p>Recommendations for local management action in their areas of responsibility.</p>
Priority 3 (Housekeeping)	<p>Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.</p> <p>Detailed problems of a minor nature resolved on site through discussions with local management.</p>

A2 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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Dacorum Borough Council

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Internal Audit Report
Apprenticeships
June 2020

FINAL REPORT

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01 Introduction

As part of the Internal Audit Plan for 2019/20, we have undertaken a review of management and administration of Apprenticeships. The objectives of the audit were to evaluate the adequacy of the system of internal control and its application in practice within the area under review.

Due to the COVID-19 lockdown, the audit was undertaken remotely and the limitations of this have resulted in a reduced scope, with controls in place for Procurement of Training Providers as set out in the original scope not being covered.

We engaged with a number of staff members during the review and are grateful for their assistance during the course of the audit.

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.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A1, whilst further analysis of the control environment over Apprenticeships is shown in Appendix A2.

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

02 Background

The overall objective of this audit is to provide the Members, the Chief Executive and other officers with reasonable, but not absolute, assurance as to the adequacy and effectiveness of the key controls relating to the management and administration of apprenticeships.

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:



- 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.

In summary, the scope covered the following areas: Policies, Procedures & Legislation, Appointment of Apprentices, Maximisation of Take Up, Payments to Training Providers, Retention of Apprentices, Apprenticeship Levy Funding, and Monitoring & Reporting.

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 <p data-bbox="311 603 528 628">Good Assurance</p>	 <p data-bbox="763 603 981 628">Good Assurance</p>

Main Findings
<p data-bbox="199 794 947 820">We did not raise any recommendations as a result of this audit.</p>

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Examples of areas of strength
<ul style="list-style-type: none"> <li data-bbox="1149 256 2033 376">• Policies and Procedures are in place that incorporate the Apprenticeship Scheme. Recruitment under the Scheme is subject to the Council’s Recruitment and Selection Code of Practice which was reviewed and updated in April 2019. <li data-bbox="1149 395 2033 515">• There are two standard templates for Apprenticeship Learner Agreement – one for upskilling and another for fixed term new starters. We confirmed for a sample of 10 apprentices that learning agreements were completed and signed off. <li data-bbox="1149 534 2033 627">• Apprenticeship Scheme pay levels have been determined through a job evaluation process on the Gauge System. Banding is determined by the standard points, which indicate the role to be a Band 1 to Band 2 role. <li data-bbox="1149 646 2033 798">• National Apprenticeship Week in each of the years from 2018 to 2020 has been the opportunity for the Council to increase awareness about the Scheme and maximise take up. Posters, talks by various training providers, and presentations are effectively used across the Council for advertising the same. <li data-bbox="1149 817 2033 908">• Annual returns in the form of outcome reports are prepared and submitted to the Department of Education through the Digital Apprenticeship System (DAS) in September every year.

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	0
3 (Housekeeping)	0
TOTAL	0

Risk Management

The key organisational risks most relevant to Apprenticeships are as follows:

- Failure to effectively and proactively manage all aspects of employee relations (*PP_R016, September 2019*)
- Failure to support the organisation, and in particular the leadership team, to manage organisational change and staff development (*PP_R017, September 2019*)
- The Council is unable to recruit and retain the staff required to progress as a Modern and Efficient Council (*SR2 Strategic Risk Register, December 2019*)

A suggested risk and control matrix for Apprenticeships is included at Appendix A2. This matrix will help to inform senior management of the effectiveness of the existing controls in place to manage Apprenticeships.

Value for Money

The Council, as a public body, is responsible for providing proper stewardship of the public funds it utilises by ensuring value for money is achieved within the delivery of its services. The Council's governance structure and reporting framework helps to ensure that budget positions and any significant risks are reviewed on a consistent basis.

A1 Audit Information

Audit Control Schedule	
Client contacts:	Donna Deaton – HR & OD Lead Officer Matt Rawdon – Group Manager
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Agrima Bhutani, Auditor
Work commenced	14 th April 2020
Finish on Site \ Exit Meeting:	28 th April 2020
Draft report issued:	7 th May 2020
Management responses received:	26 th May 2020
Final report issued:	4 th June 2020

Scope and Objectives

The overall objective of this audit was to provide assurance that the systems of control in respect of management and administration of Apprenticeships, with regards to the areas set out below are adequate and are being consistently applied.

Policies, Procedures & Legislation: All staff act consistently in compliance with legislative and management requirements. The administration of services is conducted in an economic, efficient and effective manner. Roles and responsibilities are clearly defined.

Appointment of Apprentices: Apprentices are appointed (both internal and external candidates) in compliance with the apprenticeship levy scheme and an apprenticeship agreement is completed and signed. Salaries are in accordance with agreed rates.

Maximisation of Take Up: The processes are in place to ensure that the take up of apprenticeships is maximised which should include promoting the scheme internally within the council and externally.

Payment to Training Providers: Payments are made from the levy funding in accordance with agreed rates and only for external training provided by an approved trainer.

Retention of Apprentices: The processes are in place to ensure that apprentices are offered permanent employment once the apprenticeship is completed wherever possible or that they have access to information, advice and guidance to ensure that they can progress to another role in the council.

Apprenticeship Levy Funding: The levy received has been correctly calculated, is in accordance with guidance and is evidenced by supporting documentation. Payments are made to HMRC automatically through the PAYE process.

Monitoring and Reporting: Apprenticeship targets are monitored and achieved. Annual progress in meeting the apprenticeship target is published and sent to the Department for Education within allocated timeframes. Apprenticeship funding is aligned to the corporate workforce strategy.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
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Definitions of Recommendations	
Priority	Description
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Priority 2 (Significant)	<p>Recommendations, which, although not fundamental to the system, provide scope for improvements to be made.</p> <p>Recommendations for local management action in their areas of responsibility.</p>
Priority 3 (Housekeeping)	<p>Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.</p> <p>Detailed problems of a minor nature resolved on site through discussions with local management.</p>

A2 Risk & Control Matrix

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Area: Policies, Procedures and Legislation

					Breach in Legislation / Regulatory Requirements	R01.01	R01.02	Linked Issues
					Significance	H	M	
					Current Exposure	A	A	
					Future Exposure	A	A	
A01	Policies, Procedures and Legislation							
Existing Controls								
C01.01	Compliance with Legislative or Regulatory Requirements				Key	E	M	M
C01.02	Guidance is made available to members of staff					E	M	L
C01.03	Job description and/or objectives of staff involved include pointers on Apprenticeships				Key	E		M

Area: Appointment of Apprentices

					Requirement of the apprenticeship scheme are not met	R02.01			
					Inappropriate Payments are Made	R02.02			
					Linked Issues				
					Significance	H	H		
					Current Exposure	A	A		
					Future Exposure	A	A		
A02	Appointment of Apprentices								
Existing Controls									
C02.01	Appointments are in accordance with the Scheme				Key	E	M		
C02.02	Apprenticeship agreement is completed and signed					E	M		
C02.03	Salaries are in accordance with agreed rates				Key	E		H	

Area: Maximisation of Take Up

				Poor uptake of the scheme	Funding lost due to it not being utilised	Linked Issues
				R03.01	R03.02	
		Significance		H	H	
		Current Exposure		A	A	
		Future Exposure		A	A	
A03	Maximisation of Take Up					
Existing Controls						
C03.01	Regular communications and campaigns encourage staff to sign up		Key	E	H	H

Area: Payments to Training Providers

				Inappropriate Payments	R04.01	Linked Issues
		Significance		H		
		Current Exposure		A		
		Future Exposure		A		
A04	Payments to Training Providers					
Existing Controls						
C04.01	Payments made to Training Providers are accurate and monitored		Key	E	H	

Area: Retention of Apprentices

				Loss of Fully Trained Staff	R05.01	Value for money not obtained	R05.02	Linked Issues
		Significance		H	M			
		Current Exposure		A	A			
		Future Exposure		A	A			
A05	Retention of Apprentices							
Existing Controls								
C05.01	Apprentices are provided with the opportunity to secure a permanent role		Key	E	H	H		

Area: Apprenticeship Levy Funding

					Reduction in funding R06.01	Breach of Legislation R06.02	Linked Issues	
					Significance	H	H	
					Current Exposure	A	A	
					Future Exposure	A	A	
A06	Apprenticeship Levy Funding							
<i>Existing Controls</i>								
C06.01	Apprenticeship Levy Funding			Key	E	H		
C06.02	Payments to HMRC			Key	E		H	

Area: Monitoring and Reporting

				Apprenticeship targets are not met R07.01		Failure to achieve targets within the Workforce Strategy R07.02		Linked Issues	
				Significance	M	M			
				Current Exposure	A	A			
				Future Exposure	A	A			
A07	Monitoring and Reporting								
Existing Controls									
C07.01	Apprenticeship Targets are monitored and achieved		Key	E	M				
C07.02	Annual progress is reported to the Department of Education within allocated timeframe			E	M				
C07.03	Alignment to the Strategy		Key	E			H		

Key to Codes

Significance

H	High
L	Low
M	Medium

Exposure

A	Acceptable
L	Limited
U	Unacceptable

Effectiveness

E	Effective
I	Ineffective
P	Partly Effective

A3 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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Internal Audit Report
Governance Role
March 2020

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Status of our reports

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01 Introduction

As part of the Internal Audit Plan for 2019/20, we have undertaken a review of Governance Role of new member induction and training processes and delivery. The objectives of the audit were to evaluate the adequacy of the system of internal control and its application in practice within the area under review.

We engaged with a number of staff members during the review and are grateful for their assistance during the course of the audit.

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.

The classifications of our audit assessments and priority ratings definitions for our recommendations are set out in more detail in Appendix A1, whilst further analysis of the control environment over Governance Role is shown in Appendix A2.

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

- identification of control weaknesses and potential process improvement opportunities;
- discussion of our findings with management and further development of our recommendations; and
- preparation and agreement of a draft report with the process owner.

In summary, the scope covered the following areas: New Member Training and Induction, Resourcing, Selecting Committee Members, Member Support Forward Plans and Overview and Scrutiny Committees.

02 Background



The overall objective of this audit was to provide assurance over the adequacy and effectiveness of current controls over Governance Role, and provide guidance on how to improve the current controls going forward.

The following procedures were adopted to identify and assess risks and controls and thus enable us to recommend control improvements:

- discussions with key members of staff to ascertain the nature of the systems in operation;
- evaluation of the current systems of internal control through walk-through and other non- statistical sample testing;

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 <p data-bbox="271 603 564 628">Substantial Assurance</p>	 <p data-bbox="723 603 1016 628">Substantial Assurance</p>

Main Findings
<p data-bbox="199 794 1084 852">We have raised two priority 2 recommendations where we believe there is scope for improvement within the control environment. These are detailed in Section 04 of this report.</p> <p data-bbox="199 887 483 912">Our main findings were:</p> <ul data-bbox="206 920 922 978" style="list-style-type: none"> <li data-bbox="206 920 719 946">• Non-compliance with mandatory training <li data-bbox="206 954 922 978">• Members have not completed the register of interest form

Examples of areas of strength
<ul data-bbox="1149 295 2033 976" style="list-style-type: none"> <li data-bbox="1149 295 2033 411">• Induction days were provided to newly elected members in May 2019 including a marketplace event where members can meet and network various departments of the Council. Information pack and induction materials were available and had been provided to new members. <li data-bbox="1149 432 2033 616">• Appropriate resources have been allocated to support and provide training to members. Furthermore, member development budget was reviewed and approved by Overview and Scrutiny Committee, Cabinet and Council in February 2019. We obtained Quarter 1 to 3 budget monitoring reports and confirmed that these were reported to Member Development Steering Group. <li data-bbox="1149 636 2033 694">• There has been an opportunity to declare business interests at the Committee meetings. <li data-bbox="1149 715 2033 831">• Member development programme was reviewed and approved by Cabinet on 13 March 2019. Updates on training dates, attendance and feedbacks were reported to Member Development Steering Group on a quarterly basis. <li data-bbox="1149 852 2033 968">• Terms of reference were available for the three Overview and Scrutiny Committee and confirmed that meetings were held every eight weeks. Furthermore, work programmes were completed and published in Council's website.

