

Audit Agenda



Wednesday 20 March 2024 at 7.30 pm

Conference Room 1 - The Forum

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

Membership

Councillor Birnie
Councillor Douris
Councillor Elliot

Councillor S Hobson
Councillor Reynolds (Vice-Chair)
Councillor Stewart (Chair)

For further information, please contact Corporate and Democratic Support on 01442 228209 or email member.support@dacorum.gov.uk

AGENDA

1. APOLOGIES FOR ABSENCE

To receive any apologies for absence

2. DECLARATIONS OF INTEREST

To receive any declarations of interest

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

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

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

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

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

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

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

3. MINUTES AND ACTIONS (Pages 4 - 6)

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

4. PUBLIC PARTICIPATION

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

5. REGULATION OF INVESTIGATORY POWERS ACT ANNUAL UPDATE (Pages 7 - 40)

6. HOMES ENGLAND COMPLIANCE AUDIT REPORT (Pages 41 - 47)

7. STATEMENT OF INTERNAL CONTROL ASSURANCE REPORT (Pages 48 - 89)

8. INTERNAL AUDIT PLAN 2024-25 (Pages 90 - 105)

9. EXTERNAL AUDITORS INTERIM ANNUAL REPORT 2022/23 (Pages 106 - 129)

10. INDICATIVE EXTERNAL AUDIT PLAN 2023-24 (Pages 130 - 158)

11. QUESTIONS FROM THE EXTERNAL AUDITOR TO AUDIT COMMITTEE – RISK OF FRAUD (Pages 159 - 161)

12. STRATEGIC RISK REGISTER Q3 2023-24 (Pages 162 - 183)

13. WORK PROGRAMME (Pages 184 - 185)

14. AOB (ANY OTHER BUSINESS)

Agenda Item 3

DACORUM BOROUGH COUNCIL

AUDIT COMMITTEE MINUTES

14 FEBRUARY 2024

Present:

Councillors: Stewart (Chair)
Douris
Elliot
Reynolds (Vice-Chair)

Officers: N Howcutt Chief Finance Officer
M Kirk Head of Health, Safety and Resilience
T Angel Democratic Support Officer

Others: Philip Lazenby (TIAA)

The meeting began at 7.30 pm.

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Birnie and Fiona Jump (Head of Financial Services).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES AND ACTIONS

The minutes of the previous meeting were agreed.

There was one outstanding action point from the previous meeting. This information will be provided to members as soon as possible.

All other action points had been completed and circulated.

4. PUBLIC PARTICIPATION

There was no public participation.

5. INTRODUCTION FROM EXTERNAL AUDITOR

Chris Paisley from KPMG attended the meeting remotely to introduce himself to the committee.

Please refer to the video minutes for full discussion.

6. SUMMARY INTERNAL CONTROLS ASSURANCE (SICA) REPORT

P Lazenby introduced the item. The purpose of the report was to provide the committee with a progress update against the annual internal audit plan.

Please refer to the video minutes for full discussion.

Outcome

The Audit Committee noted the final internal audit report issued for the Council's corporate Health and Safety arrangements, and the content of the SICA and progress against the annual internal audit plan.

Actions

1. M Kirk to provide a brief overview on the Digital Platform for members.
2. M Kirk to provide further information on the findings of the Health and Safety Review.
3. T Angel to add 'Review of Procurement Service' to the work programme for September, as requested by N Howcutt.
4. N Howcutt to circulate recent Cabinet reports relating to the Procurement Review to the committee.

7. TREASURY MANAGEMENT 2023/2024 MID-YEAR PERFORMANCE REPORT

N Howcutt introduced the item and advised the purpose of the report was to present the proposed Treasury Management Strategy for 2024/25 and to provide an update on performance against the Council's Prudential Indicators as at Quarter 3, 2023/24.

Please refer to the video minutes for full discussion.

Outcome

The Audit Committee noted the Treasury Management Strategy 2023/24 and the performance against the Councils prudential indicators.

8. WORK PROGRAMME

The Chair asked for an update on the Independent Member at the next meeting.

The next meeting is scheduled for Wednesday 20 March 2024.

The meeting ended at 8.55 pm.

Audit Committee Action Points – February

Date of meeting	Action point	Responsible officer	Date action completed	Response
14/02/24	M Kirk to provide a brief overview on the digital platform for the committee.	M Kirk	16/02/24	A summary report was provided by Yvonne Salvin, which I then forwarded to Nigel Howcutt & Fiona Jump. Information circulated to members 12/03/24 (documents too large to add to this table).
14/02/24	M Kirk to provide information on the findings of the health and safety review.	M Kirk	06/03/24	A summary report was provided to SLT in February. Information circulated to members 12/03/24 (documents too large to add to this table).
14/02/24	T Angel to add 'Review of Procurement Service' to the work programme for September, as requested by N Howcutt.	T Angel	06/03/24	Item added to the work programme for September.
14/02/24	N Howcutt to circulate recent Cabinet reports relating to the Procurement Review to the committee.	N Howcutt		
14/02/24	The Chair asked for an update on the Independent Member at the next meeting.	F Jump	12/03/24	The revised timescale for the appointment of independent members is as follows: April 2024 Roles advertised for a period of 1 month. May 2024 Shortlisting of candidates to take place, followed by panel interviews. Roles offered to successful candidates. July 2024 Independent person(s) commence membership of Audit Committee.



Audit Committee

Report for:	Audit Committee
Title of report:	RIPA – Annual update
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	None
Background papers:	Appendix A RIPA Policy (annexed)
Glossary of acronyms and any other abbreviations used in this report:	

Report Author / Responsible Officer

Mark Brookes, Assistant Director (Legal and Democratic Services)

Nargis Sultan, Legal Governance Team Leader



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Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p>
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	Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All
Purpose of the report:	To inform the Audit Committee regarding the Council's use of Directed Surveillance and Covert Human Intelligence Sources for the year 2023
Recommendation (s) to the decision maker (s):	That Members note the report and agree that no further changes to the RIPA policy (annexed) are required.
Period for post policy/project review:	Annual

Executive Summary:

The Regulation of Investigatory Powers Act (RIPA) came into force in 2000. The Act allowed:

- Councils to carry out covert surveillance of alleged offenders and to instruct individuals to form relationships with the intention of obtaining information for the prevention and detection of crime.
- Compliance with RIPA ensures that the surveillance actions taken by the Council are acceptable interference of qualified rights within the Human Rights Act 1998, in particular the right to privacy and the right to a fair trial, when gathering evidence in preparing cases for Court.

1. Introduction

1.1 When undertaking its functions the Council must comply with the Human Rights Act 1998. Article 8 establishes a qualified right to respect for private and family life. In certain circumstances that right may be interfered with.

1.2 The Regulation of Investigatory Powers Act 2000 (RIPA) provides a statutory framework under which the Council may seek authorisation to interfere with this right.

1 Background

2.1 Authorisation can only be granted where interference is:

- (a) In accordance with the law
- (b) Necessary
- (c) Proportionate.

2.2 Under RIPA, the Council may seek authorisation to permit directed surveillance, the use of Covert Human Intelligence Sources (CHIS).

2.3 The Council's use of RIPA is tightly controlled. All authorisations are subject to approval by the Magistrates' Court and the use of directed surveillance and acquisition of communication data should only be permitted for :

- (a) The prevention or detection of criminal offences (at least one of which must be punishable by a maximum of at least 6 months imprisonment) or
- (b) Prescribed offences relating to the underage sale of alcohol or tobacco.

2.4 By law, elected members are not permitted to be involved in any individual application/authorisation, however paragraph 3.35 of the Covert Surveillance and Property Interference Code 2018 ('the Code') states that:

"Elected member's of a local authority should review the authority's use of the 2000 Act and set the policy at least once a year. They should also consider internal reports on the use of the 2000 Act on a regular basis to ensure it is being used consistently with the local authority's policy and the policy remains fit for purpose."

3. Oversight of RIPA activities

3.1 RIPA and associated statutory Codes of Practice prescribe the information to be included in an application to carry out surveillance activities and the thresholds to be met before applications can be approved.

3.2 The IPCO carries out scheduled audits of the use of RIPA by Local Authorities to monitor quality of applications and compliance with the Codes.

3.3 In addition all authorisations for surveillance activities carried out by the Council under RIPA must be independently reviewed and approved by a Magistrates' Court.

4. Annual Review of the use of RIPA – Year to 31st December 2023

4.1 During this period there were no applications to use covert human intelligence sources (CHIS), including applications relating to juvenile CHIS.

4.2 During this period there were 4 applications submitted for Directed Surveillance authorisation, all of which were authorised and all of which were granted judicial approval.

4.3 All of these Directed Surveillance operations were concluded during this period.

Activity Authorised	Nature of offence under investigation
Directed Surveillance	Flytipping, Markyate (March 2023 – operation reference Romeo 1)
Directed Surveillance	Flytipping, Markyate, (June 2023 – Operation Reference Sierra 1)
Directed Surveillance	Flytipping, Markyate September 2023– Reference Tango 1)
Directed Surveillance	Flytipping, Markyate (December 2023 Reference Uniform 1)

5. Conclusions

5.1 The Council's RIPA policy is kept under review by the Assistant Director, Legal and Democratic Services and it continues to provide an effective framework and provides assurance that the Council is undertaking such powers in a robust and legally compliant manner. There are no changes proposed to the Policy this year.

5.2 Officers will provide a further annual report to the Audit Committee in approximately 12 months regarding the Council's use of RIPA for the Committee's further consideration.



CORPORATE POLICY & PROCEDURES DOCUMENT FOR COVERT SURVEILLANCE AND THE USE OF COVERT HUMAN INTELLIGENCE SOURCES

PREPARED IN COMPLIANCE WITH THE REGULATION OF
INVESTIGATORY POWERS ACT 2000 AND THE REVISED HOME
OFFICE CODES OF PRACTICE ISSUED IN AUGUST 2018

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DEMOCRATIC SERVICES), EXT 2236

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NB:

The Regulation of Investigatory Powers Act 2000 ('RIPA') refers to 'Designated Officers'. For ease of understanding and application within Dacorum Borough Council, this Corporate Policy & Procedures Document refers to 'Authorising Officers'. Furthermore, such Officers can only act under RIPA if they have been duly certified by the Council's Assistant Director (Legal and Democratic Services). For the avoidance of doubt, therefore, all references to duly certified Authorising Officers refer to 'Designated Officers' under RIPA.

A. Introduction and Key Messages

1. This Corporate Policy & Procedures Document is based upon the requirements of Part II of Regulation of Investigatory Powers Act 2000 ('RIPA'), the Investigatory Powers Act 2016 and the revised Codes of Practice issued by the Home Office pursuant to Section 71 of RIPA(August 2018). The authoritative position on RIPA is, of course, the Act itself and the Home Office's Codes of Practice on Covert Surveillance and Covert Human Intelligence Sources. Any officer who is unsure about any aspect of this document should contact, at the earliest possible opportunity, the Council's Assistant Director (Legal and Democratic Services), for advice and assistance. The revised Codes of Practice can be downloaded from the Home Office web site or a hard copy can be obtained from the Assistant Director (Legal and Democratic Services).
2. This document and the related forms can be found on the Council's Intranet.
3. The Assistant Director (Legal and Democratic Services) will maintain and check the Corporate Register of all RIPA authorisations, reviews, renewals, cancellations and rejections. It is the responsibility of the relevant Authorising Officer, however, to ensure the Assistant Director (Legal and Democratic Services) receives a copy of the relevant forms within 1 week of authorisation, review, renewal, cancellation or rejection.
4. RIPA, the Codes of Practice and this document are important for the effective and efficient operation of the Council's actions with regard to covert surveillance and Covert Human Intelligence Sources. This document will, therefore, be kept under review by the Assistant Director (Legal and Democratic Services). Authorising Officers must bring any suggestions for continuous improvement of this document to the attention of the Assistant Director (Legal and Democratic Services) at the earliest possible opportunity.
5. If you are in any doubt on RIPA, the Codes of Practice, this document or the related legislative provisions, please consult the Assistant Director (Legal and Democratic Services).