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	2
3 (Housekeeping)	0
TOTAL	2

Risk Management

The key organisational risks most relevant to Governance Role are as follows:

- A reduction in the quality of life and opportunities for people in the Borough (*SR6, Strategic Risk Register December 2018*)
- Damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council. (*included in SR6, Strategic Risk Register December 2018*)

A suggested risk and control matrix for Governance Role is included at Appendix A2. This matrix will help to inform senior management of the effectiveness of the existing controls in place to manage Governance Role and to illustrate where issues identified in the audit report will strengthen areas of existing controls.

Value for Money

The Council, as a public body, is responsible for providing proper stewardship of the public funds it utilises by ensuring value for money is achieved within the delivery of its services. The Council's governance structure and reporting framework helps to ensure that budget positions and any significant risks are reviewed on a consistent basis.

04 Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix 1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with the Corporate Support Team Leader and Corporate and Democratic Support Lead Officer. The recommendations are detailed in the management action plan below.

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
4.1	<p>Mandatory Training Compliance</p> <p><i>Observation:</i> A review of councillors' mandatory training attendance records as at December 2019 found that out of 51 councillors, 38 Members have not completed their mandatory training during the year. Furthermore, charring skills sessions are required for councillors with Chair and Vice-Chair roles however, it was found that the Vice-Chair for Finance and Resources Overview and Scrutiny Committee has not completed the charring skills session along with the other training.</p> <p>It is expected that where councillors fail to attend mandatory training, they will be reported to the group leader, and continued failure to attend mandatory training will constitute a breach of the Code of Conduct for Members and will be considered through the standards complaints process. However, it was established that the last reminder email sent by the Chief Executive to the group leader was on 5th June 2019.</p> <p><i>Risk:</i> Where training is not completed in a timely manner or at all, there is a risk that Members are</p>	<p>The executive should issue a communication to all Councillors outlining the requirement that mandatory training is to be completed when due.</p> <p>The process for escalating non-completion of mandatory training and for dealing with non-compliance should be adhered to and corrective actions be taken where gaps are identified.</p>	2	<p>All Members have been offered the opportunity to attend mandatory training on at least two different dates. One further training session will be made available for councillors who have been unable to attend training and there will be close liaison with Group Leaders to ensure Members attend. If Members still fail to attend a report will be taken to the Council's Standards Committee for consideration.</p>	<p>Timescales will be reviewed in the light of Coronavirus but will be prioritised once work resumes as normal.</p> <p>Corporate Support Team Leader will be responsible for arranging a further training session for each Member and liaising with Group Leaders and Assistant Director – Corporate and Contracted Services is responsible for reporting outstanding members to the Standards Committee.</p>

	Observation/Risk	Recommendation	Priority	Management response	Timescale/ responsibility
	unable to improve performance and skills leading to an inability to carry out their duties effectively.				
4.2	<p>Register of Interests by Councillors</p> <p><i>Observation:</i> We noted during our review of the declaration of interests submitted, that there were four cases out of a total of 51 where a Register of Interests Form was not completed and published in Council's website.</p> <p><i>Risk:</i> Where interests are not declared by all councillors, there is a risk that the Council cannot effectively manage its decision-making. This could lead to inappropriate decisions being made by the Council. In addition, not having all decision-makers declaring interests contravenes statutory guidance on conflicts of interest.</p>	<p>All councillors that have not completed a declaration for the 2019/20 financial year should complete a Declaration of Interests form.</p> <p>A report of councillors that have not completed this process should be issued to the appropriate Committee and Council for review.</p>	2	All four remaining forms have now been completed and uploaded to ModGov.	Completed

A1 Audit Information

Audit Control Schedule	
Client contacts:	Cassy O’Neil – Corporate Support Team Leader Katie Mogan – Corporate & Democratic Support Lead Officer Farida Hussain – Group Manager (Democratic Services) Sally Marshall – Chief Executive (Final Report only)
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Mark Lunn, Audit Manager Carmela Alas, Auditor
Work commenced	20 th January 2020
Finish on Site \ Exit Meeting:	5 th February 2020
Draft report issued:	9 th March 2020
Management responses received:	16 th March 2020
Final report issued:	17 th March 2020

Scope and Objectives

The overall objective of this audit was to provide assurance that the systems of control in respect of Governance Role Support, with regards to the areas set out below are adequate and are being consistently applied.

New Member Training & Induction: There is an effective new member training and induction programme in place that meets the needs of the organisation.

Resourcing: Appropriate resources have been allocated to support and provide training to members.

Selecting Committee Members: The overview and scrutiny committees are made up of a chair and members who have the necessary skills and commitment, including experience, expertise, interests, ability to act impartially, ability to work as a group and capacity to serve. The committee does not include members of the executive or of a combined authority.

Member Support Forward Plans: There is a clear process in place to ensure the member support plans include all necessary training and information to allow the members to carry out their roles effectively. Moreover monitoring of attendance and progress against the plans is undertaken and reported back for review, oversight and lessons learnt opportunities.

Overview and Scrutiny Committees: Overview and scrutiny committees have a clear role, function and direction, planning their work programmes, drawing up a long-term agendas and consideration of making it flexible enough to accommodate any urgent, short-term issues that might arise. Where there are multiple overview and scrutiny committees consideration has been given to how to co-ordinate the various committees’ work to make best use of the total resources available.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial Assurance:	Whilst there is a basic sound system of internal control design, there are weaknesses in design, which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses, which put some of the system objectives at risk.
Limited Assurance:	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.
No Assurance	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.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	<p>Recommendations which are fundamental to the system and upon which the organisation should take immediate action.</p> <p>Major issues for the attention of senior management and the Audit Committee</p>
Priority 2 (Significant)	<p>Recommendations, which, although not fundamental to the system, provide scope for improvements to be made.</p> <p>Recommendations for local management action in their areas of responsibility.</p>
Priority 3 (Housekeeping)	<p>Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed.</p> <p>Detailed problems of a minor nature resolved on site through discussions with local management.</p>

A2 Risk & Control Matrix

Area: New Member Training & Induction

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				Ineffective, inefficient and / or out date working practices R01.01	Noncompliance with legislative and management requirements R01.02	Staff and Members do not know what is expected of them. R01.03	Ongoing improvements are not / cannot be made as training is not completed in R01.04	Linked Issues	IO1
				Significance	H	H	H	H	?
				Current Exposure	A	A	A	A	
				Future Exposure	A	A	A	A	
A01	New Member Training & Induction								
Existing Controls									
C01.01	Information pack for new members is in place	E	Key	M	M	M			
C01.02	Induction Days are provided to elected new members.	E	Key	M	M	M			
C01.03	Copies of the presentations are given to members at the induction	E		M		M			
C01.04	Mandatory training is provided to new members and compliance are monitored	P	Key	M	M	M	M		4.1
C01.05	Invitations and reminders are sent for those who have not attended	P				M	M		4.1
C01.06	Completed training are available in the website	E			M		M		
C01.07	Mentoring scheme has been offered to new members	E				M	M		

Area: Resourcing

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					Member support is not effectively resourced R02.01	Resource is not sufficient to maintain the daily R02.02	Linked Issues
					Significance	H	H
					Current Exposure	A	A
					Future Exposure	A	A
A02	Resourcing						
Existing Controls							
C02.01	Appropriate resources have been allocated to support and provide training to members	E	Key		M	M	
C02.02	Member development budget is set on an annual basis	E	Key		M	M	
C02.03	Member development budget position is monitored on a quarterly basis	E	Key		M	M	
C02.04	Annual training report is completed which includes member development budget position	E			M	M	

Area: Selecting Committee Members

				Members lack of necessary skills and commitment	.01	Member independence compromised due to poor	R03	.02	Linked Issues	I01	I03
				Significance	H	H				~	~
				Current Exposure	A	A					
				Future Exposure	A	A					
A03	Selecting Committee Members										
Existing Controls											
C03.01	The Constitution sets out the proportion of members who sit on committees	E			M	M					
C03.02	Full Council receives nominations of Councillors to serve on each committee at the annual meeting	E			M	M					
C03.03	Overview and scrutiny committees are made up of a chair and members who have the necessary skills and commitment	P	Key		M	M					4.1
C03.04	Members complete declaration of interest form	P	Key		M	M			4.2		
C03.05	Declaration of interests is standing agenda for committee meetings	E	Key		M	M					
C03.06	Required action is taken for those who have conflict of interest	E			M						
C03.07	Any in-year changes to members sitting on committees is a standing agenda item on Full Council meetings	E			M						

Area: Member Support Forward Plans

				Relevant training and information to members are not delivered	R04.01	Progress against the forward plans does not take place	R04.02	Linked Issues
				Significance	H	H		
				Current Exposure	A	A		
				Future Exposure	A	A		
A04	Member Support Forward Plans							
Existing Controls								
C04.01	Annual training programme for members is in place	E	Key		M	M		
C04.02	Member development plan programme is completed and reported to committee	E			M	M		
C04.03	Committee timetable is completed and approved by the Cabinet and Full Council.	E				M		
C04.04	Attendance and feedbacks on training and development are monitored on a quarterly basis	E	Key		M	M		
C04.05	Lessons learnt are discussed in MDSG meetings	E	Key			M		
C04.06	Annual training report is completed by the member support team	E	Key		M	M		

Area: Overview and Scrutiny Committees

				Committees do not plan their work programme R05.01		Committees are unaware of their duties and therefore do not carry out expected business R05.02		Linked Issues
				Significance	H	H		
				Current Exposure	A	A		
				Future Exposure	A	A		
A05	Overview and Scrutiny Committees							
Existing Controls								
C05.01	Terms of reference for Overview and Scrutiny Committees are in place	E	Key				M	
C05.02	Overview and Scrutiny Committees meetings are held every 8 weeks	E	Key		M	M		
C05.03	Work programmes are completed by the Overview and Scrutiny Committee	E	Key		M	M		
C05.04	The Overview and Scrutiny Committees report to the Full Council on annual basis	E	Key		M	M		

Key to Codes

Significance

H	High
L	Low
M	Medium

Exposure

A	Acceptable
L	Limited
U	Unacceptable

Effectiveness

E	Effective
I	Ineffective
P	Partly Effective

A3 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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Dacorum Borough Council

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 Internal Audit Report
 **IT Disaster Recovery (DR)**
 March 2020

FINAL REPORT

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Appendices

- A1 Audit Information
- A2 Risk Matrix
- A3 Statement of Responsibility

If you should wish to discuss any aspect of this report, please contact Sarah Knowles, Senior Manager, sarah.knowles@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk

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 A3 of this report for further information about responsibilities, limitations and confidentiality.

01 Introduction

As part of the agreed 2019/2020 Audit Plan, Mazars has undertaken a review of the IT Disaster Recovery controls in place at Dacorum Borough Council to ensure controls have been adequately designed and implemented. An effective IT DR process supports the objectives of the IT Strategy, which is aligned with business requirements, and helps address underlying IT issues/outages in system and processes.

We are grateful to the ICT Operations Team Leader, and other council staff for their assistance provided 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.

Any event that prevents or interrupts an organisation's ability to perform its work tasks is considered a disaster. The moment that ICT becomes unable to support mission-critical processes is the moment the DR plan is invoked to manage the restoration and recovery procedures.

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

- Critical Business Functions and Systems;
- Disaster Recovery (DR) Process;
- Disaster Risk Assessment;
- Disaster Escalation and Emergency Action Procedure;
- Insurance.

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

02 Background



The Civil Contingencies Act 2004 requires that local authorities implement robust Business Continuity arrangements to enable them to continue to provide services and communicate with relevant stakeholders during an incident.

Due to the reliance that is placed on ICT for the operation of services within the Council, ICT service resilience and Disaster Recovery provisions are critical components of Business Continuity.

Disaster Recovery (DR) planning enables the recovery of ICT systems in the event of disruption impacting the data centre or server room hosting the Council's IT systems. Given that information and communication technology plays an increasingly important role in the delivery of Council services, the ability to recover these systems in a timely manner is essential.

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 Substantial Assurance	 Substantial Assurance

- Dacorum Borough Council's Disaster Recovery Plan does not contain a section on roles and responsibilities. (Priority 3).
- There are names referenced within the ICT DR plan, however this does not include their contact details. (Priority 3).

- Examples of areas of strength**
- It was noted that an evaluation and review of the Disaster Risk Assessment to evidence business impact and risk assessments are currently being carried out.
 - From discussion with Officers and inspection of documentation there is evidence that Insurance is adequate for Dacorum BC and this also includes business recovery and business impact risks.

Main Findings

Three priority 2 recommendations and two priority 3 recommendations were raised where there is scope for improvement within the control environment. These are set out below:

- The Disaster Recovery (DR) plan establishes priorities for processing of functions and operations of services. However, the document supplied has not been updated since 2014. (Priority 2).
- The Business Continuity Plan (BCP) does not determine Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) based on business impact. (Priority 2).
- Business Continuity is not included within the induction programme for new key (these would be highlighted by the Resilience Team) employees who may be required to play a part in recovery. (Priority 2).

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	3
3 (Housekeeping)	2
TOTAL	5

04 Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with the IT Operations Team Leader and the Health, Safety and Resilience Team Leader. The recommendations are detailed in the management action plan below.

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
4.1	<p>Identification and agreement of Critical Business Functions.</p> <p><i>Observation:</i> Inspection of documentation and enquiry of management noted that the Service Level ICT Business Continuity Plan (BCP) does not determine the Recovery Time Objectives (RTO) or Recovery Point Objectives (RPO) of systems based on business impact. It was however noted that the HLDR Schedule does include RTO's and RPOs but that this document had not been updated/reviewed since 2014. All of the required information is contained within the HLDR Schedule; therefore, it may be efficient to use the same information for the IT BCP and to link both documents together.</p> <p><i>Risk:</i> There is a risk that time and point of recovery are not adequately determined or plans do not identify the impact to the business in a disaster scenario for all functions, specifying timescales and priorities for recovering functions, or reflecting the impact any major operational disruption would have on the business.</p>	<p>The ICT Business Continuity Plan should link with an updated version of the ICT High Level Disaster Recovery (HLDR) Schedule in order for Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) to be included and identified.</p>	2	<p>The BC plan is due for a review in August 2020. This recommendation will form part of the document review.</p>	<p>August 2020</p> <p>Group Manager – Technology & Digital Transformation</p> <p>Team Leader Corporate Health, Safety and Resilience</p>

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
4.2	<p>IT DR Process.</p> <p><i>Observation:</i> Inspection of documentation noted that the ICT DR plan establishes priorities for processing of functions and operations of services. However, the document supplied has not been updated with actions since 2014.</p> <p><i>Risk:</i> There is a risk that IT staff/stakeholders may be unaware as to next steps to take if documents are not being reviewed and updated in a timely manner.</p>	<p>All issues raised within the HLDR schedule should be updated and any actions outstanding highlighted to Management as critical. (This recommendation also links to Recommendation 1).</p>	2	<p>The document was updated in 2017 but references to earlier activities had been left in, in error. We will review and update the document as a priority.</p>	<p>April 2020</p> <p>Group Manager – Technology & Digital Transformation</p>
4.3	<p>IT DR Process.</p> <p><i>Observation:</i> Inspection of induction documentation noted that Business Continuity is not included within the induction programme for new key employees who may be required to play a part in recovery if an outage occurs. Training for existing key employees has been adhoc to date but will be rolled out in the future. This should be an annual process.</p> <p><i>Risk:</i> There is a risk that new staff may not be aware of their role or function in a BC scenario.</p>	<p>ICT Management should initiate induction training for new key ICT staff.</p> <p>All key ICT DBC staff likely to be involved in disaster recovery scenarios should complete ICT BC and DR system testing and training annually.</p>	2	<p>ICT have previously committed to IT DR system testing and training and undertake this activity on an annual basis.</p> <p>We will ensure that training on the ICT BCP process is added to this.</p>	<p>June 2020</p> <p>Group Manager – Technology & Digital Transformation</p>
4.4	<p>IT DR Process.</p> <p>Observation: Inspection of documentation noted DBC's ICT DR Plan does not contain a section on roles and responsibilities.</p> <p>The ICT BCP does include a section on responsibility for invocation of the Business Continuity Plan</p>	<p>Job Descriptions should be updated to reflect roles and responsibilities in regard to Business Continuity and Disaster Recovery.</p>	3	<p>ICT will, with support from HR, review job descriptions within ICT to ensure they include appropriate reference to Disaster Recovery.</p>	<p>June 2020</p> <p>Group Manager – Technology & Digital Transformation</p>

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
	<p>(including a deputy), as well as responsibility for calling team members (including a deputy). The Health, Safety and Resilience Committee discusses resilience matters and reports to Corporate Management Team. The Corporate Management Team includes the Chief Executive, Directors and Assistant Directors of the Council. The Health, Safety and Resilience Team Leader stated having the Leadership Team involved helps to further enhance and embed those involved in BC in their specific roles within DBC.</p> <p>The Resilience Policy Statement outlines all staff responsible for resilience matters.</p> <p>Enquiry of the IT Operations Manager and inspection of documentation noted there was no evidence of "resource allocation" in the ICT DR Policy/Plan. We did note that the ICT BCP does have "resource allocation" included.</p> <p>From enquiry of management as to whether ICT DR/BC responsibilities had been formally documented within officer's job descriptions, we noted job descriptions have not been updated with ICT DR/BC responsibilities.</p> <p><i>Risk:</i> There is a risk that personnel would be unaware of or fail to act on key responsibilities.</p>				
4.5	<p>IT DR Process.</p> <p>Observation: From enquiry and inspection, it was noted that the DCB ICT DR Plan is a high-level plan which mainly details services and agreed critical services with Infrastructure requirements. Although</p>	<p>DBC should consider including a link from the ICT DR Plan to the ICT BCP</p>	3	<p>A link to the ICT BCP document has now been added to the IT DR Procedures.</p>	<p>Completed Group Manager – Technology &</p>

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
	<p>there are names mentioned within the ICT DR plan, there are no further contact details.</p> <p><i>Risk:</i> There is a risk that personnel would not know how to contact key members of staff in the event of a disaster.</p>	<p>document enabling ease of access to all contact information required.</p>			<p>Digital Transformation</p>

A1 Audit Information

Audit Control Schedule	
Client contacts:	Gary Osler – ICT Operations Team Leader Russell Ham - Corporate Health, Safety and Resilience Team Leader Ben Trueman – Group Manager, Technology & Digital Transformation Linda Roberts – Assistant Director, Performance, People and Innovation
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Martin Baird, IT Audit Director Nighat Sheikh, IT Audit Manger
Work commenced	October 2019
Finish on Site \ Exit Meeting:	December 2019
Draft report issued:	February 2020
Management responses received:	February 2020
Final report issued:	March 2020

Scope and Objectives
<p>The review focused on providing an independent and objective opinion on the degree to which the Council manages the risks associated with IT Disaster Recovery, and assessed whether the current arrangements are robust and sufficient relative to the risk identified in relation to the following areas:</p> <ul style="list-style-type: none"> • Critical Priorities - To identify critical business functions and systems identifying and prioritising systems, prioritising critical activities. Ensuring recovery time objectives are being established. • IT DR Process – There is a review of documentation to be carried out to ensure there is a Business Continuity Strategy, Business Continuity and Disaster Recovery plans and procedures, in place. A consultation is also carried out for the plans. To ensure an approval process is communicated across the organisation. A review to be carried out to ensure there is a competent and qualified designated BC/DR team. • Business impact and risk assessments - Evaluate and review the Disaster Risk Assessment to evidence business impact and risk assessments are being carried out. • Disaster invocation/escalation - From discussions with Senior Managers and Team Leaders and inspection of documentation of the Disaster Escalation and Emergency Action Procedure and decision making in regards to the disaster invocation and escalation procedure. To carry out a review of the Incident management plan. • Insurance cover - Discussion with Officers and inspection of documentation to evidence that Insurance is adequate and includes recovery and business impact risks. <p>Testing was performed on a sample basis; and as a result, our work does not provide absolute assurance that material error, loss or fraud does not exist.</p>

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial Assurance:	Whilst there is a basic sound system of internal control design, there are weaknesses in design, which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses, which put some of the system objectives at risk.
Limited Assurance:	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.
No Assurance	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.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations which are fundamental to the system and upon which the organisation should take immediate action. Major issues for the attention of senior management and the Audit Committee
Priority 2 (Significant)	Recommendations, which, although not fundamental to the system, provide scope for improvements to be made. Recommendations for local management action in their areas of responsibility.
Priority 3 (Housekeeping)	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. Detailed problems of a minor nature resolved on site through discussions with local management.

A3 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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Dacorum Borough Council

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Internal Audit Report
Web Accessibility
June 2020

FINAL REPORT

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- A2 Risk Matrix
- A3 Statement of Responsibility

If you should wish to discuss any aspect of this report, please contact Sarah Knowles, Senior Manager, sarah.knowles@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk

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 A3 of this report for further information about responsibilities, limitations and confidentiality.

01 Introduction

As part of the agreed 2019/2020 Audit Plan, Mazars has undertaken a review of the Web accessibility controls in place at Dacorum Borough Council to ensure controls have been adequately designed and implemented. An effective Web presence is a key method for the Council to provide information to clients and also allow clients to access Council services.

We are grateful to the Web Team Leader, and other council staff for their assistance provided 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.

02 Background

We are grateful to the Web Team Leader, and other council staff for their assistance provided during the course of the audit.

New UK regulations on the accessibility of websites and mobile applications of Public Sector Bodies came into force in September 2018. These regulations implement the EU Directive on web accessibility and require public sector websites and mobile applications to achieve particular accessibility standards.

Making a website or mobile app accessible means making sure it can be used by as many people as possible.

This includes those with:

- impaired vision;
- motor difficulties;
- cognitive impairments or learning disabilities; and
- deafness or impaired hearing

At least 1 in 5 people in the UK have a long term illness, impairment or disability. Many more have a temporary disability.

Accessibility means more than putting content online. It means making your content and design clear and simple enough so that most people can use it without needing to adapt it, while supporting those who do need to adapt certain elements.

For example, someone with impaired vision might use a screen reader (software that lets a user navigate a website and 'read out' the content), braille display or screen magnifier. Or someone with motor difficulties might use a special mouse, speech recognition software or on-screen keyboard emulator.

People may not have a choice when using a public sector website or mobile application, so it is important they work for everyone. The people who need them the most are often the people who find them hardest to use.

Accessible websites usually work better for everyone. They are often faster, easier to use and appear higher in search engine rankings.

Most public sector websites and mobile apps do not currently meet accessibility requirements and a recent study found that 4 in 10 local council homepages failed basic tests for accessibility.

Common problems include websites that are not easy to use on a mobile or cannot be navigated using a keyboard, inaccessible PDF forms that cannot be read out on screen readers, and poor colour contrast that makes text difficult to read - especially for visually impaired people.



A council may be breaking the law if their public sector website or mobile application does not meet accessibility requirements.

The overall objective of the audit was to evaluate and test how the Council manage the risks associated with compliance with UK regulations on the accessibility of websites and mobile applications of Public Sector Bodies. To support this, we used website validation tools, which test compliance with accessibility standards.

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

03 Key Findings

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

Adequacy of System Design	Effectiveness of Operating Controls
 <p>Substantial Assurance</p>	 <p>Substantial Assurance</p>

Examples of areas of strength
<ul style="list-style-type: none"> • Every service has a content officer and they have training and documented guidelines in line with the current standards. • The organisation makes use of recognised tools to assess its websites/content and compliance with standards including Sitemorse and Siteimprove.