B. Borough Council Policy Statement

1. The Council takes seriously its statutory responsibilities and will, at all times, act in accordance with the law, and take necessary and proportionate action in these types of enforcement matters involving the use of covert surveillance. In that regard, the Assistant Director (Legal and Democratic Services), is duly authorised by the Council's Corporate Management Team as the Council's 'Senior Responsible Officer' with responsibility to keep this document up to date and to amend, delete, add or substitute relevant provisions, as necessary. For administration and operational effectiveness, the Assistant Director (Legal and Democratic Services) is also authorised to add or substitute officers authorised for the purpose of RIPA.

C. General Information on RIPA

1. The Human Rights Act 1998 (which incorporated the European Convention on Human Rights into UK law) requires the Council, and organisations working on its behalf, to respect the private and family life of the citizen, his/her home and his/her correspondence.
2. This is not an absolute right, but a qualified right. Accordingly, in certain circumstances, the Council, as a 'Relevant Public Authority' under RIPA, may interfere in the citizen's right to privacy mentioned above, if such interference is:
 - (a) **in accordance with the law;**
 - (a) **necessary** (as defined in this document); **and**
 - (b) **proportionate** (as defined in this document).
3. RIPA provides a statutory mechanism for authorising **directed surveillance** and the use of a '**covert human intelligence source**' ('**CHIS**'). Directed surveillance is defined later in section E, but is essentially surveillance which is covert and is carried out in places other than residential premises or private vehicles. A CHIS is a person used by the Council to establish or maintain a personal or other relationship with another person for the covert purpose of obtaining information (e.g. undercover agents). RIPA seeks to ensure that any interference with an individual's right under the Human Rights Act 1998 is **necessary** and **proportionate**. In doing so, RIPA seeks to ensure both the public interest and the human rights of individuals are suitably balanced.
4. Directed surveillance can only be authorised under RIPA to prevent or detect criminal offences that are either punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco. The offences relating to the latter are set out in section E. This crime threshold applies only to the authorisation of directed surveillance under RIPA, not to the authorisation of the use of CHIS.
5. An authorisation for the use of directed surveillance or the use of a CHIS can only take effect once an order approving the authorisation has been granted by a Justice of the Peace (JP). This also applies to a **renewal** of an authorisation.
6. Directly employed Council staff and external agencies working for the Council are covered by RIPA for the time they are working for the Council. All external agencies must, therefore, comply with RIPA and the work carried out by agencies on the Council's behalf must be properly authorised by one of the Council's designated Authorising Officers. Authorising Officers are those whose posts appear in **Appendix 1** to this document and, duly added to or substituted by the Assistant Director (Legal and Democratic Services).
7. If the correct RIPA procedures are not followed, evidence may be disallowed by the courts, a complaint of maladministration could be made to the Ombudsman, and/or the Council could be ordered to pay compensation. Such action would, of course, harm the reputation of the Council and will, undoubtedly, be the subject of adverse press and media interest. It is essential, therefore, that all Council staff involved with RIPA comply

with this document and any further guidance that may be issued, from time to time, by the Assistant Director (Legal and Democratic Services).

8. A flowchart of the procedures to be followed appears at **Appendix 2**.

9. **Necessity and proportionality**

9.1 The Authorising Officer must –

- believe that the surveillance activities which are being authorised are **necessary for the purpose of preventing or detecting crime or of preventing disorder** and,

in the case of **directed surveillance**

- be satisfied that what is being investigated is a criminal offence which meets the threshold.

This is the only statutory ground available for local authorities for the use of covert surveillance. The Authorising Officer must also believe that the surveillance activities are **proportionate** to what is sought to be achieved by carrying them out. This involves balancing the seriousness of the intrusion into the privacy of the person who is the subject of the operation (or any other person who may be affected) against the need for the surveillance in investigative and operational terms.

9.2 The authorisation will not be proportionate if it is excessive in the overall circumstances of the case. Each action authorised should bring an expected benefit to the investigation or operation and should not be disproportionate or arbitrary. The fact that a suspected offence may be serious will not alone render intrusive actions proportionate.

9.3 The following elements of proportionality should therefore be considered:

- Balancing the size and scope of the proposed activity and the potential intrusion into the subject's personal life against the gravity and extent of the perceived crime or offence;
- Explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- Considering whether the activity is an appropriate use of RIPA and a reasonable way, having considered all reasonable alternatives, of obtaining the necessary result;
- Evidencing, as far as reasonably practicable, what other methods had been considered and why they were not used

10. **Collateral intrusion**

Before authorising applications for directed surveillance, the Authorising Officer should also take into account the risk of obtaining private information about persons who are not the subjects of the surveillance (members of the subject's family for example). This is

referred to as collateral intrusion. All applications should include an assessment of the risk of collateral intrusion and details of any measures taken to limit this. The same proportionality tests apply to the likelihood of collateral intrusion as to intrusion into the privacy of the intended subject of the surveillance. The Authorising Officer must therefore consider fully the proportionality of the proposed actions.

D. What RIPA Does and Does Not Do

1. RIPA does:

- require prior authorisation of directed surveillance.
- prohibit the Council from carrying out intrusive surveillance.
- require authorisation of the conduct and use of a CHIS
- require safeguards for the conduct and use of a CHIS
- require judicial approval before authorisations for the use of directed surveillance or the use of CHIS can take effect.

2. RIPA does not:

- make conduct unlawful where it would be otherwise lawful.
- prejudice or dis-apply any existing powers available to the Council to obtain information by any means not involving conduct that may be authorised under RIPA. For example, it does not affect the Council's current powers to obtain information via the DVLA or to get information from the Land Registry as to the ownership of a property.

3. If the Authorising Officer or any Applicant is in any doubt, s/he should ask the Assistant Director (Legal and Democratic Services) BEFORE any directed surveillance and/or CHIS is authorised, renewed, cancelled or rejected.

E. Types of Surveillance

1. 'Surveillance' includes

- monitoring, observing or listening to persons, watching or following their movements, listening to their conversations, or their other activities or communications.
- recording anything mentioned above in the course of authorised surveillance.
- surveillance, by or with, the assistance of appropriate and approved surveillance device(s).

Surveillance can be overt or covert.

2. Overt Surveillance

Most of the surveillance carried out by the Council will be done overtly – there will be nothing secretive, clandestine or hidden about it. In many cases, Officers will be behaving in the same way as a normal member of the public (e.g. in the case of most test purchases), and/or will be going about Council business openly (e.g. a market inspector walking through markets).

3. Similarly, surveillance will be overt if the subject has been told it will happen (e.g. where a noisemaker is warned (preferably in writing) that noise will be recorded if the noise continues, or where an entertainment licence is issued subject to conditions, and the licensee is told that officers may visit without notice or identifying themselves to the owner/proprietor to check that the conditions are being met.

4. Covert Surveillance

Covert Surveillance is carried out in a manner calculated to ensure that the person subject to the surveillance is unaware of it taking place. (Section 26(9)(a) of RIPA).

5. RIPA regulates two types of covert surveillance: directed surveillance and intrusive surveillance and the use of Covert Human Intelligence Sources (CHIS).

6. Directed Surveillance

6.1 Directed Surveillance is surveillance which: -

- is covert; and
- is not intrusive surveillance (see definition below – the Council must not carry out any intrusive surveillance);
- is not carried out in an immediate response to events which would otherwise make seeking authorisation under RIPA unreasonable, e.g. spotting something suspicious and continuing to observe it; and
- it is undertaken for the purpose of a **specific investigation** or operation in a manner **likely to obtain private information** about an individual (whether or not that person is specifically targeted for purposes of an investigation). (Section 26(10) of RIPA).

6.2 Directed Surveillance Crime Threshold



The use of directed surveillance can only be authorised under RIPA to prevent or detect criminal offences that are punishable, whether on summary conviction or indictment, by a maximum term of at least 6 months imprisonment or are related to the underage sale of alcohol and tobacco. The offences relating to the latter are sections 146, 147 and 147A of the Licensing Act 2003 and section 7 of the Children and Young Persons Act 1933. This means that-

- directed surveillance cannot be authorised for the purpose of preventing disorder unless this involves a criminal offence punishable by at least 6 months imprisonment
- directed surveillance can be authorised for the purpose of preventing or detecting specified criminal offences relating to the underage sale of alcohol and tobacco where the necessity and proportionality tests are met and prior approval from a JP has been granted.

7. Private information

In relation to a person 'private information' includes any information relating to his private and family life, his home and his correspondence. It should be taken generally to include any aspect of a person's private or personal relationship with others, including family and professional or business relationships. The fact that covert surveillance occurs in a public place or on business premises does not mean that it cannot result in the obtaining of private information about a person. This is likely to be the case where that person has a reasonable expectation of privacy even though acting in public and where the Council is making a record of that person's activities for future consideration or analysis.

Example: Two people holding a conversation in a street, or on a bus, may have a reasonable expectation of privacy over the contents of their conversation, even though they are associating in public. The contents of such a conversation should still be considered as private information.

Private life considerations are particularly likely to arise if several records are to be analysed together in order to establish, for example, a pattern of behavior.

Example: Council officers wish to drive past a café for the purposes of obtaining a photograph of the exterior. Reconnaissance of this nature is not likely to require a directed surveillance authorisation as no private information about any person is likely to be obtained or recorded. However, if the Council wished to repeat the exercise, for example to establish a pattern of occupancy of the premises by any person, the accumulation of information is likely to result in the obtaining of private information about that person and a directed surveillance authorisation would be required.

Prolonged surveillance targeted on a single person will undoubtedly result in the obtaining of private information about him/her and others that s/he comes into contact, or associates, with.

8. Similarly, although overt town centre CCTV cameras do not normally require authorisation, if a particular camera is being used for a specific purpose, which involves prolonged surveillance on a particular person, authorisation will be required. The way a

person runs his/her business may also reveal information about his or her private life and the private lives of others.

9. Confidential information

Special consideration must be given to authorisations that involve confidential personal information. Where such material has been acquired and retained, the matter should be reported to the Assistant Director (Legal and Democratic Services) so that s/he can inform the Office of Surveillance Commissioners or Inspector during his next inspection and the material made available to him if requested.

Confidential personal information is information held in confidence relating to the physical or mental health or spiritual counselling of a person (whether living or dead) who can be identified from it. Such information, which can include both oral and written communications, is held in confidence if it is held subject to an express or implied undertaking to hold it in confidence or it is subject to a restriction on disclosure or an obligation of confidentiality contained in existing legislation.

Examples include consultations between a health professional and a patient, or information from a patient's medical records.

10. For the avoidance of doubt, only those Officers designated and certified to be 'Authorising Officers' for the purpose of RIPA can authorise 'Directed Surveillance' if, and only if, the RIPA authorisation procedures detailed in this document are followed. If an Authorising Officer has not been 'certified' for the purposes of RIPA, s/he can not carry out or approve/reject any action set out in this Corporate Policy & Procedures Document.