Priority	Number of recommendations
1 (Fundamental)	0
2 (Significant)	2
3 (Housekeeping)	0
TOTAL	2

Main Findings
<p>Two priority 2 recommendations were raised where there is scope for improvement within the control environment. These are set out below:</p> <ul style="list-style-type: none"> • The organisation should address the issues highlighted in the 'Siteimprove' reports as a matter of priority and ensure changes are applied across domains and services consistently. (Priority 2). • The organisation should address the issues highlighted by the 'HTML Validator Tool' and apply website changes across the domains to improve accessibility. (Priority 2).

04 Areas for Further Improvement and Action Plan

Definitions for the levels of assurance and recommendations used within our reports are included in Appendix A1.

We identified a number of areas where there is scope for improvement in the control environment. The matters arising have been discussed with the Web Team Leader. The recommendations are detailed in the management action plan below.

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
4.1	<p>Adherence to Website Standards</p> <p><i>Observation:</i> The Council uses Siteimprove (www.siteimprove.com) to help evaluate their adherence to Website standards. They also use the Sitemorse (https://sitemorse.com/index/report-table.html?rt=1663&v=blobs) website to demonstrate where they are in Local Government Rankings, currently 93rd as of April 2020.</p> <p>WCAG 2.0 and WCAG 2.1 are stable, referenceable technical standards. They have 12-13 guidelines that are organized under 4 principles: perceivable, operable, understandable, and robust. For each guideline, there are testable success criteria, which are at three levels: A, AA, and AAA. The Siteimprove accessibility report shows compliance with A, AA, and AAA levels i.e. 100% or where action is needed.</p> <p>Siteimprove only looks at the main public facing website – not the underlying domains.</p> <p>A quick win would be to fix the main website issues and cascade fixes to underlying domains which copy the format of the main website. This would potentially allow the council to fix some of the 'low</p>	<p>The Council should address the issues highlighted in the Siteimprove reports as a matter of priority and ensure changes are applied across domains and services consistently.</p>	2	<p>As recommended, we will address the issues highlighted in the Siteimprove report. Our first priority will be the main websites.</p>	<p>GM – Technology & Digital Transformation</p> <p>October 2020</p>

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
	<p>hanging fruit' and potentially improve its ranking position.</p> <p><i>Risk:</i> Issues not addressed, services not improved or services fall behind standards to available technologies reducing their effective use and benefit.</p>				

	Observation/Risk	Recommendation		Management response	Timescale/ responsibility
4.2	<p>Content Validation tools</p> <p>Observation: Dacorum also use a free online HTML Validator by World Wide Web Consortium (https://validator.w3.org/).</p> <p>As part of the review we also made use of the tool covering the following sites:-</p> <ul style="list-style-type: none"> • https://www.dacorum.gov.uk/ Council Homepage • https://www.dacorum.gov.uk/home/coronavirus-(covid-19)-advice-and-updates Covid-19 Updates • https://www.dacorum.gov.uk/home/council-tax/paying-your-council-tax-bill Paying Council Tax Bill • https://www.dacorum.gov.uk/home/planning-development/planning-applications/search-planning-applications Search Planning Applications 	<p>The Council should address the issues highlighted by the HTML Validator Tool and apply website changes across the domains to improve accessibility. A new report using the HTML Validator should be run to establish the current position.</p>	2	<p>We will deploy the WWC validation tool and act on issues highlighted. Once we are satisfied these are resolved we will repeat the exercise until there are no issues revealed.</p>	<p>GM – Technology & Digital Transformation</p> <p>October 2020</p>

	<ul style="list-style-type: none"> • https://eforms.dacorum.gov.uk/EnvForms/Default.aspx?HeadingID=10 Missed Bin Report • https://www.dacorum.gov.uk/home/housing/current-tenant/rent Pay Housing Rent • https://www.dacorum.gov.uk/home/environment-street-care/recycling-refuse-waste/your-waste-collection-calendar Bin Collection Days • https://www.dacorum.gov.uk/home/housing/housing-advice-and-options/apply-for-housing Apply for Housing • https://www.dacorum.gov.uk/home/recruitment Career Applications • http://www.dacorum.gov.uk/home/tools/accessibility-statement Accessibility Page <p>As a result we noted 39 errors and 125 warnings relating to content accessibility in a review run at the time of the audit. Given changes in content occurring regularly this result is an ever changing result and consequently regular reporting will be required to continuously assess content accessibility.</p> <p>Accessibility issues may be because of underlying code making, for example, colour contrast being weak or input controls not compliant (fields such as first name/ last name should be next to an input box rather than in the box itself.</p> <p>Dacorum has an outsourced site (democracy.dacorum.gov.uk) which manages their own content but the labelling is Dacorum as they are hosting on Decorum's behalf. Dacorum should consider requesting website changes to improve accessibility.</p>				
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	<p>The planning link from Dacorum’s website has underlying code issues and therefore there is a need to discuss this with IDOX who provide the software and would need to manage any change.</p> <p><i>Risk:</i> Accessibility is not effectively improved consistently across websites including those managed outside of the Council’s control</p>				
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A1 Audit Information

Audit Control Schedule	
Client contacts:	Linda Roberts – Assistant Director, Performance, People and Innovation Ben Trueman – Group Manager, Technology and Digital Transformation Murtaza Maqbool – Web Team Leader
Internal Audit Team:	Peter Cudlip, Partner Sarah Knowles, Senior Audit Manager Martin Baird, IT Audit Director Will Ockendon – Senior IT Audit Manger
Work commenced	16 March 2020
Finish on Site \ Exit Meeting:	7 April 2020
Draft report issued:	4 May 2020
Management responses received:	11 June 2020
Final report issued:	15 June 2020

Scope and Objectives

The review focused on providing an independent and objective opinion on the degree to which the Council manage the risks associated compliance with UK regulations on the accessibility of websites and mobile applications of Public Sector Bodies. The Review will consider the following risks:-

- That users cannot recognise and use the Council's service with the senses that are available to them.
- Users cannot find and use Council content, using different access methods (for example, using a keyboard or voice commands).
- People cannot understand your content and how the service works.
- Content cannot be interpreted reliably by a wide variety of user agents (including reasonably outdated, current and anticipated browsers and assistive technologies).

Testing was performed on a sample basis; and as a result, our work does not provide absolute assurance that material error, loss or fraud does not exist.

Definitions of Recommendations	
Priority	Description
Priority 1 (Fundamental)	Recommendations which are fundamental to the system and upon which the organisation should take immediate action. Major issues for the attention of senior management and the Audit Committee
Priority 2 (Significant)	Recommendations, which, although not fundamental to the system, provide scope for improvements to be made. Recommendations for local management action in their areas of responsibility.
Priority 3 (Housekeeping)	Recommendations concerning issues which are considered to be of a minor nature, but which nevertheless need to be addressed. Detailed problems of a minor nature resolved on site through discussions with local management.

Definitions of Assurance Levels		
Assurance Level	Adequacy of system design	Effectiveness of operating controls
Good Assurance:	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
Substantial Assurance:	Whilst there is a basic sound system of internal control design, there are weaknesses in design, which may place some of the system objectives at risk.	While controls are generally operating effectively, there are weaknesses, which put some of the system objectives at risk.
Limited Assurance:	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.
No Assurance	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.

A3 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.

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Dacorum Borough Council

 Internal Audit Annual Report
For the year ended 31 March 2020
Presented to the Audit Committee 24 June 2020

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- 02 Internal audit work undertaken in 2019/20
- 03 Annual Opinion
- 04 Benchmarking Performance
- 05 Performance of Internal Audit

Appendices

- A1 Summary of Internal Audit Work undertaken in 2019/20
- A2 Statement of Responsibility

In the event of any questions arising from this report please contact Sarah Knowles , Senior Manager, sarah.knowles@mazars.co.uk or Peter Cudlip, Partner, peter.cudlip@mazars.co.uk.

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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01 Introduction

Background

This Annual Report covers the work we have undertaken for the year ended 31 March 2020, and incorporates our audit opinion.

Our contract with the Council ended on the 31 March 2020.

Scope and purpose of internal audit

The Accounts and Audit Regulations 2015 came into effect on 1 April 2015 and require councils to undertake an effective Internal Audit to evaluate the effectiveness of their risk management, control and governance processes, taking into account Public Sector Internal Auditing Standards or guidance.

This opinion forms part of the framework of assurances that is received by the Council and should be used to help inform the Annual Governance Statement. Internal Audit also has an independent and objective consultancy role to help line managers improve risk management, governance and control.

Our professional responsibilities as internal auditors for the year ended 31 March 2020 are set out within Public Sector Internal Audit Standards (PSIAS) produced by the Internal Audit Standards Advisory Board.

This report covers the internal audit activity for the 1st April 2019 to 31st March 2020 period, and summarises matters which came to our attention during the year. Such matters have been included within our detailed reports to the Audit Committee during the course of the year.

Acknowledgments

We are grateful to the Corporate Directors, Assistant Director (Finance & Resources), and other staff throughout the Council for the assistance provided to us during the year.

02 Internal Audit Work undertaken in 2019/20

Our Internal Audit Plan for 2019/20 was considered and approved by the Audit Committee at its meeting on 06 February 2019. The Plan was for a total of 250 days including 10 days Follow Up, 20 days Management and planning and 20 days contingency.

During the course of the year some changes were made to the planned programme of work to reflect changes in circumstances within the Council, and the Community Safety audit was deferred to 2020/21.

The audit findings in respect of each review, together with our recommendations for action and the management response were set out in our detailed reports. A summary of the reports we have issued is included at *Appendix A1*. The appendix also describes the levels of assurance we have used in assessing the control environment and effectiveness of controls and the classification of our recommendations.

No Priority 1 recommendations were raised during the course of the year.

03 Annual Opinion

Scope of the Internal Audit Opinion

In giving our annual audit opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide to the Council is a reasonable assurance that there are no major weaknesses in risk management, governance and control processes.

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

In arriving at our opinion, we have taken the following matters into account:

- The results of all audits undertaken during the year ended 31 March 2020;
- Whether any Priority 1 or Priority 2 recommendations have not been accepted by management and the consequent risks;
- The effects of any material changes in the organisation's objectives or activities;
- Matters arising from previous reports to the Audit Committee;
- Whether or not any limitations have been placed on the scope of internal audit;
- Whether there have been any resource constraints imposed upon us which may have impinged on our ability to meet the full internal audit needs of the organisation; and
- What proportion of the organisation's internal audit needs have been covered to date.

Internal Audit Opinion

On the basis of our audit work, our opinion on the Council's framework of governance, risk management and internal control is Substantial in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work, none of which were fundamental in nature. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports.

In reaching this opinion the following factors were taken into particular consideration:

Corporate Governance and Risk Management

Following the development of the Assurance Framework in 2015/16, and subsequently updated annually, we selected a sample of "key questions" to confirm the evidence to support the statements made.

Our opinion in this area from an operational perspective has been impacted by the results of a number of audits within the Plan, most of which were aligned to the risks and mitigating controls recorded on the Council's Strategic and Operational Risk Registers. For example, the review of Leisure Services Contract Management was completed as it was a mitigating control for one of the Council's key risks (PP_R014) relating to the Council's approach to managing service outcomes.

During the year, the Strategic Risk Register has been regularly reviewed, with quarterly reports going to Audit Committee.

Internal Control

Of the 17 audits undertaken in the year where we provided a formal assurance level, 11 were given a 'Full' level of assurance, and six were given a 'Substantial' level of assurance.



During the year, we have made 11 'Priority 2' recommendations and 4 'Priority 3' recommendations.