Only the Chief Executive can authorise applications for covert surveillance when knowledge of confidential information is likely to be acquired.

11. Intrusive Surveillance

This is when it: -

- is covert;
- relates to anything taking place on residential premises or in any private vehicle;
- and, involves the presence of a person in the premises or in the vehicle or is carried out by a surveillance device in the premises/vehicle. Surveillance equipment mounted outside the premises will not be intrusive, unless the device consistently provides information of the same quality and detail as might be expected if they were in the premises/vehicle.

Residential premises includes any part of premises which are being occupied or used by any person, however temporarily, for residential purposes or otherwise as living accommodation. It includes hotel accommodation. However, common areas to which a person has access in connection with their use or occupation of accommodation are excluded from the definition of residential premises.

Examples of common areas of residential premises which are excluded would include:

- a communal stairway in a block of flats;
- a hotel reception area or dining room;
- the front garden or driveway of premises readily visible to the public.

A private vehicle is any vehicle which is used primarily for the private purposes of the person who owns it or a person otherwise having the right to use it. This includes, for example, a company car, owned by a leasing company and used for business and pleasure by the employee of a company.

Local authorities are not allowed to carry out intrusive surveillance and therefore no Council officer can authorise a covert surveillance operation if it involves intrusive surveillance as defined above.

12. **Where authorisation is not required**

Some surveillance activity does not constitute directed surveillance under RIPA and therefore authorisations are not required. Such activity includes:

- covert surveillance by way of an immediate response to events;
- covert surveillance as part of general observation activities;
- covert surveillance not relating to the prevention or detection of crime or the prevention of disorder;
- overt use of CCTV
- specific situations not requiring an authorization

These types of surveillance activity are explained in more detail below.

13. **Immediate response**

Covert surveillance that is likely to reveal private information about a person but is carried out by way of an immediate response to events such that it is not reasonably practicable to obtain an authorisation under RIPA.

Example: An authorisation would not be required where Council officers conceal themselves in order to observe an incident that they happen to come across where a person appears to be in the act of illegally dumping waste.

14. **General observation activities**

The general observation duties of many Council enforcement officers do not require authorisations under RIPA.

Example: Public protection officers attending an anti-social behaviour hot-spot would not normally require an authorisation provided their objective was to merely observe the location to ascertain the extent of the problem and to see whether individuals can be identified. The activity may be part of a specific investigation but is general observational activity, rather than targeted surveillance of individuals, and the obtaining of private information is unlikely.

15. **Not related to the prevention or detection of crime or the prevention of disorder**

In the case of local authorities directed surveillance can only be authorised under RIPA if it is for the purpose of preventing or detecting crime or of preventing disorder. Covert surveillance for any other general purposes should be conducted under other relevant legislation. A local authority can only use RIPA in relation to its 'core functions' i.e, the 'specific public functions' undertaken by a particular authority in contrast to the 'ordinary functions' undertaken by all authorities (e.g. employment issues).

Example: A Council employee is off work due, he claims, to an injury sustained at work for which he is suing the Council. The employee's manager suspects the employee is exaggerating the seriousness of their injury and that they are, in fact, fit enough to come to work. The manager wishes to place the employee under covert surveillance outside of his normal work environment to establish that he is indeed fit for work and to gather evidence for disciplinary proceedings against the employee for deceiving the Council. Such surveillance, even though likely to result in obtaining private information, does not constitute directed surveillance under RIPA as it does not relate to the Council's core functions. It relates instead to the carrying out of its employment functions which are common to all authorities. Surveillance of this nature would be covered by the Data Protection Act 1998 and the Council's own employment policies.

16. **CCTV**

The use of overt CCTV cameras does not normally require an authorisation under RIPA. Their operation is covered by the Data Protection Act 1998 and the code of practice issued by the Information Commissioner's Office in October 2014 entitled 'In the picture: A data protection code of practice for surveillance cameras and personal information'.

However, where overt CCTV cameras are used in a covert and pre-planned manner as part of a specific investigation or operation, for the targeted surveillance of a specific person or group of people, an authorisation will be required.

17. **Specific situations not requiring an authorisation**

There are a number of specific situations which do not require an authorisation under RIPA. The specific situations most relevant to the Council are –

- the overt or covert recording of an interview of a member of the public where it is made clear that the interview is entirely voluntary and that the interviewer is a Council officer;
- the covert recording of suspected noise nuisance where the intention is only to record excessive noise levels from adjoining premises and the recording device is calibrated to record only excessive noise levels.

18. **Examples of different types of Surveillance**



Type of Surveillance	Examples
<u>Overt</u>	<ul style="list-style-type: none"> - Police Officer or Estates Warden on patrol - Signposted Town Centre CCTV cameras (in normal use) - Recording noise coming from outside the premises after the occupier has been warned that this will occur if the noise persists. - Most test purchases (where the officer behaves no differently from a normal member of the public).
<u>Covert</u> but not requiring prior authorisation	<ul style="list-style-type: none"> - CCTV cameras providing general traffic, crime or public safety information
<u>Directed</u> must be RIPA authorised.	<ul style="list-style-type: none"> - Officers follow an individual or individuals over a period, to establish whether s/he is working when claiming benefit or off long term sick from employment. - Test purchases where the officer has a hidden camera or other recording device to record information which might include information about the private life of a shop-owner, e.g. where s/he is suspected of running his business in an unlawful manner.
<u>Intrusive</u> – Council cannot do this!	<ul style="list-style-type: none"> - Planting a listening or other device (bug) in a person’s home or in their private vehicle.

F. Conduct and Use of a Covert Human Intelligence Source (CHIS)



Who is a CHIS?

1. Someone who establishes or maintains a personal or other relationship for the covert purpose of helping the covert use of the relationship to obtain information. **In normal circumstances the Council will not use a CHIS. If consideration is given to the use of a CHIS the Assistant Director (Legal and Democratic Services) must be consulted first.**
2. RIPA does not normally apply in circumstances where members of the public volunteer information to the Council as part of their normal civic duties, or to contact numbers set up to receive information.

What must be authorised?

3. The conduct or use of a CHIS requires prior authorisation.
 - **Conduct** of a CHIS = Establishing or maintaining a personal or other relationship with a person for the covert purpose of (or is incidental to) obtaining and passing on information.
 - **Use** of a CHIS = Actions inducing, asking or assisting a person to act as a CHIS and the decision to use a CHIS in the first place.
4. **If a CHIS is used the RIPA procedures, detailed in this document, must be followed. As with directed surveillance, authorisations for the use of a CHIS cannot take effect until an order has been obtained from a JP. However, the crime threshold which applies to directed surveillance does not apply to the use of a CHIS.**

Juvenile Sources

5. Special safeguards apply to the use or conduct of juvenile sources (i.e. under 18 year olds). On no occasion can a child under 16 years of age be authorised to give information against his or her parents.

Authorisations for juvenile sources shall also not be granted unless special provisions contained within the Regulation of Investigatory Powers (Juveniles) Order 2000 (as amended), are satisfied. The duration of such an authorisation is **four months** from the time of grant or renewal (instead of twelve months), and the authorisation should be subject to at least monthly review.

Only the Chief Executive or, in his or her absence, the person deputising for him or her can authorise the use of Juvenile Sources.

See paragraph 4.2 of the Home Office guidance "Covert Human Intelligence Sources" 2018 for further guidance.

Vulnerable Individuals

6. A 'vulnerable individual' is a person who is or may be in need of community care services by reason of a mental or physical disability, age or illness, and who is or may be unable to take care of himself or herself, or unable to protect himself or herself against significant harm or exploitation.
7. A vulnerable individual will only be authorised to act as a source in the most exceptional of circumstances.

Only the Chief Executive or, in his or her absence, the person deputising for him or her can authorise the use of vulnerable individuals. **Test Purchases**



9. Carrying out test purchases will not (as highlighted above) require the purchaser to **establish a relationship with the supplier with the covert purpose of obtaining information** and, therefore, the purchaser will not normally be a CHIS.

For example, authorisation would not normally be required for test purchases carried out in the ordinary course of business (e.g. walking into a shop and purchasing a product over the counter).

10. By contrast, "entrapment cases" could require a prior CHIS authorisation if the foregoing criteria were present.

For example, Licensing Officers who pretend to be fares to catch unwary private hire vehicles doing unlicensed pick-ups.

Developing a relationship with a person in the shop, to obtain information about the seller's suppliers of an illegal product (e.g. illegally imported products) will require authorisation as a CHIS.

Similarly, using mobile hidden recording devices or CCTV cameras to record what is going on in the shop will require authorisation as directed surveillance.

A combined authorisation can be given for a CHIS and also directed surveillance.

Anti-social behaviour activities (e.g. noise, violence, etc)

10. Persons who complain about anti-social behaviour, and are asked to keep a diary, will not normally be a CHIS, as they are not required to establish or maintain a relationship for a covert purpose. Recording the level of noise (e.g. the decibel level) will not normally capture private information and, therefore, does not require authorisation.
11. Recording sound (with a DAT recorder) on private premises could constitute intrusive surveillance, unless it is done overtly. For example, it will be possible to record if the noisemaker is warned (preferably in writing) that this will occur if the level of noise continues. Placing a stationary or mobile video camera outside a building to record anti social behaviour on residential estates will require prior authorisation.



G. Authorising Officer Responsibilities

1. The Assistant Director (Legal and Democratic Services) will ensure that sufficient numbers of Authorising Officers are duly certified to take action under this document.
2. It will be the responsibility of Authorising Officers who have been duly certified to ensure their relevant members of staff are suitably trained as 'Applicants' so as to avoid common mistakes appearing on forms for RIPA authorisations.
3. Authorising Officers will also ensure that staff who report to them follow this Corporate Policy & Procedures Document and that they do not undertake or carry out any form of surveillance without first complying with the requirements of this document.
4. Authorising Officers must also pay particular attention to any health and safety issues that may be raised by any proposed surveillance activity. Under no circumstances, should an Authorising Officer approve any RIPA form unless, and until s/he is satisfied that a proper risk assessment has been carried out and the health and safety of Council employees/agents are suitably addressed and/or risks minimised, so far as is possible. If an Authorising Officer is in any doubt, s/he should obtain prior guidance on the same from his/her manager, the Council's Corporate Health & Safety Lead Officer or the Assistant Director (Legal and Democratic Services).
5. Authorising Officers must also ensure that, when sending copies of any forms to the Assistant Director (Legal and Democratic Services) (or any other relevant authority), the same are sent in **sealed** envelopes and marked '**Strictly Private & Confidential**'.

H. Authorisation Procedures

1. Directed surveillance and the use of a CHIS can only be lawfully carried out if properly authorised, and in strict accordance with the terms of the authorisation. **Appendix 2** provides a flow chart of the process from application to recording of information.

Authorising Officers

2. Forms can only be signed by officers of the Council who are at the level of Chief Officer, Assistant Director, or Head of Service and are named as Authorising Officer in **Appendix 1**.

Only the Chief Executive or, in his or her absence, the person deputising for him or her can authorise an application for directed surveillance when confidential information is likely to be acquired.

This Appendix will be kept up to date by the Assistant Director (Legal and Democratic Services), and added to as needs require. If a Chief Officer wishes to add, delete or substitute a post, s/he must refer such request to the Assistant Director (Legal and Democratic Services) for consideration, as necessary. The Assistant Director (Legal and Democratic Services) is authorised to add, delete or substitute posts listed in **Appendix 1**.