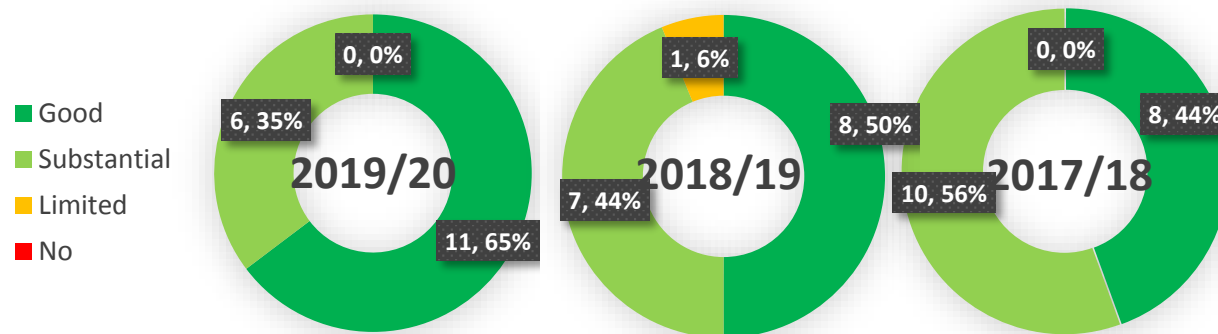
In respect of follow up of recommendations, internal audit has an established process for tracking the implementation of recommendations made in their audit reports and report on their status to each Audit Committee. During the year, we reviewed the implementation of recommendations as they fell due.

All recommendations made during the year were accepted by Management.

04 Benchmarking

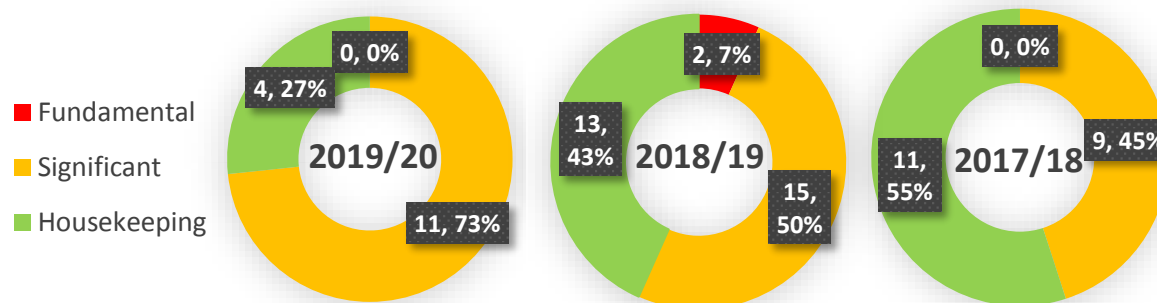
This section compares the Assurance Levels (where given) and categorisation of recommendations made at the Council.

Comparison of Assurance Levels (where given)



Of the 17 audits where an assurance level has been provided in 2019/20, 'Good' assurance has been provided in eleven cases, 'Substantial' assurance has been provided in six cases.

Comparison of Recommendations by categorisation



In 2019/20, a total of 15 recommendations have been made. 11 recommendations were categorised as Priority 2 and 4 categorised as 'Priority 3.

05 Performance of Internal Audit

Compliance with professional standards

We employed a risk-based approach to determining the audit needs of the Council at the start of the year and use a risk-based methodology in planning and conducting our audit assignments. Our work has been performed in accordance with PSIAS.

Internal Audit Quality Assurance

In order to ensure the quality of the work we perform, we have a programme of quality measures which includes:

- Supervision of staff conducting audit work;
- Review of files of working papers and reports by managers and partners;
- The use of satisfaction surveys for each completed assignment.
- Annual appraisal of audit staff and the development of personal development and training plans;
- Sector specific training for staff involved in the sector;
- Regular meetings of our Sector Strategy Groups, which issues technical guidance to inform staff and provide instruction with regard to technical issues; and
- The maintenance of the firm's Internal Audit Manual.

Performance of Internal Audit

Conflicts of Interest

There have been no instances during the year which have impacted on our independence and/or lead us to declare any interest.

Performance Measures

We have completed our audit work in accordance with the agreed Plan and each of our final reports has been reported to the Audit Committee.

Satisfaction surveys have been issued to the Council for each audit together with the final report, however none of these was returned.

Regular meetings with the Assistant Director (Finance & Operations) have taken place in order to monitor progress against plan.

A1 Summary of internal audit work undertaken in 2019/20

The following reviews were undertaken during the 2019/20 audit year:

Auditable Area	Level of Assurance (If appropriate)	Days		Recommendations				
		Budget	Actual	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total	Total agreed by Management
Main Accounting	Good / Good	16	15	-	-	-	-	
Accounts Payable				-	-	-	-	
Accounts Receivable				-	-	-	-	
Treasury Management, Cash & Bank				-	-	-	-	
Budgetary Control	Good / Good	8	6	-	-	-	-	
Council Tax	Good / Good	8	8	-	-	-	-	
NNDR	Good / Good	8	8	-	-	-	-	
Housing Benefit and Council Tax Support	Good / Good	8	8	-	-	-	-	
Apprenticeship Scheme and Levy	Good / Good	8	8	-	-	-	-	
Capital Programme	Good / Good	15	15	-	-	-	-	
VAT – Making Tax Digital	N/A / Good	15	15	-	-	1	1	1

Auditable Area	Level of Assurance (if appropriate)	Days		Recommendations				
		Budget	Actual	Priority 1 (Fundamental)	Priority 2 (Significant)	Priority 3 (Housekeeping)	Total	Total agreed by Management
Payroll and Pensions Administration	Good / Substantial	8	8	-	1	-	1	1
Leisure Services Contract Management	Good / Substantial	12	12	-	1	-	1	1
Housing Rents	Substantial / Substantial	10	10	-	2	1	3	3
ICT Disaster Recovery	Substantial / Substantial	15	15	-	3	2	5	5
ICT Website Accessibility	Substantial / Substantial	10	10	-	2	-	2	2
Governance Role	Substantial / Substantial	15	15	-	2	-	2	2
Totals				-	11	4	15	15
%					73%	27%	100%	

We use the following levels of assurance and recommendation classifications within our audit reports:

Assurance Level	Adequacy of System Design	Effectiveness of Operating Controls
Good	There is a sound system of internal control designed to achieve the system objectives.	The controls are being consistently applied, or any weaknesses identified do not affect key controls and are unlikely to impair the achievement of the objectives of the system.
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.	While controls are generally operating effectively, there are weaknesses, which 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.
No Assurance	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.

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 (Fundamental)	Recommendations which are fundamental to the system and upon which the organisation should take immediate action. Major issues for the attention of senior management and the Audit Committee
Priority 2 (Significant)	Recommendations which, although not fundamental to the system, provide scope for improvements to be made. Recommendations for local management action in their areas of responsibility.
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A2 Statement of Responsibility

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Internal Audit

FINAL

Dacorum Borough Council

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Audit Strategy and Annual Internal Audit Plan

2020/21

May 2020

Agenda Item 8

Overview

Introduction

The Audit Plan for 2020/21 has been informed by a risk assessment carried out across all our Council clients to ensure that planned coverage for the year is focussed on the key audit risks, and that the coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Emerging Themes

Pandemic: The outbreak of the Covid-19 pandemic has severely tested the resilience of organisations’ Business Continuity arrangements. It is imperative that the council has effective Business Continuity arrangements in place to ensure it can enable its staff to continue in their roles, where possible and to maintain the delivery of essential services.

Post Brexit Transition: Governance and Risk Registers need to be stress-tested against policy decisions in a post Brexit environment, in particular on procurement and suppliers.

Financial Challenge –The model for determining post 2020/21 funding levels will be based on assessment of need through the Government’s Fair Funding Review. Which has been delayed until 2021, the Funding Settlement for 2020 will be a one-year deal.

Staff Changes: staff changes that have/are occurring will impact on the infrastructure. The council has identified that it is challenging to recruit and retain staff with the appropriate skills to deliver all of its services, particularly within professional areas.

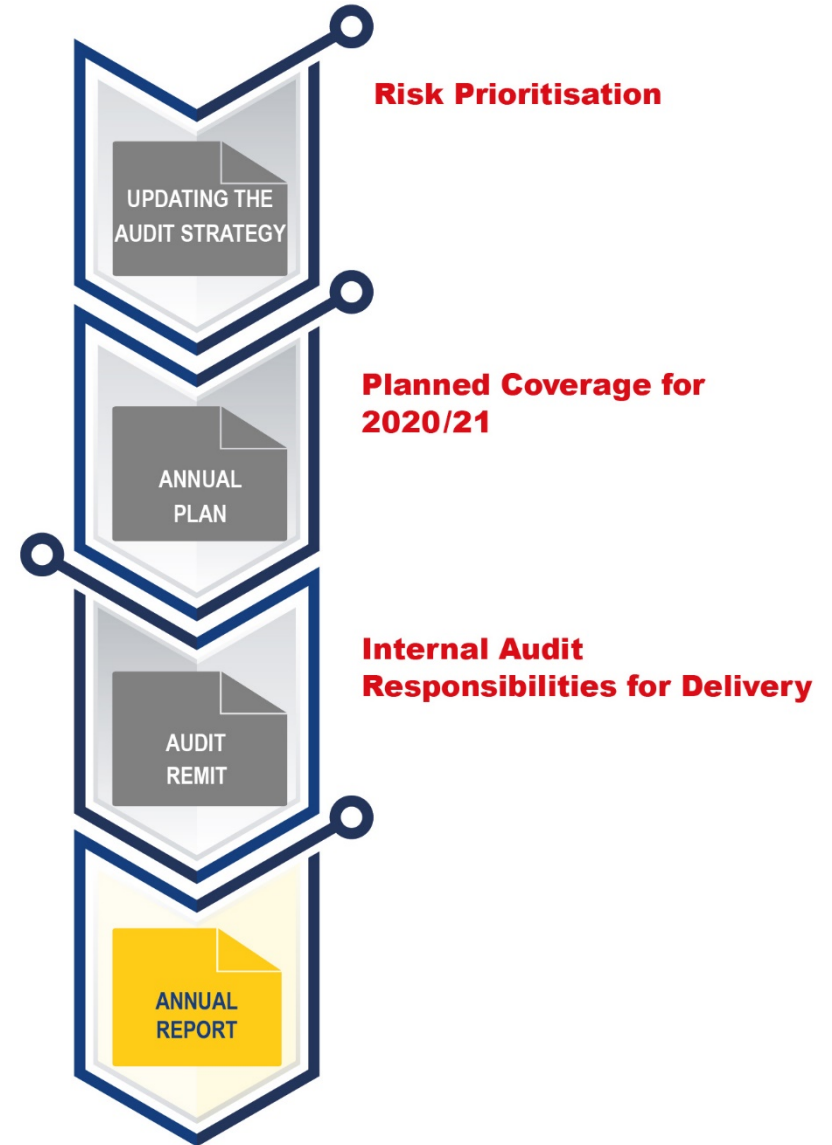
This year will be another challenging year for Councils in terms of income, regulation and also the pressures on service delivery. We have identified a number of key areas which require consideration when planning internal audit coverage.

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2020/21 support the Head of Internal Audit’s annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control as required by TIAA’s charter. The reviews have been identified from your assurance framework, risk registers and key emerging themes.

Internal Audit Plan

2020/21 Audit planning process



Audit Strategy Methodology

We adopt a proprietary risk-based approach to determining your audit needs each year which includes reviewing your risk register and risk management framework, the regulatory framework, external audit recommendations and previous internal audit work for the organisation, together with key corporate documentation such as your business and corporate plan, standing orders, and financial regulations. The Audit Strategy is based predominantly on our understanding of the inherent risks facing the Council and those within the sector and has been developed with senior management and the Standards and Audit Committee.

Risk Prioritisation

Each year an updated risk assessment is carried out to ensure the Audit Strategy remains fully aligned with the key risks. Annex A contains the GUARD assessment of key risks in the sector and which has been used to identify those that are most relevant to the organisation and where internal audit assurance would be best focussed.

Internal Audit Strategy Plan

Following the risk prioritisation review, the Audit Strategy has been updated (Annex B) and the Annual Plan (Annex C) sets out the reviews that will be carried out, the planned times and the scopes for each of these reviews.

The Annual Plan will be subject to ongoing review and could change as the risks change for the organisation, and will be formally reviewed with senior management and the Audit Committee mid-way through the financial year or should a significant issue arise.

The overall agreed time for the delivery of the Annual Plan includes: research, preparation and issue of terms of reference, production and review of working papers and reports and site work. The Annual Plan has been prepared on the assumption that the expected controls will be in place.