3. Authorisations under RIPA are separate from delegated authority to act under the Council's Constitution. RIPA authorisations are for specific investigations only, and must be renewed or cancelled once the specific surveillance is complete or about to expire. **The authorisations do not lapse with time!**
4. If the Assistant Director (Legal and Democratic Services) feels that an Authorising Officer has not complied fully with the requirements of this document, he/she may retract that Officer's authorisation until s/he has undertaken appropriate training or a one-to-one meeting with him/her.

Application Forms

5. Only the approved RIPA forms set out in this document must be used. Any other forms will be rejected by the Authorising Officer and/or the Assistant Director (Legal and Democratic Services).

6. **Directed Surveillance and use of Covert Human Intelligence forms – See Appendix 3**

Form RIP 1	Application for Authority for Directed Surveillance
Form RIP 2	Renewal of Directed Surveillance Authority
Form RIP 3	Cancellation of Directed Surveillance
Form RIP 4	Review of Directed Surveillance
Form RIP 5	Application for use of Covert Human Intelligence Source
Form RIP 6	Renewal of authorisation for use of Covert Human Intelligence Source
Form RIP 7	Cancellation of Covert Human Intelligence Source
Form RIP 8	Review of use of Covert Human Intelligence Source

Grounds for Authorisation

7. Directed Surveillance (form RIP 1) and the use of a CHIS (Form RIP 5) can only be authorised by the Council for the **prevention or detection of crime or the prevention of disorder**. As explained in sections C and E above, authorisations for **directed surveillance** are also subject to the crime threshold test.

Assessing the Application Form

8. Before an Authorising Officer signs a Form, **s/he must:** -
- (a) Have due regard for RIPA, the Home Office revised Codes of Practice, the Human Rights Act 1998, this Corporate Policy & Procedures Document and any other guidance issued, from time to time, by the Assistant Director (Legal and Democratic Services on such matters;
 - (b) Satisfy his/herself that the RIPA authorisation is: -
 - (i) **in accordance with the law;**
 - (ii) **necessary** in the circumstances of the particular case on the ground mentioned above;
 - (iii) **proportionate** to what it seeks to achieve;

and in the case of **directed surveillance,**
 - (iv) be satisfied that what is being investigated is a criminal offence which meets the crime threshold test.
 - (c) 'Proportionate' means the Authorising Officer must believe that intruding upon someone's privacy through surveillance is proportionate to the desired outcome taking into account the size of the problem as against the breach of privacy

In assessing whether or not the proposed surveillance is proportionate, the Authorising Officer must be satisfied that the application form demonstrates that every other reasonable means of gathering the information has been considered and explains why the alternative means considered would not be likely to achieve the desired outcome. The Authorising Officer must also be satisfied that the proposed method of surveillance is the least intrusive.

The proportionality test is explained in more detail in paragraph 7 above.

The Authorising Officer must in each case follow the "five Ws" (i.e, who, what, where, when and why) incorporated into the forms to make clear what is being authorised. They must also explain how and why they are satisfied that the proposed action is both **necessary** and **proportionate**. It is not enough simply to state that it is so – the reasons **why** it is so must be given.

Every question on the application form must be dealt with fully, following the prompts which are now incorporated in the forms.

- (d) Take into account the risk of accidental intrusion into the privacy of persons other than the specified subject of the surveillance (**collateral** intrusion). Measures must be taken wherever practicable to avoid or minimise (so far as is possible) collateral intrusion and the matter may be an aspect of determining proportionality;
- (e) Set a date for review of the authorisation and review on only that date;
- (f) Allocate a Unique Reference Number (URN) for the application as follows: -.

Year / Service / Number of Application

- (g) Ensure that any RIPA Service Register is duly completed, and that a copy of the RIPA Forms (and any review/cancellation of the same) is forwarded to the Assistant Director (Legal and Democratic Services) for inclusion in the Central Register, **within 1 week of the relevant authorisation, review, renewal, cancellation or rejection.**

Additional Safeguards when Authorising a CHIS

9. When authorising the conduct or use of a CHIS, the Authorising Officer **must also** -
- (a) be satisfied that the **conduct** and/or **use** of the CHIS is proportionate to what is sought to be achieved;
 - (b) be satisfied that **appropriate arrangements** are in place for the management and oversight of the CHIS and name the handler and controller in the application (RIPA section 29(5); and this must address health and safety issues through a risk assessment (to be signed off by the Authorising Officer)
 - (c) consider the likely degree of intrusion of all those potentially affected;
 - (d) consider any adverse impact on community confidence that may result from the use or conduct or the information obtained; and
 - (e) ensure **records** containing particulars are not available except on a need to know basis.

Duration

10. The Form **must be reviewed in the time stated (which can be any time stated in the application) and cancelled** once it is no longer needed. The 'authorisation' to carry out/conduct the surveillance lasts for a maximum of 3 months (from authorisation) for directed surveillance and 12 months (from authorisation) for a CHIS (but limited to 4 months for a juvenile source). However, whether the surveillance is carried out/conducted or not, in the relevant period, does not mean the 'authorisation' is 'spent'. In other words, **the Forms do not expire and remain 'live' until cancelled!** The forms must be reviewed and/or cancelled (once they are no longer required)!
11. Authorisations can be renewed in writing at any time before the expiry date, although it is advisable for an application for renewal not to be made until shortly before the expiry date. Authorisations can be renewed more than once if they continue to meet the criteria for authorisations. The Authorising Officer must consider the matter afresh, including taking into account the benefits of the surveillance to date, and any collateral intrusion that has occurred. The Authorising Officer must still be satisfied that the surveillance is still necessary and proportionate.
12. The renewal will begin on the day when the authorisation would have expired.

The Need For Judicial Approval

13. If the Council wishes to authorise the use of directed surveillance or the use of a CHIS under RIPA it will need to obtain an order approving the grant **or renewal** from a **Justice of the Peace** before it can take effect. The JP must be satisfied that the statutory tests have been met and that the use of the covert surveillance is necessary and proportionate before he/she can issue an order approving the use of the covert surveillance described in the application.

14. The judicial approval process is in addition to the authorisation process under the relevant parts of RIPA as outlined in the Codes of Practice. Therefore, the process of assessing necessity and proportionality, completing the RIPA application form and seeking the approval of the Authoring Officer remains the same.
15. When the RIPA application form has been completed and authorised by the Authorising Officer it must be given to the Assistant Director (Legal and Democratic Services) who will arrange for a member of the Council's Legal Team to arrange a hearing date at the magistrates court as early as possible. The member of the Legal Team will complete the judicial application/order form kept by the Assistant Director (Legal and Democratic Services) for the purpose and will attend the hearing with the investigating officer. The original RIPA authorisation will need to be shown to the JP but this will be brought back to the office, together with a copy of the signed order (if granted), and given to the Assistant Director (Legal and Democratic Services) so that it can be placed on the Central Register.
16. As the judicial approval process also applies to applications for the renewal of an authorisation it is important to ensure that the application for judicial approval is made in good time before the deadline for the renewal expires. For example, the renewal deadline may expire when the magistrates court is not sitting (holiday periods for example) in which case the renewal application will need to be brought forward before the holiday period starts.

I. Working With / Through Other Agencies

1. When some other agency has been instructed on behalf of the Council to undertake any action under RIPA, this document and the forms in it must be used as normal and the agency advised or kept informed, as necessary, of the various requirements. They must be made aware explicitly what they are authorised to do.
2. When some other agency (e.g. Police, Customs & Excise, Inland Revenue etc): -
 - (a) wish to use the Council's resources (e.g. CCTV surveillance systems), that agency must use its own RIPA procedures and, before any officer agrees to allow the Council's resources to be used for the other agency's purposes, s/he must obtain a copy of that agency's RIPA form for the record (a copy of which must be passed to the Assistant Director (Legal and Democratic Services) for the Central Register) and/or relevant extracts from the same which are sufficient for the purposes of protecting the Council and the use of its resources;
 - (b) wish to use the Council's premises for their own RIPA action, the officer should, normally, co-operate with the same, unless there are security or other good operational or managerial reasons as to why the Council's premises should not be used for the agency's activities. Suitable insurance or other appropriate indemnities may be sought, if necessary, from the other agency for the Council's co-operation in the agent's RIPA operation. In such cases, however, the Council's own RIPA forms should not be used as the Council is only 'assisting' and not being 'involved' in the RIPA activity of the external agency.
3. With regards to paragraph 2(a) above, if the Police or other Agency wish to use Council resources for general surveillance, as opposed to specific RIPA operations, an appropriate letter requesting the proposed use, extent of remit, duration, who will be undertaking the general surveillance and the purpose of it must be obtained from the Police or other Agency before any Council resources are made available for the proposed use.
4. **If in doubt, please consult with the Assistant Director (Legal and Democratic Services) at the earliest opportunity.**

J. Record Management

1. **The Council must keep a detailed record of all authorisations, renewals, cancellations and rejections and a Central Register of all Authorisation Forms will be maintained and monitored by the Assistant Director (Legal and Democratic Services).**
2. **Records Maintained**

The following documents must be retained by the Assistant Director (Legal and Democratic Services) (or his/her designated co-ordinator) for such purposes.

 - a copy of the Forms together with any supplementary documentation and notification of the approval given by the Authorising Officer;
 - a record of the period over which the surveillance has taken place;
 - the frequency of reviews prescribed by the Authorising Officer;
 - a record of the result of each review of the authorisation;
 - a copy of any renewal of an authorisation, together with the supporting documentation submitted when the renewal was requested;
 - the date and time when any instruction was given by the Authorising Officer;
 - the Unique Reference Number for the authorisation (URN).
3. Each form will have a URN. The service co-ordinators will issue the relevant URN to Applicants. The cross-referencing of each URN takes place within the Forms for inspection purposes. The relevant Service code to be followed is as per **Appendix 1**. Rejected Forms will also have URN's.

Central Register maintained by the Assistant Director (Legal and Democratic Services)

4. Authorising Officers must forward details of each form to the Assistant Director (Legal and Democratic Services) for the Central Register, within 1 week of the authorisation, review, renewal, cancellation or rejection. The Assistant Director (Legal and Democratic Services) will monitor the same and give appropriate guidance, from time to time, or amend this document, as necessary.
5. The Council will retain records for a period of at least three years from the ending of the authorisation. The Office of the Surveillance Commissioners (OSC) can inspect the Council's policies and procedures, and individual authorisations.

Retention and Destruction of Evidence

6. Where evidence gathered from surveillance could be relevant to future or pending court proceedings, it should be retained in accordance with established disclosure requirements for a suitable period, commensurate to any subsequent review. Particular attention should be paid to the Criminal Procedure and Investigations Act 1996 which requires evidence gathered in criminal investigations to be recorded and retained.



Part 3 of the Investigatory Powers Act 2016 (IPA) replaced Part 1 chapter 2 of RIPA in relation to the acquisition of communications data and puts local authorities on the same standing as the police and law enforcement agencies. Previously the Council had been limited to obtaining subscriber details (known now as 'entity data') such as the registered user of a telephone number or email address. Under the IPA, the Council can now also obtain details of in and out call data and cell site location. This information identifies who a criminal suspect is in communication with and whereabouts the suspect was when they made or received a call, or the location from which they were using an internet service. This additional data is defined as 'events data'.

The IPA removes the necessity for local authorities to seek the approval of a Justice of the Peace when seeking to acquire communications data. All such applications must now be processed through the National Anti-Fraud Network ("NAFN") and will be considered for approval by the independent Office of Communication Data Authorisation ("OCDA"). The transfer of applications between local authorities, NAFN and OCDA is conducted electronically.