The total number of days required to deliver the Audit Plan is as agreed in the contract between TIAA and the Council. Where additional work is required, additional days and the aggregate day rate will be agreed in advance and will be clearly set out in the terms of reference.

Audit Remit/Charter for Councils

The Audit Remit/Charter (Council's) (Annex D) formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position and defines the scope of internal audit activities.

Reporting

Assignment Reports: A separate report will be prepared for each review carried out. Each report will be prepared in accordance with the arrangements contained in the Terms of Reference agreed with TIAA and which accord with the requirements of TIAA's audit charter and the IIA UK & Ireland standards.

Progress Reports: Progress reports will be prepared for each Standards and Audit Committee meeting. Each report will detail progress achieved to date against the agreed annual plan.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and the IIA UK & Ireland standards. The Annual Report will include our opinion of the overall adequacy and effectiveness of the Council's governance, risk management and operational control processes.

Other Briefings: During the year Client Briefing Notes, benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Other Briefings: During the year Client Briefing Notes, Benchmarking and lessons learned digests will be provided. These are designed to keep the organisation abreast of in-year developments which may impact on the governance, risk and control assurance framework.

Providing Assurance

For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks will be provided. The assurance assessment process is set out in Annex D.

Liaison with the External Auditor

We will liaise with Council's External Auditor. Any matters in the areas included in the Annual Plan that are identified by the external auditor in their audit management letters will be included in the scope of the appropriate review.

Performance

The following Performance Targets will be used to measure the performance of internal audit in delivering the Annual Plan:

Area	Performance Measure	Target
Achievement of the plan	Completion of planned audits.	100%
	Audits completed in time allocation.	100%
Reports Issued	Draft report issued within 10 working days of exit meeting.	95%
	Final report issued within 10 working days of receipt of responses.	95%
Professional Standards	Compliance with TIAA's audit charter and the IIA UK & Ireland Standards.	100%

Conflict of Interest

We are not aware of any conflicts of interest and should any arise we will manage them in line with TIAA's audit charter and the IIA UK & Ireland standards, the Council's requirements and TIAA's internal policies.

Limitations and Responsibility

Substantive testing will only be carried out where a review assesses the internal controls to be providing 'limited' or 'no' assurance with the prior approval and agreement of the Council. The Council is responsible for taking appropriate action to establish whether any loss or impropriety has arisen as a result of the control weaknesses.

Internal controls can only provide reasonable and not absolute assurance against misstatement or loss. The limitations on assurance include the possibility of one or more of the following situations, control activities being circumvented by the collusion of two or more persons, human error, or the overriding of controls by management. Additionally, no assurance can be provided that the internal controls will continue to operate effectively in future periods or that the controls will be adequate to mitigate all significant risks that may arise in future.

The responsibility for a sound system of internal controls rests with management and work performed by internal audit should not be relied upon to identify all strengths and weaknesses that may exist. Neither should internal audit work be relied upon to identify all circumstances of fraud or irregularity, should there be any, although the audit procedures have been designed

so that any material irregularity has a reasonable probability of discovery. Even sound systems of internal control may not be proof against collusive fraud.

Reliance will be placed on management to provide internal audit with full access to staff and to accounting records and transactions and to ensure the authenticity of these documents.

The matters raised in the audit reports will be only those that come to the attention of the auditor during the course of the internal audit reviews and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. The audit reports are prepared solely for management's use and are not prepared for any other purpose.

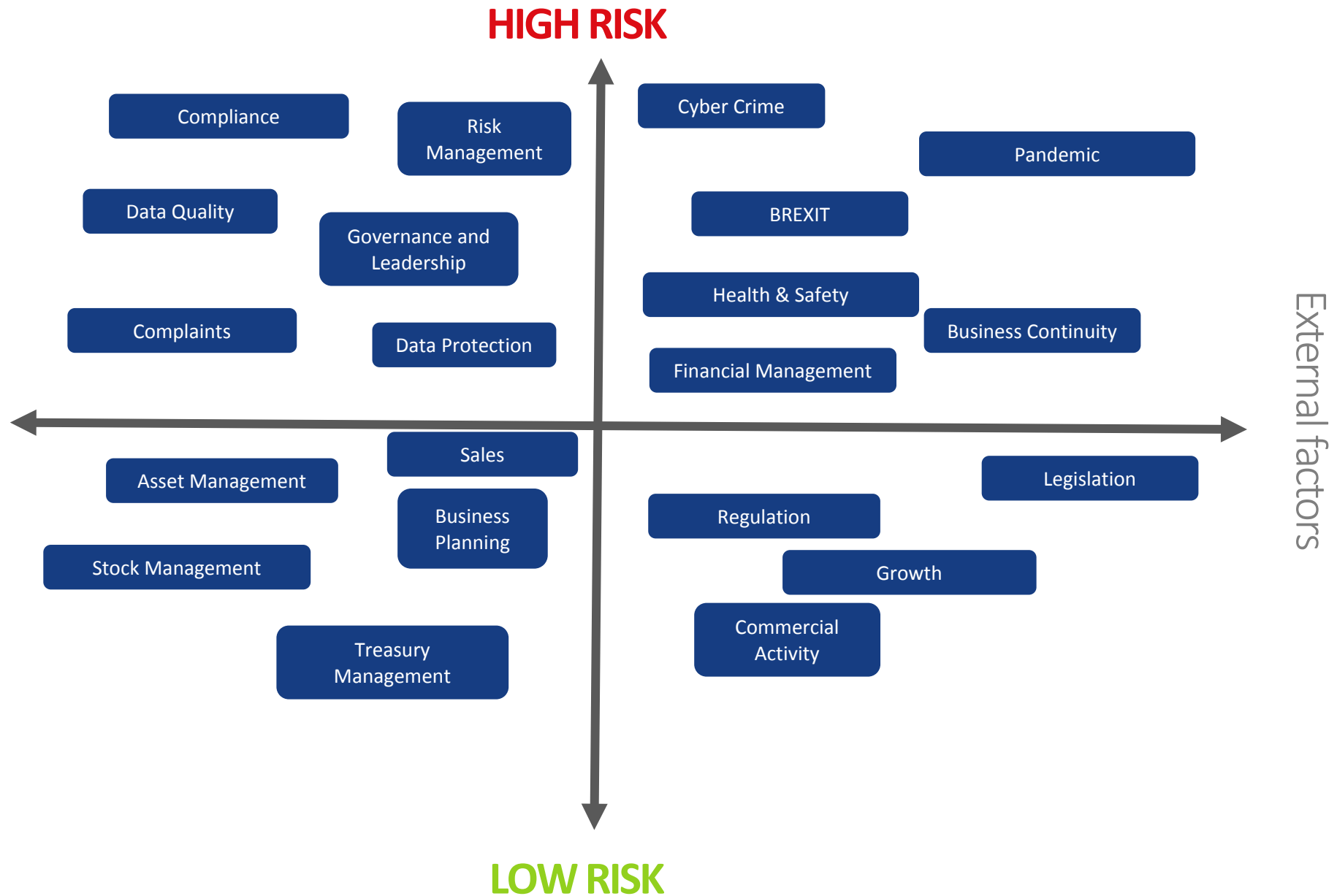
Audit Committee Responsibility

It is the responsibility of the Audit Committee to determine that the number of audit days to be provided and the planned audit coverage are sufficient to meet the Committee's requirements and the areas selected for review are appropriate to provide assurance against the key risks within the organisation.

Release of Report

The table below sets out the history of this plan.

Date plan issued:	9 th March 2020
Date revised draft plan issued:	13 th March 2020
Date 2nd revised draft plan issued:	16 th March 2020
Date final plan issued:	17 th March 2020
Date revised final plan issued:	28 th May 2020



Review Area	Type	2020/21	2021/22	2022/23
Corporate Services and/or Council Wide Audit				
Business Continuity	Assurance	✓	✓	✓
Community Safety Partnerships	Assurance	✓		
Human Resources – Absence Management	Assurance	✓	✓	✓
Human Resources – Recruitment	Assurance		✓	✓
Corporate Health and Safety	Assurance	✓		✓
Planning	Assurance	✓		✓
Governance and Risk Management	Assurance	✓		✓
Benefits/Savings Realisation	Assurance	✓		✓
Communications	Assurance		✓	✓
ICT				
Document Management System	Assurance			✓
ICT – Network Security	Assurance		✓	
GDPR/Information Governance	Assurance	✓		
Cybersecurity	Assurance	✓		
Financial Services and Resources Audit				
Key Financial Controls	Assurance	✓	✓	✓
Budgetary Control	Assurance	✓	✓	✓
Council Tax	Assurance	✓	✓	✓
NNDR	Assurance	✓	✓	✓
Insurances (include staff owned vehicles on Council business)	Assurance			✓
Customer Services	Assurance		✓	
Housing Benefits and Council Tax	Assurance	✓		

Review Area	Type	2020/21	2021/22	2022/23
Operational Audit - Law and Governance				
Procurement/Contracts	Compliance		✓	✓
Housing Rents	Compliance	✓	✓	✓
Freedom of Information	Compliance		✓	✓
Operational Audit - Planning and Environment				
Empty Homes	Assurance	✓	✓	✓
Commercial Asset Management	Assurance	✓	✓	✓
Commercial Property	Assurance	✓	✓	✓
Planning Enforcement	Assurance		✓	✓
Operational Audit-Housing and Community Developments				
Housing Repair and Maintenance	Assurance		-	✓
Housing Allocations and Homelessness	Assurance		-	✓
Housing Rents	Assurance		✓	-
Safeguarding/Prevent	Assurance		✓	-
Waste Management	Assurance	-	✓	-
Follow Up				
We will carry out a continuous follow up of internal audit recommendations utilising TIAA's client portal and recommendation tracker.	Follow Up	-	-	✓
Data Analytics & Benchmarking				
Benchmarking Topic to be agreed	-		✓	
Management and Planning				
Briefings	-	✓	✓	✓
Planning	-	✓	✓	✓
Annual Report	-	✓	✓	✓
Management	-	✓	✓	✓

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
Finance Topics					
2&3	Key Financial Controls (Main Accounting/ Treasury Management/Cash and Bank Accounts Receivable/Accounts Payable)	Assurance	SR1	20	<p>Rationale: This is the main financial ledger and an important system for the Councils which is audited annually.</p> <p>Scope To assess the adequacy and effectiveness of the internal controls in place at the Council for managing identified key financial systems.</p> <p>The review comprising a number of compliance checks on activities in the areas of core financial responsibility for the organisation. The checks to be carried out against the authorised procedures, and for any non-compliant transactions additional checks to be performed to establish whether the organisation's responsibilities and accountabilities had been met.</p>
2	Budgetary Control	Assurance	SR1	8	<p>Rationale: Budgetary Control is a fundamental finance system that is audited every other year. The Council is currently in the final year of a 4-year funding deal with MHCLG, which has provided relative certainty over the minimum level of funding the Council can expect until April 2020.</p> <p>Scope: The control objectives that will be considered as part of this audit include:</p> <ul style="list-style-type: none"> Formally approved budgets are set each year, taking into account all relevant income and expenditure All budget adjustments (including virements) are authorised The financial management system accurately reflects the agreed budgets Budgets are allocated to named individuals Budgets are adequately monitored The budget position is regularly reported Appropriate financial reserves are maintained in line with assessed risks.
2	Council Tax	Assurance	SR1 -	8	<p>Rationale This is a key audit risk area. The full audits for the Revenues systems will be undertaken on a systematic basis, however, to provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems.</p> <p>Scope To assess the adequacy and effectiveness of the internal controls in place at the Council for managing council tax.</p>
3	NNDR	Assurance	SR1 -	8	<p>Rationale This is a key audit risk area. The full audits for the Revenues systems will be undertaken on a systematic basis, however, to provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems.</p> <p>Scope To assess the adequacy and effectiveness of the internal controls in place at the Council for managing NNDR.</p>