All such applications will be considered by the Assistant Director (Legal and Democratic Services) before it is formally processed through the NAFN and considered for approval by the OCDA - in accordance with Section 2 of the Communications Data, Code of Practice (Communications Data Acquisition and Disclosure), published on the Home Office website.

L. Data Assurance/Retention

The Council will ensure that all information and material obtained through surveillance and all copies, extracts or summaries must be stored securely to minimise the risk of theft or loss. Only the officer who made the application (or their Team Lead) and the Authorising Officer with authority should be able to access the information.

All evidence obtained should be documented on a RIPA data retention form (Form RIP 9) and a copy must be sent to the Assistant Director, Corporate and Contracted Services on cancellation of the application.

The Council has the following in place:

- (a) A suite of information security policies, records management policies and a GDPR/DPA Policy;
- (b) implementation of the appropriate technical and organisational controls and measures to ensure an appropriate level of security; and
- (c) physical security to protect all Council premises where the information is stored (electronically or manually) or can be accessed.

The information obtained through surveillance, and all copies, extracts and summaries, which contain such material, should be scheduled for deletion or destruction and securely destroyed as soon as they are no longer needed for the authorised purpose(s). If such information is retained, it should be reviewed at appropriate intervals to confirm that the justification for its retention is still valid, this will be monitored through the RIPA Central Register.

Records shall be maintained for a period of at 7 years in accordance with Council's Retention Schedule Policy ([DBC400](#)), following which, they shall be securely destroyed in accordance with that aforesaid retention policy.

M. Concluding Remarks of the Assistant Director (Legal and Democratic Services)

1. Where there is an interference with the right to respect for private life and family guaranteed under Article 8 of the European Convention on Human Rights, and where there is no other source of lawful authority for the interference, or if it is held not to be necessary or proportionate to the circumstances, the consequences of not obtaining or following the correct authorisation procedure set out in RIPA and this document, may be that the action (and the evidence obtained) will be held to be unlawful by the Courts pursuant to Section 6 of the Human Rights Act 1998.
2. Obtaining an authorisation under RIPA and following this document, will ensure, therefore, that the action is carried out in accordance with the law and subject to stringent safeguards against abuse of anyone's human rights.
3. Authorising Officers must direct their minds to the application every time they are asked to sign a form. They must never sign or rubber stamp forms without thinking about their personal and the Council's responsibilities.
4. Any boxes not needed on the form(s) must be clearly marked as being 'NOT APPLICABLE', 'N/A' or a line put through the same. Great care must also be taken to ensure accurate information is used and is inserted in the correct boxes. Reasons for any refusal of an application must also be kept on the form and the form retained for future inspections.
5. For further advice and assistance on RIPA, please contact the Council's Assistant Director (Legal and Democratic Services) who is also the Council's Monitoring Officer.



Appendix 1 – List of Authorising Officer Posts

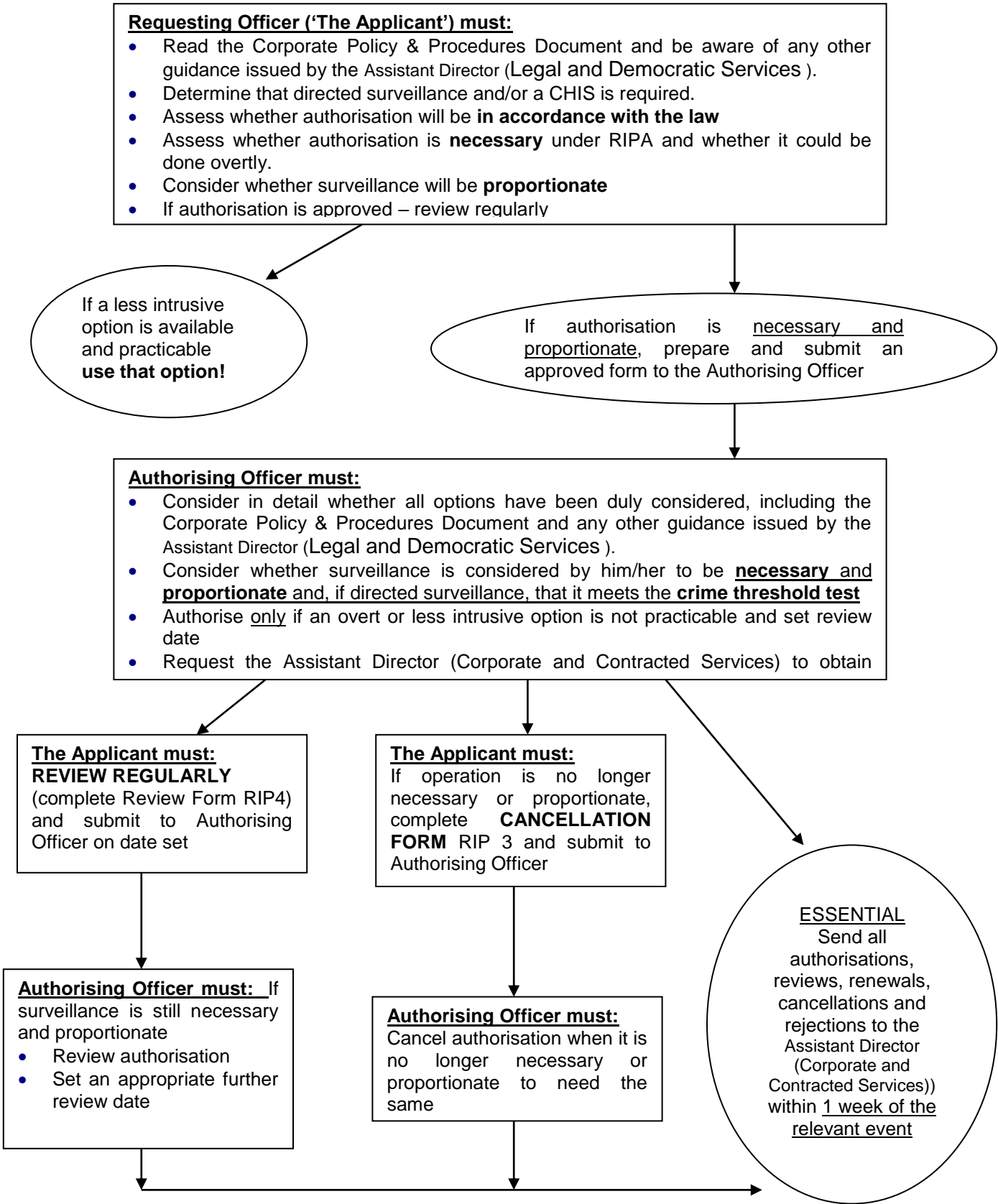
	Service area
Chief Executive – (only where confidential information is likely to be acquired, or where it is proposed to use juveniles or vulnerable persons as covert human intelligence sources) or, in the absence of the Chief Executive, the person deputising for him/her	All
Chief Finance Officer	Environmental Crime, Anti-social behavior and licensing , Corporate Fraud Planning Enforcement
Strategic Director (Place)	Environmental Crime, Anti-social behavior and licensing , Corporate Fraud Planning Enforcement

IMPORTANT NOTES

- A. Only the Chief Executive or the person deputising for him/her are authorised to sign forms relating to Juvenile Sources and Vulnerable Individuals (see Section F).
- B. If a Chief Officer wishes to add, delete or substitute a post, s/he must refer such request to the Assistant Director (Legal and Democratic Services) for consideration, as necessary.
- C. If in doubt, ask the Assistant Director (Legal and Democratic Services) BEFORE any directed surveillance and/or CHIS is authorised, renewed, rejected or cancelled.



RIPA FLOW CHART



NB: If in doubt, ask the Assistant Director (Legal and Democratic Services) BEFORE any directed surveillance and/or CHIS is authorised, renewed, cancelled or rejected.

RIPA forms

- Form RIP 1 **Authorisation** Directed Surveillance
- Form RIP 2 **Renewal** of a Directed Surveillance Authorisation
- Form RIP 3 **Cancellation** of a Directed Surveillance Authorisation
- Form RIP 4 **Review** a Directed Surveillance Authorisation
- Form RIP 5 **Application** for Authorisation of the conduct or use of a Covert Human Intelligence Source (CHIS)
- Form RIP 6 **Application** for Renewal of a CHIS
- Form RIP 7 **Cancellation** of an Authorisation for the use or conduct of a CHIS
- Form RIP 8 **Review** of a CHIS Authorisation
- Form RIP 9 Data retention form



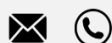
Audit Committee

Report for:	Audit Committee
Title of report:	Homes England Compliance Audit Report
Date:	20/03/2024
Report on behalf of:	Councillor Simy Dhyani, Portfolio Holder for Housing
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Compliance Audit Report Ref 20240117
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	None

Report Author / Responsible Officer

David Barrett, Assistant Director Strategic Housing & Delivery

Charles Coleman, Strategic Housing, Investment, and Regeneration Officer



Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need
Wards affected	Kings Langley
Purpose of the report:	1. To report on the outcome of a Homes England Compliance Audit.
Recommendation (s) to the decision maker (s):	1. To acknowledge the Compliance Audit Report

	and its recommendation.
Period for post policy/project review:	The project will be subject to a lessons learnt exercise during the defects period and carried out over the next six months.

1 Introduction/Background:

Homes England provide grant funding for the construction of affordable housing through their Affordable Homes Programme. Over the last 2 years The Council have been allocated £20,004,268 from Homes England to support our development programme. The funding received has been for the following group of projects.

Sites	New homes	Funding Received
5 Garage Sites (Beechfield, Housewood, Dione Rd, Sempill & Sleddale)	25	£2,539,399.00
Randalls Ride	30	£1,998,739.00
St Margaret's Way	46	£4,559,954.00
Marchmont	32	£3,793,600.00
Paradise Depot	56	£7,112,576.00
Total	189	£20,004,268.00

2 Homes England Audit Compliance

Audit and Process

Homes England conduct an annual audit programme for projects receiving their funding. The process ensures that providers of affordable housing receiving grant funding have complied with Homes England's requirements and funding conditions and have properly exercised their responsibilities as set out in Homes England's Capital Funding Guide.

The Council were selected for an audit to be undertaken on a garage site in Beechfield, Kings Langley where four new houses had been constructed.

To conduct the audit The Council were required to appoint an Independent Auditor. Following the Independent Auditor completing their report Homes England undertake a review to identify any breaches and provide a grade that is either **RED, AMBER OR GREEN**. The audit process and timeline is set out below:

1. Homes England notified The Council on the 21st June 2023 that they will be audited.
2. The Council had to appoint an Independent Auditor by 16th August 2023.
3. Independent Auditor (Saffer Cooper Consultancy) completes a checklist and submits their findings within 5 weeks.
4. The Council's Housing Development Team had 10 working days to review and comment on the findings of the Independent Auditor.
5. Homes England assess the Independent Auditors report between October to December 2023.
6. Homes England issued report to The Council on the 17th January 2024.
7. The Councils Audit Committee are required to acknowledge the report and confirm agreed recommendations all within 3 months of receiving report.

Outcome

The Compliance Audit Report can be seen in Appendix A and confirms a GREEN rating.

The audit identified 1 minor breach around design costs that had been included in the build cost but should have been identified separately as an on cost.

The Councils Housing Development Team accepted the breach, but raised the observation that the Capital Funding Guide point 3.4.6 advises “Where the development contract is design and build, the on costs may include the builder’s design fee element of the contract sum”. As the point did not state that the figure must be included within the on-cost, the Council’s Housing Development Team felt that keeping the fee within the works element was a true reflection of the contracted works.