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
2	Housing Benefits and Council Tax	Assurance	SR1 -	8	<p>Rationale: This is a key audit risk area. The full audits for the Revenues systems will be undertaken on a systematic basis, however, to provide assurance that the key revenue systems are adequately controlled an annual audit will be undertaken selecting a number of key revenue systems.</p> <p>Scope: To assess the adequacy and effectiveness of the internal controls in place at the Council for benefits.</p>
Operational Risks					
2	Community Safety Partnerships	Assurance	SR6 -	7	<p>Rationale: The Council's corporate priorities include 'a clean, safe and enjoyable environment' and 'building strong and vibrant communities'. Efficient and effective governance arrangements for Community Safety Partnerships are key to ensuring that statutory duties surrounding Community Safety are met and that CSP priorities and targets are delivered, in order to reduce crime and anti-social behaviour to make the borough safer for all residents.</p> <p>Scope: To assess the adequacy and effectiveness of the internal controls in place at the Council for managing Community Safety. The audit will focus on the following key areas:</p> <p>Strategies are in place for the reduction of crime and disorder, and for combatting the misuse of drugs in the area, in accordance with statutory requirements;</p> <p>There are adequate governance arrangements in place to assist in the delivery of actions identified in the Community Safety Partnership (CSP) Plan;</p> <p>Guidance is provided to local residents to raise awareness of Community Safety issues;</p> <p>Grant schemes and other available funding are suitably identified and applied for, with spending outcomes adequately reported; and</p> <p>There is adequate performance monitoring and reporting to the CSP and Council Members in respect of crime and disorder reduction and progress against action plans.</p>

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
2	Business Continuity – including Pandemic Arrangements	Assurance	SR6 -	10	<p>Rationale</p> <p>The outbreak of the Covid-19 pandemic has severely tested the resilience of organisations’ Business Continuity arrangements. It is imperative that the council has effective Business Continuity arrangements in place to ensure it can enable its staff to continue in their roles, where possible and to maintain the delivery of essential services.</p> <p>Scope</p> <p>The review considers the overarching response to the Covid-19 pandemic in terms of business continuity arrangements and will consider the following: the Business Continuity Plan; business impact analysis; controls over the continuation of business critical functions and resources required for this; arrangements for remote working; arrangements for making changes to working practices/staff terms and conditions, if required; communication with staff and stakeholders during period of lockdown; arrangements for identifying and promoting good practice and for sharing this with staff; lessons learnt and any remedial action taken; and monitoring and reporting arrangements.</p> <p>The following key control areas will be included:</p> <p>IT functions and controls regarding key information.</p> <p>The existence of complete and up to date policies and processes for remote working;</p> <p>The process for tracking the continuation of business critical functions to ensure they are kept up to date;</p> <p>Authorisation and approval controls;</p> <p>Controls to ensure the consistency across the organisation;</p> <p>Processes for ensuring staff and other stakeholders are made aware of key and relevant process and procedures;</p> <p>Sufficiency of staff resources for managing policies and procedures.</p> <p>Exact scope to be discussed and agreed with management.</p> <p>The review will also seek to share any identified good practice from similar organisations.</p>
2	Planning	Assurance	SR1	10	<p>Rationale: This is a periodic audit to provide assurance over the Planning process.</p> <p>Scope: The audit will include the following keys areas of activity:</p> <ul style="list-style-type: none"> Delegation to Officers Monitoring Data and Information Security Risk and how this is managed Managing Income Streams Communication

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
3	Housing Rents	Assurance	SR5 -	10	<p>Rationale: Due to the high volume of transactions and the income involved this is a high risk area and subject to an annual audit. 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>Scope: To audit will review the following key areas:</p> <p>There are up to date documented procedures for all aspects of the rent, accessible to all staff who need them,</p> <p>Recommendations from the previous audit report have been implemented,</p> <p>Rents due are being collected and promptly allocated to the correct rent accounts,</p> <p>Benefits awarded are being properly allocated to the correct rent accounts,</p> <p>Case records provide a management trail and complete case history</p>
4	Empty Homes	Assurance	SR5 -	10	<p>Rationale: The council has rolled out council tax relief changes to empty homes in 2019/20. This audit will be able to ensure successful implementation of the policy in regard to empty homes.</p> <p>Scope:</p> <p>It is import that maintaining a fit for purpose housing stock and that turnaround is kept to a minimum. Ascertain and report on the systems and processes the council has in place to ensure empty homes are kept to a minimum and compliance with procedures and provide assurance that these are designed and operating effectively. Including compliance with the Decant policy</p>
Strategic					
3	Commercial Asset Management (delayed from Q1 owing to pandemic).	Assurance	SR6 -	15	<p>Rationale: Commercial Rents are a major income stream for the Council and an annual audit is required to provide assurance that all rents are collected in accordance with the rental/lease agreement</p> <p>Scope: The review will consider the following key areas:</p> <p>How the rental arrangements are being managed and there is a system to prevent failure to apply a rent rise.</p> <p>The current portfolio of commercially rented properties and how these are managed/verified are accurate.</p> <p>To establish and confirm that all commercial rents are appropriately recorded with trigger dates for rent reviews are in place.</p> <p>To establish that the database of commercial properties is accurate and up to date.</p> <p>To sample test a number of commercial properties to confirm that rents are paid in accordance with their agreement</p>

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
2	GDPR/Information Governance	Assurance	SR4	10	<p>Rationale: Failure to comply with the new General Data Protection Regulations could mean very substantial fines. An assurance audit to assess compliance with the Regulations will help to identify any weakness or omission.</p> <p>Scope: To review compliance with the General Data Protection Regulations (GDPR). The review will directly assess how compliant the Council is with the GDPR. This will include key elements such as (but not limited to):</p> <ul style="list-style-type: none"> Privacy Impact Assessments Data Subject rights (e.g. Right to be forgotten) Data Classification and Asset management Data Security Breach Management Governance Consent Data Controllers & Processors
2	Corporate Health and Safety	Assurance	N/A	10	<p>Rationale: Corporate Safety is a high risk area with a high a high impact for non-compliance with mandatory regulation and guidelines.</p> <p>Scope: Ascertain and report on the systems and processes the council has in place to ensure compliance and provide assurance that these are designed and operating effectively in relation to health and safety and building safety compliance.</p>
3	Cyber Security	Assurance	SR4	10	<p>Rationale: The actions have been appropriately embedded within the organisation and recorded, that they have a responsible officer and assigned completion date and where relevant actions have been completed in a timely manner;</p> <p>That cybersecurity risks have been identified and where local systems are in use that local registers identify risks and that controls have been identified and are being undertaken;</p> <p>Scope: To determine that an appropriate structure is in place to support controls over cyber security across the organisation; and</p> <p>That appropriate funding is in place to support a robust infrastructure.</p>
2-4	Governance and Risk Management	N/A	All	10	Workshops Risk Training
3	Benefits/Savings Realisation (Delayed from Q1 owing to the pandemic)	Assurance	SR1	10	To provide assurance processes are in place to measure initiatives.

Quarter	Review	Type	BAF/Risk Ref.	Days	Risk, Rationale and Scope
2-4	Follow-up	Follow up		10	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Organisation is implementing recommendations, and providing reports to the Audit and Risk Committee.
2-4	Management, Planning & Audit Committee Reporting	Management		10	This time includes: meeting client management, overseeing the audit plan, reporting and supporting the Audit Committee, liaising with External Audit and Client briefings (including fraud alerts, fraud digests and committee briefings).
	Strategic Risk Update			5	
	Audit Committee Training			5	
	Ad Hoc			25	
1	Annual Planning	Management		4	Assessing the Organisation's annual audit needs – requirement of Internal Audit Standards.
4	Annual Report	Management		2	Reporting on the overall conclusions and opinion based on the year's audits and other information and providing input to the Annual Governance Statement.
1-4	Client Portal				The client portal provides a one stop shop of internal audit reports, progress and recommendation tracker as well as briefings, fraud alerts, fraud updates and committee briefings.
Total days				225	

Role

The main objective of the internal audit activity carried out by TIAA is to provide, in an economical, efficient and timely manner, an objective evaluation of, and opinion on, the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. TIAA is responsible for giving assurance to Council's "Governing Body" (being the body with overall responsibility for the organisation) on the adequacy and effectiveness of Council's risk management, control and governance processes.

Scope

All Council's activities fall within the remit of TIAA. TIAA may consider the adequacy of controls necessary to secure propriety, economy, efficiency and effectiveness in all areas. It will seek to confirm that Council's management has taken the necessary steps to achieve these objectives and manage the associated risks. It is not within the remit of TIAA to question the appropriateness of policy decisions. However, TIAA is required to examine the arrangements by which such decisions are made, monitored and reviewed.

TIAA may also conduct any special reviews requested by the board, Audit Committee or the nominated officer (being the post responsible for the day to day liaison with the TIAA), provided such reviews do not compromise the audit service's objectivity or independence, or the achievement of the approved audit plan.

Access

TIAA has unrestricted access to all documents, records, assets, personnel and premises of Council's and is authorised to obtain such information and explanations as they consider necessary to form their opinion. The collection of data for this purpose will be carried out in a manner prescribed by TIAA's professional standards, Information Security and Information Governance policies.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the Chartered Institute of Internal Auditors – UK & Ireland standards.

Independence

TIAA has no executive role, nor does it have any responsibility for the development, implementation or operation of systems. However, it may provide independent and objective advice on risk management, control, governance processes and related matters, subject to resource constraints. For day to day administrative purposes only, TIAA reports to a nominated officer within Council's and the reporting arrangements must take account of the nature of audit work undertaken. TIAA has a right of direct access to the chair of the board, the chair of the Audit Committee and the responsible accounting officer (being the post charged with financial responsibility).

To preserve the objectivity and impartiality of TIAA's professional judgement, responsibility for implementing audit recommendations rests with Council's management.

Consultancy activities are only undertaken with distinct regard for potential conflict of interest. In this role we will act in an advisory capacity and the nature and scope of the work will be agreed in advance and strictly adhered to.

Irregularities, Including Fraud and Corruption

TIAA will without delay report to the appropriate regulator, serious weaknesses, significant fraud, major accounting and other breakdowns subject to the requirements of the Proceeds of Crime Act 2002.

TIAA will be informed when evidence of potential irregularity, including fraud, corruption or any impropriety, is discovered so that TIAA can consider the adequacy of the relevant controls, evaluate the implication of the fraud on the risk management, control and governance processes and consider making recommendations as appropriate. The role of TIAA is not to investigate the irregularity unless commissioned to do so.

Corporate Assurance Risks

We consider four corporate assurance risks; directed; compliance; operational and reputational, and tailor the type of audit accordingly. For all types of audit we also taken into account value for money considerations and any linkages to the organisational Assurance Framework. The outcomes of our work on these corporate assurance risks informs both the individual assignment assurance assessment and also the annual assurance opinion statement. Detailed explanations of these assurance assessments are set out in full in each audit report.

Assurance Assessment Gradings

We use four levels of assurance assessment: substantial; reasonable, limited and no. Detailed explanations of these assurance assessments are set out in full in each audit report.

LEVELS OF ASSURANCE PROVIDED

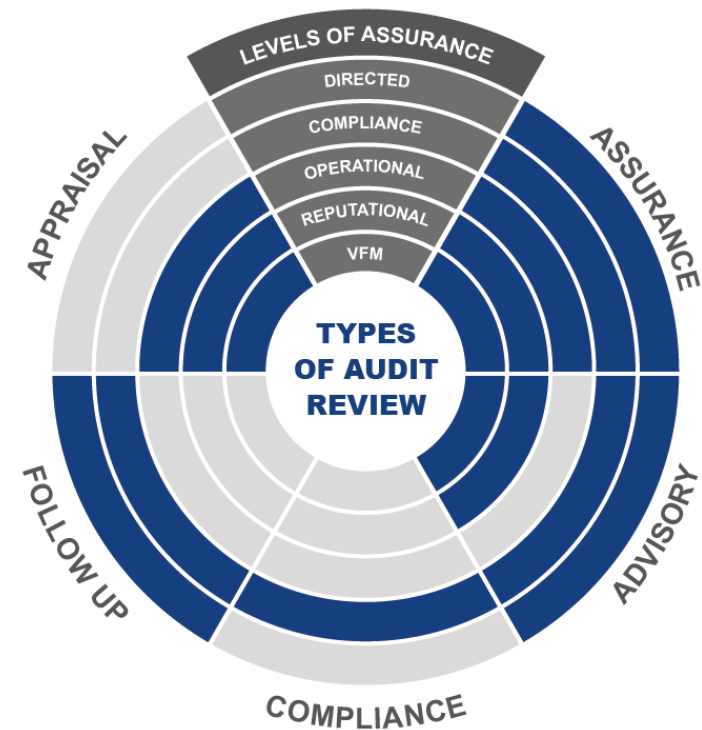


Benchmarking

Where a similar review is carried out at a number of our clients we will subsequent to the completion of the review at each of the clients we will where relevant provide a benchmarking and lessons learned digest. This digest will include Operational Effectiveness Matters for the Council to consider.