The Councils Housing Development Team have implemented a check for all Homes England funded projects that are being delivered via a Design and Build contract to ensure that all contractor design costs will be included within the scheme on-cost and taken out from the contract works element for existing and future projects.

The team will continue to tightly monitor the delivery programme and be prepared for any future audits.

3 Financial and value for money implications:

Grant funding from Homes England is utilised to finance the delivery of new build housing for the Housing Revenue Account, the Council’s housing landlord function. The assignment of a ‘Green’ grade for this audit provides assurance to Committee and to Homes England that grant funding received by the Council has been properly applied. The receipt and application of Homes England funding is monitored and managed closely by the Council’s Investment and Delivery service and Financial Services.

4 Legal Implications

There are no legal implications arising from the report.

5 Risk implications:

Any RED rating or failure to comply with the audit outcome may impact future availability of funding from Homes England.

6 Equalities, Community Impact and Human Rights:

There are no Equalities, Community Impact or Human Rights Implications arising from this report.

7 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no sustainability implications arising from the report.

8 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no Council infrastructure implications arising from the report.

9 Conclusions:

The Council received a **GREEN** rating for the Beechfield, Kings Langley development as a result of the Homes England Compliance Audit. In order to complete the audit and ensure compliance, the report and its recommendation must be acknowledged by the Audit Committee.

10 Recommendation

The audit report and its recommendation are acknowledged and signed off by Audit Committee and confirmation of this acknowledgement is recorded in the Homes England Investment Management System.



Compliance Audit Report – 2023/24

26UC – Dacorum Borough Council

Final Grade	Green - Meets requirements
Independent Auditor Organisation	Saffer Cooper Consultancy
Independent Auditor Name	Sean Stafford

Report Purpose and Objectives

The purpose of the Compliance Audit report is to confirm that grant recipients have met Homes England's funding conditions and contractual requirements and have properly exercised their responsibilities as set out in the Capital Funding Guide.

We use the audit findings (which are confidential between Homes England and the grant recipient) to inform our future investment decisions and to reassure the Homes England Chief Accounting Officer that public funds have been properly used.

Where findings have been determined as breaches they are then used as the basis for recommendations and final grades for Providers. Grades of green, amber or red are awarded; definitions are provided at the end of this report. Where applicable the Provider is to use the recommendations to prevent similar breaches from reoccurring in the future and to aid good governance for complying with Homes England's policies, procedures and funding conditions.

Information about the audit process and guidance is available at:
<https://www.gov.uk/guidance/compliance-audit>

Compliance Audit Grade and Judgement Summary

Final Grade	Green - Meets requirements
Judgement Summary	On review of the evidence provided, the outcome of the audit has shown the provider has a satisfactory overall performance. A GREEN grade has been assigned. The audit has identified one low level breach with no risk of misapplication of public funds. The recurrence of breaches of a similar nature in future years may result in a failure to meet requirements. The provider should refer to the recommendation listed in the Compliance Audit system. The recommendation will assist the provider in ensuring further breaches of this nature do not reoccur in the future.



Scheme/Completions details

Scheme ID/ Completion ID	Address/Site ID	Scheme type
1082896	Beechfield - Garage siteBeechfield,WD4 8EE	Rent

Audit Results

Number of Schemes/Completions Audited	1
Number of Breaches Assigned	1
Number of High Severity Breaches	0
Number of Medium Severity Breaches	0
Number of Low Severity Breaches	1

Details of Breaches by Scheme/Completion

Where there are breaches identified, remedial action must be taken in accordance with recommendations listed in the Compliance Audit Module to mitigate the potential for re-occurrence.

Breach 1

Scheme/Completion ID	1082896
Address/Site ID	Beechfield - Garage siteBeechfield,WD4 8EE
Breach severity	Low
Breach description	7. Incorrect IMS data has been entered but there are no value for money implications. Examples might include typographical errors, or a failure to update the system with revised information
Breach comment	The audit has identified that key cost data detailed in the scheme file has been assigned to the incorrect cost element within IMS. The design fees of the Design and Build contract should have been assigned to the on-cost element and not the works cost element within IMS. The Capital Funding Guide requirement to keep IMS data up to date and correct has not been met.



Recommendation	We note the provider's comment that revised processes are now in place. Please ensure these revised processes have added the necessary steps to prevent similar issues reoccurring in the future and that these revised processes meet the Capital Funding Guide requirements and funding conditions. The provider is also expected to revise and correct the identified issue in all current grant funded developments.
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Provider's Acknowledgement of Report

The contents of this report including all recommendations must be acknowledged by your Board's Chair or equivalent. Confirmation of this acknowledgement must be recorded in the IMS Compliance Audit System by your Compliance Audit Lead no later **than three calendar months** of the report email notification being sent.

Report acknowledged by:

Date:

Confidentiality



The information contained within this report has been compiled purely to assist Homes England in its statutory duty relating to the payment of grant to the Provider. Homes England accepts no liability for the accuracy or completeness of any information contained within this report. This report is confidential between Homes England and the Provider and no third party can place any reliance upon it.

Compliance Audit Grade Definitions

Green Grade	No high or medium severity breaches identified, although there may be low breaches identified. The Homes England audit report shows that the provider has a satisfactory overall performance but may identify areas where minor improvements are required.
Amber Grade	One or more medium severity breaches identified. The Homes England audit report will shows that the provider has failed to meet some requirements but has not misapplied public money. The provider will be expected to correct identified problem(s) in future schemes and current developments.
Red Grade	One or more high level severity breaches identified, the Homes England audit report shows that the provider has failed to meet some requirements and there has been a risk of misapplication of public funds.



Report for:	Audit Committee
Title of report:	Summary Internal Controls Assurance (SICA) report
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A- SICA Report
Background papers:	None
Glossary of acronyms and any other abbreviations used in this report:	SICA- Statement of Internal Controls Assurance. A regular report produced by the Council's internal auditors outlining progress against the Council's approved annual audit programme of work.

Report Author / Responsible Officer	
Fiona Jump, Head of Financial Services	
 	
Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)	

Corporate Priorities	Ensuring efficient, effective and modern service delivery
Wards affected	All
Purpose of the report:	1. To provide committee with a progress update against the annual internal audit plan (Appendix A).
Recommendation to the decision maker:	1. Note the final internal audit reports issued for following Council activities: <ul style="list-style-type: none"> - Key Financial Controls- Income Collection - Community Grants - Risk Management Framework

	2. Note the content of the SICA and progress against the annual internal audit plan.
Period for post policy/project review:	An update on progress against the approved Internal Audit programme is brought to committee on a regular basis.

1 Background

Attached at Appendix A is the latest SICA report. The SICA report provides Audit Committee with an update on governance, risk and internal control arrangements for the Council. The report will be presented at Audit Committee by the Council's internal auditors, TIAA. Officers for the service covered by the internal audit report issued since the last SICA was presented to Audit Committee will also be present to answer queries from Members.

2 Internal audits completed since the last SICA

The following audits have been completed since the last SICA was presented to Audit Committee in February 2024:

- Key Financial Controls (Income Collection)- Reasonable Assurance
- Community Grants- Reasonable Assurance
- Risk Management Framework- Reasonable Assurance

The summary report and associated recommendations for the above audit is included in Appendix A.

TIAA use four levels of assurance assessment when undertaking internal audit review:

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Internal audit recommendations are rated from 1, 2 or 3, with 1 being urgently required for implementation. No priority 1 recommendations have been made in respect of the audit review above.

Appendix A also includes details of progress against outstanding priority 1, 2 and 3 recommendations. There are currently no outstanding priority 1 recommendations for the Council.

3 Financial and value for money implications:

A robust programme of internal audit activity supports the delivery of value for money by the Council.

4 Legal Implications

The Council is required by law to make arrangements to undertake effective internal audit of its activities.

5 Risk implications:

The Council's internal audit programme is compiled on a risk- led basis.

6 Equalities, Community Impact and Human Rights

None arising directly from the report.

7 Sustainability implications (including climate change, health and wellbeing, community safety)

None arising directly from the report.

8 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

None arising directly from the report.

9 Conclusion

The SICA presented at Appendix A provides details of all internal audits completed since the February 2024 Audit Committee meeting.

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Internal Audit

FINAL

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Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

2023/24

March 2024

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance report provides the Audit and Risk Committee with an update on the emerging Governance, Risk and Internal Control related issues and the progress of our work at Dacorum Borough Council as at 8th March 2024.

Tackling and Managing Fraud Risks

2. The Challenge

Everyone is under increasing financial pressure from the escalating costs of goods and services and increasing inflation leading to the current cost-of-living crisis. The knock-on effects of the pandemic, and the increase in remote working practices, linked with the escalating cost of living has increased the risk of opportunistic fraud against organisations. All organisations are at risk and will be targeted where weaknesses are identified. It is at times such as these where organisations have unfilled vacancies, positions filled by temporary employees, or where existing employees may be struggling with financial or emotional wellbeing that all organisations need to be more aware of the risks and take steps to keep their money, people and data safe.

Recently reported data shows that how some organisations in the UK have been affected by fraud over the last year and how they perceive their fraud risk.

58% - think the risk of fraud is going to increase over the next 12 months. **55%** - of reported frauds were perpetrated by staff or volunteers.
40% - said hybrid working has increased the risk of fraud. **69%** - experienced financial loss due to fraud.

Recommended Actions: To ensure your organisation is addressing this risk and putting in place measures to combat fraud risk, TIAA recommend that several key steps are taken to assess your organisation's exposure, ensure controls are effective and to safeguard should the worst happen.

- **Assign Responsibility:** to a suitably trained employee/Board Member to act as your organisation's Fraud Champion.
- **Train:** Line Managers and Board Members, on fraud risk awareness and managing concerns and, all employees on emerging fraud risk awareness.
- **Govern the risk:** by ensuring your organisation had developed a clearly written Anti-Fraud Policy and Response Plan.
- **Raise Awareness:** with all employees and Members of their responsibilities to protect your organisation's assets.
- **Identify and Record:** the specific types of fraud that are perceived to be a risk to your organisation and what steps are required to manage these.
- **Compliance Test:** at regular intervals, how well your recorded fraud prevention controls are working.
- **Undertake Checks:** on any individual or organisation with whom you have a financial relationship.

TIAA’s Proactive Fraud Risk Reviews

TIAA recognises that all sectors and all organisations are susceptible to fraud and is able to provide support in helping ensure your employees are aware of their responsibilities and specific risks facing your organisation. We have also developed a series of reviews that are designed to provide your organisation with external assistance in achieving compliance with our key recommended actions and to provide your Board with assurance over key fraud risk areas.

Audits completed since the last SICA report to the Audit Committee

- 3. The table below sets out details of audits finalised since the previous meeting of the Audit Committee. Details can be seen in appendix A.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Assurance review of Key Financial Controls	Reasonable Assurance	2/11/2023	5/3/2024	6/3/2024	0	2	1	2
Assurance Review of Community Grants	Reasonable Assurance	25/10/2023	5/3/2024	6/3/2024	0	2	2	2
Assurance Review of Risk Management Framework	Reasonable assurance	15/11/2023	6/3/2024	8/3/2024	0	1	3	1

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Progress against the 2023/24 Annual Plan

- 4. Our progress against the Annual Plan for 2023/24 is set out in Appendix B.

Changes to the Annual Plan 2023/24

- 5. There are no proposed changes to the Annual Plan at the current time.