Types of Audit Review

The Annual Plan includes a range of types of audit review. The different types of review focus on one or more of the corporate assurance risks. This approach enables more in-depth work to be carried out in the individual assignments than would be possible if all four assurance risks were considered in every review. The suite of audit reviews and how they individually and collectively enable us to inform our overall opinion on the adequacy and effectiveness of the governance, risk and control arrangements is set out in the assurance mapping diagram.



Agenda Item 9



Report for:	Audit Committee
Date of meeting:	24th June 2020
Part:	1
If Part II, reason:	

Title of report:	Strategic Risk Register Update.
Contact:	Sponsor: James Deane, Corporate Director Finance and Operations Author: Nigel Howcutt, Assistant Director Finance & Resources.
Purpose of report:	1. Inform and receive feedback from the Audit Committee of an addition to the Strategic Risk Register.
Period Review.	The Strategic Risk Register is monitored Quarterly by the AC.
Corporate objectives:	Ensuring efficient, effective and modern service delivery.
Implications:	<u>Financial</u> No direct financial impact of the monitoring of an additional strategic risk.
'Value for money' implications	<u>Value for money</u> It is good practice to monitor and report on the effects of major risks to the council and allows for good early financial assessment and decision making
Risk implications	Failure to recognise risks and react to their outcome would result in significant financial and reputational damage.
Community Impact Assessment	Community Impact Assessment not applicable.
Health and safety Implications	N/A
Consultees:	Cabinet. Chief Officer Group Monitoring Officer Assistant Director Finance and resources.
Background papers:	Procurement Tender evaluation and scores can be provided as requested.

Glossary of acronyms and any other abbreviations used in this report:	

Risk Owner: Sally Marshall	Portfolio Holder: Andrew Williams	
Strategic Risk for inclusion in the Council's Strategic Risk Register – Outbreak of Covid-19 pandemic would result in the Council facing additional demand for services in the short to medium-term; significant financial implications from lost revenue streams and increased service demand; and potential for a reduced workforce due to staff being illness or self-isolating. It will also have an impact to the local Dacorum economy in the short, medium and possibly long-term.		
Inherent Impact	Inherent Probability	Inherent Risk Score
5	4	20
Mitigated Impact	Mitigated Probability	Mitigated Risk Score
4	3	12
Label Impact Title		
<p>Failure to respond to a COVID 19 pandemic outbreak of infectious disease incident involving death, harm or injury (or potential to cause these) could have catastrophic consequences to individuals, communities, businesses and the environment. A COVID 19 outbreak would spread further unmitigated through local communities and wider afield to cause a serious health risk if uncontrolled.</p> <p>Failure of service continuity, control of authority finances, methods of communication, ICT and staffing levels.</p> <p>On 15 March 2020 based on epidemiological forecasts, the UK government said everyone should avoid all "non-essential" travel and contact with others, avoid crowds, and work from home if possible. Those with symptoms, and their household, were asked to self-isolate. Pregnant women, people over 70, and those with certain health conditions were asked to self-isolate for longer.</p> <p>On 20 March 2020, the UK governments closed all schools, restaurants, pubs, indoor entertainment venues and leisure centres, with some exceptions. On 23 March 2020, the government imposed a lockdown on the whole population, banning all "non-essential" travel and contact with people outside one's home, and shutting almost all businesses, venues, facilities, amenities and places of worship. People were told to keep apart in public. Police were given power to enforce the lockdown, and the Coronavirus Act 2020 gave the government emergency powers including local authorities.</p> <p>As soon as legislation was enacted to allow virtual meetings the Council has introduced virtual member meetings via MS Teams to ensure that the democratic decision making process could be maintained.</p> <p>This unprecedented set of circumstances poses a significant threat to the Council</p>		

both in terms of its ability to deliver core services in the short to medium term, and the impact of potential reduced Council income and increasing expenditure in the short to medium term. It is also likely to have a significant impact to the local economy in the short, medium and possibly long-term.

A report was presented and approved by Council on 15 April 2020, this report set out arrangements put in place emergency measures and delegations as required to deal with the COVID-19 crisis.

Financial Impact

The impact of the pandemic will have short, medium and potentially long term financial ramifications on the Council.

In the short term Covid 19 restrictions imposed by government will have impact on income generating services where these services are impacted by either a requirement to close or an inability to trade/operate during Covid 19 restrictions. The Council is also expecting to incur additional expenditure related to supporting strategic partners, increased staffing costs resulting from shielding and isolation, and costs incurred in facilitating and operating new ways of working.

In the medium and longer term the economic impact on Dacorum is likely to impact major funding streams to the Council such as Council tax and business rates levels.

Controls to manage the risk

Ensure there is sufficient resilience and expertise within the Authority to manage an incident and control the risks. Training carried out on a regular basis which covers roles and responsibilities.

There are arrangements in place for other local authority mutual aid to provide cover in emergency. Any incident would be managed by the Incident Management Team (IMT) chaired by a member of Chief Officer Group.

IMT to follow and implement Government and Public Health England legislation and guidance where required or appropriate.

Ability to deliver services

Each of the service areas undertook a risk assessment to identify how statutory services could continue to be provided and what modifications to other services would be needed. These are held in the operational Risk Registers.

From 23 March 2020, all staff that were able to, where possible to work from home, this was achieved immediately due to technology infrastructure changes already made by the move into The Forum.

Over 450 staff have been regularly working from home and continuing to deliver services, however face to face services have been suspended as the Forum has been closed to the public since 23 March 2020.

Some staff are unable to deliver services from home particularly those from Neighbourhood Delivery who are based in the Cupid Green Depot, as well as staff who work in the Council's Adventure Playgrounds. Where possible staff have been redeployed to support core services. However there are a small number of staff that are unable to work from home and cannot go to their normal employment due to Covid-19 health restrictions.

All core strategic service delivery is being achieved by working remotely, making use of the newly introduced MS Teams for collaborative working and meeting and people covering for each other as we have had approximately 9% less staff due to self-isolation or sickness attributed directly to COVID-19.

Financial Controls.

The following controls aim to reduce the probability of there being a variance in the General Fund Revenue Budget by ensuring that there is strong challenge put to Budget Holders on the robustness of their assumptions, from a range of audiences.

It is intended that these controls will increase and incorporate the strong culture of financial management already in existence across the Council leading to continuous improvement in the setting of accurate budgets.

The ongoing monthly budget monitoring processes and quarterly reporting to members and scrutiny groups will continue with additional reports to members provided if the financial position has materially changed, or key decisions are required.

The Council is budgeted to hold reserve balances in excess of £17m in 20/21 and would be appropriate in the short term, to draw down on these reserves once all other revenue streams have been fully utilised.

The annual Medium Term Financial strategy (MTFS) will be updated in year, and the MTFS will include the projected financial impact of Covid 19 on the Council.

The budget-setting process consists of an ongoing scrutiny process and is augmented by the Budget Review Group (BRG), consisting of Chief Officer Group and representatives from the Portfolio Holder group, which provides early member-level challenge to ensure a robust budget is proposed to Council.

The Council's Financial Regulations provide a guide to all budget-holders and are subject to annual review.

Business Survey (Up to end April)

192 businesses from a cross section of sectors, sizes and locations within Dacorum have completed surveys (11 ambassadors) to gather intelligence to inform our recovery strategy to date.

- These businesses account for 4,365 jobs and 1,069 employees have been furloughed, with just 7 made redundant.
- Businesses that also rely on self-employed or agency staff reported that a total of 264 have been let go, with little knowledge of whether these staff did not qualify for financial support.
- The majority of businesses describe themselves as ticking over, but 22% are in crisis and 19% concerned about the potential closure of their business.
- Only 6.5% describe themselves as thriving.
- The most common reported concerns were cashflow & loss of productivity (c70%) and obtaining financial support (c54%). Of least concern were possible redundancies (13%) and only 9% do not see themselves returning to full staff numbers.
- 51.5% are able to work from home, 17.5% partially work from home and 30% are unable to work from home. Of those able to, 44% think they will continue to do so to some extent.

- 43% of business have been able to adapt their business model to some degree to meet the demands of the situation and around 64% of these businesses expect to incorporate these changes permanently to some degree going forward.
- Most businesses are finding it difficult to identify what support they would find beneficial in the future, other than general business advice.
- A common difficulty when answering questions is that businesses do not know when or how they will be able to start trading again.

Corporate Health & Safety

Corporate Health and Safety Team take a lead in supporting business continuity measures in the event of a pandemic including assisting with managing the PPE stock levels.

Evidence the risk is being managed

Mass COVID fatalities and cases are covered by centralised emergency plans. Local emergency plans tested on an annual basis.

Daily meetings of IMT for decision making and monitoring service delivery. Daily meetings were reduced to three times a week during late May, to reflect the measures put in place to manage the impact of the crisis, this will be kept under review and will increase to daily if required.

IMT to monitor all services, finance, ICT, communications, staffing levels and report to Council, Cabinet and appropriate Committees

In order to manage this strategic risk, on 17 March 2020 the Council established IMT meetings and these are held on a daily basis (now three times a week). The membership is composed of Chief Executive (Chair of IMT), both Corporate Director (Finance and Operations) - (Finance and Service Lead for Operations), Corporate Director (Housing and Regeneration (Service Lead for Housing/Homelessness and Economic Recovery) Assistant Director Corporate and Contracted Services (Monitoring Officer), Interim Assistant Director Neighbourhood Delivery, Group Managers of Environmental and Community Protection (Health and Safety Leads), Group Manager People and Community (Human Resources Lead), Group Manager Technology and Digital Transformation (ICT lead) and the DBC Operation Shield/Sustain Lead Officer

There is a set agenda to cover all the services of the Council and the Group Manager Environmental and Community Protection provides an update from the Strategic Co-ordinating and the Tactical Co-ordinating Groups.

In addition to the IMT meetings the Chief Executive also attends the following meetings to ensure that Dacorum is aware and able to contribute to at a national, regional and county level:

- Secretary of State Teleconferences
- DCN Coronavirus conference calls – Leaders and Chief Executives
- East of England Chief Executive conference calls
- Hertfordshire Chief Executive Co-ordinating Group and Recovery Cell Group
- The Chief Executive and Group Manager Environmental and Community Protection also receive written briefings from Local Resilience Form and associated operational cells

Agenda Item 10

MEETING DATE	STANDING ITEMS	ITEMS:	RESPONSIBLE PARTY
16/07/20	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Progress Report Internal Audit Progress Report Work Programme	DBC Annual Accounts Sign off. Quarter 4 19/20 Strategic Risk Register. Future IA reports will be added once the 20/21 IA programme is approved by AC.	IA - TIAA EA - GT Other reports - DBC officers
30/09/20	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Progress Report Internal Audit Progress Report Work Programme	Future IA reports will be added once the 20/21 IA programme is approved by AC.	IA - TIAA EA - GT Other reports - DBC officers
11/11/20	Apologies for absence Declarations of Interest Minutes Actions Public Participation External Audit Progress Report Internal Audit Progress Report Work Programme	Annual DBC Financial Regulations Review. Future IA reports will be added once the 20/21 IA programme is approved by AC.	IA - TIAA EA - GT Other reports - DBC officers