Progress in actioning priority 1 & 2 recommendations

- 6. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. There were 25 Priority 2 recommendations on the tracker of which 15 have been implemented and evidence will be reviewed to provide assurance of completion and will be closed on the recommendation tracking system. Of the remaining 10 Priority 2 recommendations, 1 is no longer applicable, leaving 9 outstanding recommendations as detailed in Appendix B.

Actions outstanding and completed from audits undertaken in the current financial year

7. Appendix D provides an update against the recommendations issued for reports issued for the current financial year. One is implemented, two are not yet due. Additionally, there was one report which due to timing had not been included on the portal at the time this extract was made. That report is included in these management papers and it can be seen that had that been included it would have been indicated as not yet due (*MTFS). It should also be noted that there is one additional report included in this progress report which has not been included as it relates to a delayed output; at Dacorum's request, from last financial year.

Frauds/Irregularities

8. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Responsibility/Disclaimer

9. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. The matters raised in this report not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Executive Summaries and Management Action Plans

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report has been presented to the Audit Committee and therefore is not included in this Appendix.

Review	Evaluation
Assurance review of Key Financial Controls	Reasonable
Assurance Review of Community Grants	Reasonable
Assurance Review of Risk Management Framework	Reasonable

Assurance review of Key Financial Controls

OVERALL ASSESSMENT

The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Financial Resilience.

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KEY STRATEGIC FINDINGS

- Sample testing of 20 debtor accounts identified lack of information regarding contact or discussions with the debtor in ten instances.
- Where contact was maintained in the sample tested, there was slow or untimely escalation and recovery of debts. 25% of debt as of 20th September 2023 was older than six months.
- Debtor accounts with a payment plan indicated that in all five cases there was a lack of a formal, written instalment agreements.

GOOD PRACTICE IDENTIFIED

- There is segregation of duties within the sales income and debtor processes and appropriate authorisation of credit notes.
- Access rights to the finance system with respect to the sales income and debtor function are controlled and align with job roles.

SCOPE

Key financial controls will be reviewed on an annual basis covering main finance systems and processes, with a more detailed review of each finance area on a modular basis over a three-year period.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	1	2

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>Testing of a sample of 20 debtor accounts from the aged debt listing of 20th September 2023 identified that contact made with the debtor was not always recorded on the system; 10 out of 20 had the last contact recorded as between 60 and 404 days. In particular, this was the case if another department such as Estates or CIL team were managing the debt.</p> <p>It is noted that there are regular meetings between the AR team and other departments, but whilst meeting notes may record action or next steps, this is not always added to the comments on the system.</p>	Debtor's system records to be updated regularly (at least monthly) to reflect contact and action taken.	2	<p><i>The sample taken was mainly high value commercial rent and Community Infrastructure Levies (CILs) where actions are agreed at meetings.</i></p> <p><i>We accept that not all accounts are updated with agreed actions from meetings the Council's financial system Unit 4. However, actions are agreed regularly and details are saved within working documents, minutes and online filling system for the majority of accounts.</i></p> <p><i>Reminder sent to team to add notes from meetings and actions going forward into Unit 4.</i></p>	<i>Recommendation already implemented 31/10/23.</i>	<i>Lead Officer (Accounts Receivable and Income).</i>

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>Five of the sample of 20 debtors tested indicated that a payment agreement was in place to clear the debt. However, a formal, written plan, agreed by the debtor was not available for any of these five debtors.</p> <p>The Lead Officer Customer Accounts & Income (Financial Services) advised that a plan would normally be put in writing to the customer but a lack of agreement from the customer is not always followed-up.</p> <p>Plans for two other debtors were reviewed and it was noted that there is no standard pro-forma. Information was contained in emails and in comments on the system record, but payments terms weren't always clearly or explicitly stated.</p>	<p>A standard pro-forma plan to be used for all debts where instalments are agreed and this plan to be sent to the debtor and a copy retained on the debtor's system record.</p>	2	<p><i>Management do not agree that implementation of this recommendation would best meet the needs of the Council's customers and that current arrangements provide an appropriate record of any payment plans in place. As per recommendation one, we will ensure that details of payment plans in place are consistently recorded in the financial system, Unit 4. The views of Audit Committee are welcome on this position.</i></p> <p><i>There are two types of arrangements on accounts where debt is owed to the Council.</i></p> <p><i>The first is for commercial rent, where there can be an ongoing rolling arrangement to pay rent monthly over the quarter.</i></p> <p><i>The second is for adhoc arrangements on amounts due to the Council. We do communicate with customers to confirm the arrangement agreed. We do this in the communication method the customer prefers e.g. over the phone, e-mail, letter etc. Working with Council customers in this way helps maximise income recovered for the Council.</i></p>	<p><i>Recommendation implementation subject to the view of Audit Committee.</i></p>	<p><i>Head of Financial Services.</i></p>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>Testing of the sample above also identified that even where contact was frequent and regular, escalation and debt recovery was slow or untimely - there were old debts with no or very limited movement and the debt collection stage had not moved on from reminders.</p> <p>The chart in Appendix C indicates that £1.9m of the £7.4m debt as of 20th September 2023 (25%) was older than six months.</p>	To ensure that there is robust and timely escalation and recovery of debts in accordance with policy and procedures.	3	<p><i>Management are of the view that we already escalate debt recovery action in a timely and robust manner and where it is appropriate to do so. Processes are in place to support this escalation.</i></p> <p><i>The majority of the debts picked up in the sample relate to our commercial property debt portfolio. All commercial property debt is monitored at monthly meetings with our Property Services team which manage the Council's commercial property portfolio. Commercial rents were subject to their own separate internal audit review this financial year and received the high level of assurance.</i></p> <p><i>In taking action on these debts, the Council is striking a balance between appropriate income recovery and broader organisational objectives e.g. to keep our local retail areas open with minimal empty units. Move to write off this debt quickly and potentially evicting leaseholders wouldn't necessarily be appropriate. We have shared the viewpoint of the auditor with our Property Services team.</i></p>	<i>Already implemented.</i>	<i>Head of Financial Services.</i>

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The Debt Management Policy - Sundry Debt does not include a review date or expiry date however the specific areas for operational guidance on payment plans is reviewed regularly but was dated November 2018; the date had not been updated from recent reviews.	To include a review date on the Debt Management Policy - Sundry Debt to ensure it is kept up to date on a timely basis.	<i>Agreed and will be implemented in line with the annual policy review timetable.</i>
2	Directed	The Debt Management Policy - Sundry Debt includes a section on the arrangements for monitoring and reporting debt including KPIs and monthly reporting. However, whilst the document includes who is responsible for reporting, it does not make it clear which team or group will receive the reports.	The Debt Management Policy - Sundry Debt to include details of the officers and groups receiving debtor KPIs.	<i>Agreed and will be implemented in line with the annual policy review timetable.</i>

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Assurance Review of Community Grants

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Key risks are mitigated by following financial regulations and system policy procedures.

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KEY STRATEGIC FINDINGS



The council risk register does not include any risks pertaining to the community grants process.



One of the four applications agreed and paid was not signed by the applicant and therefore terms and conditions cannot be enforced.



A drop in staffing levels has caused a lack of follow up of grant fund usage and it cannot be determined if funds are used for the reasons stated in applications.



A loss of staff is not accounted for in council resilience measures, this has led to a drop in effectiveness in the monitoring of grant usage.

GOOD PRACTICE IDENTIFIED



Several key staff members assess the validity of a grant prior to agreement and payment.



A higher level of influence is given to the finance team's assessment of an application, than to other staff, due to their insight into budgets.

SCOPE

A periodic review focusing on the process for awarding grants and monitoring compliance with grant funding conditions. Key areas will include: • Appropriate records are maintained to verify applicant eligibility; • Grants are appropriately approved by committee or delegated officers; • All monies expended are done so in accordance with the grant agreement; • There are adequate controls in place with regard to how grant money is spent; and • Adequate budget monitoring and management of grants awarded takes place.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	2	2

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	One of four agreed application forms was not signed by the applicant and no name of the applicant was provided, only the title of "Chair" was given. Due to this it could be surmised that the application has not agreed to the terms and conditions of the grant agreement and is not bound by these terms.	An additional level of control is required to ensure the completeness of application documents and to ensure that terms of the grant agreements are enforceable.	2	<i>A new Head of Service post has been recruited to and is in post from January 2024. Recruitment to a Place Officer post who will be responsible for administering the grants will take place during March and so this process will be fully resourced and the issues identified in this audit will be addressed.</i>	<i>30/6/2024 but will be implemented in the event of any new grants before that date.</i>	<i>Head of Communities and Leisure.</i>
3	Delivery	It was confirmed via email that due to a loss of staff it has not been possible to monitor the accurate use of funds in line with policy requirements recently, but that staff have been attempting to do this on an ad hoc basis.	The follow up and verification that grant funds are used for the purpose stated in the grant application must be actioned as a priority. This it to ensure that funds are not used for any reason other than stated in the grant application and to mitigate the risk of fraud.	2	<i>A new Head of Service post has been recruited to and is in post from January 2024. Recruitment to a Place Officer post who will be responsible for administering the grants will take place during March and so this process will be fully resourced and the issues identified in this audit will be addressed.</i>	<i>30/6/24 or sooner if Place Office in post or alternative resource identified.</i>	<i>Head of Communities and Leisure.</i>
1	Directed	It was advised during interview that no council risk register makes reference to the community grants process, despite risks being clearly identified and controls put in place.	The council risk register be updated to take into account the possibility of risks caused by the community grant process, risk appetite around this and what controls are in place to reduce these risks.	3	<i>Risk Register will be updated.</i>	<i>30 April 2024.</i>	<i>Head of Communities and Leisure.</i>
4	Delivery	During communication it was advised several times that due to a lack of staff, it was not possible to continue the follow up of grant payments to ensure legitimacy. It was advised that this has been the case for the last 12 months due to long term sickness of the team	Further controls are required for the cover of responsibilities of staff who may be absent for long periods of time or who leave the council.	3	<i>A new Head of Service post has been recruited to and is in post from January 2024. Recruitment to a Place Officer post who will be responsible for administering the grants will take place during March and so this process will be</i>	<i>30/6/24 or sooner if Place Office in post or alternative resource identified.</i>	<i>Head of Communities and Leisure.</i>

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Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		leader and this responsibility for follow up could not be covered by remaining staff.			<i>fully resourced and the issues identified in this audit will be addressed.</i>		


Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The Community Grants Procedures document was provided, which detailed the scheme of delegation naming each member of the panel responsible for Community Grants and appears to act as an aid memoir. It was advised during meeting that some members of this panel are responsible for the preliminary assessment of each application prior to the panel meeting. This pre-meeting scoring process was listed in the Process document, but little explanation was given. Policy documentation did not include date of creation or update and did not include management sign off.	All management control documentation should include a date of creation or update and agreement sign off from an appropriate senior member of staff.	<i>Holding statement.</i> <i>This will be considered by Dacorum Borough Council by the 31/4/2024.</i>
2	Delivery	The Community grants policy and process documentation does not make mention of any way this process relates to or impacts the council's sustainability arrangements.	To ensure best practice across all council departments, the addition to policy documentation regarding how the community grants process either adheres to or effects the sustainability commitments should be included.	<i>Holding statement.</i> <i>This will be considered by Dacorum Borough Council by the 31/4/2024.</i>

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Assurance review of Risk Management Framework

OVERALL ASSESSMENT







ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE



The Risk Management processes are the main mechanisms by which the organisation monitors the adequacy and effectiveness of its system of internal control

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KEY STRATEGIC FINDINGS

-  The council uses a risk scoring methodology as opposed to developing a risk appetite framework.
-  Documented control targets do not always align with the target being used in practice.
-  Controls do not always have owners responsible for their implementation.
-  There is not a requirement for the council to be considering emerging risks.

GOOD PRACTICE IDENTIFIED

-  The risks and controls are generally appropriate for the council and are in-line with their strategic objectives.
-  SLT meet regularly to support risk management and have completely reconsidered the risks in the last 12 months with a series of meetings between executive and councillors.

SCOPE

Dacorum has made significant developments in respect of risk management over the last 12 months. This review considered the arrangements in place to provide for risk management in accordance with the agreed framework.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	3	1

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	<p>The council do not have a risk appetite framework but a risk scoring methodology instead. The risk scoring methodology works with the risk guide and is designed to assist in assessing the Impact of a risk should it occur and an indication of the target risk. The scoring methodology provides insight into how the risk should be managed dependant on its score - this is the same across the board and does not differentiate between risk categories such as financial, operational, legal, reputational, or commercial.</p> <p>Lacking in comprehensive risk management guidance for specific areas this inadequacy poses a potential risk to effective risk management and strategic decision making.</p>	It is recommended that the risk scoring methodology be developed into a comprehensive risk appetite framework to aide in decision making when it comes to risk management.	2	Agreed. An updated risk appetite framework will be developed as part of the update the Council's Corporate Plan and associated Strategic Risks. The framework is expected to be drafted by the end of March 2024 and presented at Audit Committee in July 2024 for approvals. Note there is no Audit Committee expected during the period March- June inclusive.	31 st July 2024.	Head of Financial Services
2	Directed	<p>SLT meet weekly and have a standing agenda item discussing current and potential risks to aid in horizon scanning for emerging risk, however the is no policy document or requirements for this to happen.</p> <p>This review sampled three service plans for identification of new or emerging risk and while two of the three service plans sampled had a section for identification of emerging risk, this was not filled in.</p>	<p>It is recommended that horizon scanning be added to the policy to help ensure that it happens on a timely basis at regular instances to help Dacorum identify new potential risks.</p> <p>Additionally, it is recommended that where there are sections on documents, they be completed in full or where not applicable this be populated in its place.</p>	3	Agreed. Horizon scanning to be added to the risk policy as part of the update the Council's Corporate Plan and associated Strategic Risks. The policy is expected to updated by the end of March 2024 and presented at Audit Committee in July 2024 for approvals. Note there is no Audit Committee expected during the period March-June inclusive.	31 st July 2024.	Head of Financial Services
3	Directed	While every risk had controls and assurances attached to it, these were not adequately specific or detailed.	It is recommended that each identified risk has detailed controls with specific actions, processes, timeframes, and control owners. It is recommended	3	Agreed. This will be implemented in time for Q4 23-24 reporting. Q4 2023-24 reports are presented to Members in the first quarter of 24/25.	30/06/24	Head of Financial Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		<p>This test found that there was a discrepancy between the action reported and the action in practice. 'Failure to optimise income generated by commercial assets' has a control of ' There are currently InPhase performance targets to maintain the number of voids (empty properties) below 5%, and to keep the rent arrears below 10%. Failure to meet either of these targets would prompt further investigation' stating a threshold of 10% , However during the review it was evidenced that the actual threshold being used is 18% and thus not in line with the mitigating controls. This could lead to the risk becoming likely or having a bigger impact and could also ultimately affect the council in achieving its objectives.</p> <p>Lacking specificity and detail in controls and assurances may hinder effective risk management and mitigation efforts within the council. Risks on the strategic risk register are rag rated with mitigating controls and assurances listed, the controls do not have owners, defined frequencies, or due dates. Ensuring each control or action has a frequency or due date will allow the council to track completion and ensure the control is in place as intended.</p> <p>Additionally, it was noted that some of the controls and assurances are statements of fact instead of controls.</p>	that the council have defined frequencies for controls and due dates for action alongside the risk register. It is recommended that all changes to controls are documented and approved at audit committee and a trail is on the risk register showing the updated action against the old action.				
4	Directed	The controls and assurances in the risk register do not have owners, the overall accountability for the controls and assurances lay with the risk owner. However not naming the individuals responsible for the	it is recommended that all controls and assurances have action owners to define responsibility.	3	Each published risk has a risk owner, who has the ultimate responsibility for any associated actions. The recommendation is asking for action owners to be recorded at an operational level. This will be added to	30/06/24	Risk owners/ Head of Financial Services

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
		controls may lead to confusion or controls not being implemented.			information held in the risk register. It is not proposed to publish this information as part of reports to the Strategic Leadership Team, Audit Committee or Cabinet as this will not add value to that process. The information will be available on request. This will be implemented in time for Q4 23-24 reporting. Q4 2023-24 reports are presented to Members in the first quarter of 24/25.		

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The audit identified a gap in the risk identification and management process where fraud is not included in the register. The omission of fraud from the risk register may hinder the organisation in identifying, assessing, and mitigating potentially fraudulent activity. As fraud is such a wide-ranging risk with a variety of consequences such as financial losses, due to theft, embezzlement, or other types of financial crime. Reputational harm resulting from service interruptions, public disclosure of a company's sensitive information, or the loss of customer data, the council may benefit from developing this onto the risk register.	Management should consider fraud as a risk and develop it onto the risk register if appropriate.	Fraud risk is captured under the Strategic Risk Register under 'Failure to ensure compliance with statutory and legislative requirement'. The Corporate Anti- Fraud function sits within Financial Services. A specific operational risk has been added to the service plan for that service for 24/25 that captures risk around fraud.

Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
MTFS	1	Final – Report Nov	Final
Commercial Rents	2	Final – Report Nov	Final
Garage Rents	2	Final – Report Nov	Final
H&S - Corp	1	Final – Report Jan	Final
Risk Management Framework	2	Final	Final Issued 8/3/2024
Community Grants	2	Final	Final Issued 6/3/2024
Key Financial Controls	3	Final	Final Issued 6/3/2024
HRA H&S	1	Draft	Draft Issued 7/3/2024
Leisure Contract	3	Draft	Draft issued 13/2/2024
Climate Change	4	Draft	Draft issued 13/2/2024
Performance Management	3	Draft	Draft issued 5/2/2024 awaiting management comments.
Waste Management	3	Draft	Draft Issued 7/3/2024
Budgetary Control	3	Fieldwork Complete	Exit Held 7 th March
Housing rents	4	Fieldwork commenced	In Progress
Overtime and Additional Allowances	2	Fieldwork ongoing	In Progress
Housing Allocations	4	Initial Meeting held 6/3/2024	Awaiting audit information

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Planning Enforcement	4	To be commenced	Opening meeting requested
Planned and Preventative Estate Maintenance	4	To be commenced	Opening meeting requested
Housing Transformation Improvement Programme (HTIP)	4	Postponed	Postponed to 24/25

KEY:

	To commence		Site work commenced		Draft report issued		Final report issued
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Priority 1 and 2 Recommendations - Progress update

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>Review title: 22/23 202122 Place Strategy HGP JD</p>						
<p>The Hemel Place Board along with HGC Delivery Board, to devise a suite of metrics against key deliverables and to be reported periodically over the life of the project/ scheme.</p>	<p>2</p>	<p>Hemel Place and HGC will work with DBC Project Management Office to articulate the objectives and consider appropriate KPIs when in delivery mode and whether these should only be in policy development mode as well. For example KPIs are relevant to HGC capital spend for 2022/23. Hemel Place will move to delivery mode after April 2023 and it is suggested that relevant KPIs will be reported to SPEOSC going forward.</p>	<p>30/04/2023 Revised 31/12/2023</p>	<p>Programme Director, Hemel Garden Communities</p>	<p>02/11/2023 25/01/2024</p> <p><i>Hemel Place – Projects will be developed to implement and deliver the Hemel Place Strategy when finalised including the Hemel Hempstead Town Centre Vision. Appropriate KPIs and key deliverable will be developed as part of each project and will be agreed as part of the project governance through the Corporate Place Board and Hemel Place Board</i></p> <p><i>Hemel Place - Budgets will be set, approved and reported on as part of project development and governance reporting as described on 08/09/2023. This is an ongoing action as projects develop and will be embedded in the governance process as described</i></p> <p>25/1/2024</p> <p><i>At the moment, HGC does not have any live capital projects. Our key workstreams are the production of evidence in support of the Local Plan, so the member scrutiny comes via the Local Plan processes.</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>The Hemel Place Board along with HGC Delivery Board, to devise a suite of metrics against key deliverables and to be reported periodically over the life of the project/ scheme.</p>	2	<p>Hemel Place and HGC will work with DBC Project Management Office to articulate the objectives and consider appropriate KPIs when in delivery mode and whether these should only be in policy development mode as well. For example KPIs are relevant to HGC capital spend for 2022/23. Hemel Place will move to delivery mode after April 2023 and it is suggested that relevant KPIs will be reported to SPEOSC going forward.</p>	<p>30/04/2023 Revised 31/12/2023</p>	<p>Programme Director, Hemel Garden Communities</p>	<p>02/11/2023 25/01/2024</p> <p><i>Hemel Place – Projects will be developed to implement and deliver the Hemel Place Strategy when finalised including the Hemel Hempstead Town Centre Vision. Appropriate KPIs and key deliverable will be developed as part of each project and will be agreed as part of the project governance through the Corporate Place Board and Hemel Place Board</i></p> <p><i>Hemel Place - Budgets will be set, approved and reported on as part of project development and governance reporting as described on 08/09/2023. This is an ongoing action as projects develop and will be embedded in the governance process as described</i></p> <p>25/1/2024</p> <p><i>At the moment, HGC does not have any live capital projects. Our key workstreams are the production of evidence in support of the Local Plan, so the member scrutiny comes via the Local Plan processes.</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>It be ensured that budgetary positions for “discreet projects” such as Hemel Place including key variances are presented on a periodic and proactive basis to Members for approval, and that this approval is documented accordingly.</p>	2	<p>The financial forecast shows an over spend of £76k as opposed to £170k and is interdependent to the Place Communities Enterprise restructure and additional spend to deliver Hemel Place priorities.</p>	<p>31/3/2023 Revised 31/12/2023</p>	<p><i>Hemel Place Strategy, Programme Manager</i></p>	<p>02/11/2023</p> <p><i>Budgets will be set, approved and reported on as part of project development and governance reporting as described on 08/09/2023</i></p> <p><i>“08/09/23</i></p> <p><i>Financial reporting on Hemel Place Strategy as well as other such projects within the service area will be included in programme management reporting moving forward as appropriate as well as included in Scrutiny reporting on programme updates.”</i></p> <p>25/1/2024</p> <p><i>As previously responded - Hemel Place - Budgets will be set, approved and reported on as part of project development and governance reporting as described on 08/09/2023. This is an ongoing action as projects develop and will be embedded in the governance process as described</i></p>	

Review title:

22/23 Housing Repairs & Maintenance

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>Risks related to repairs and maintenance be regularly captured and logged in order for risk to be appropriately monitored and mitigated.</p>	2	<p>The Council have a strategic risk around the ‘the inability to deliver safe and good quality homes’. This is a high level risks designed to capture housing property related risk including that relating to repairs and maintenance. There are further operational risks which are featured on the department service plan</p>	<p>18/08/2023</p> <p style="background-color: #fff9c4;">31/3/2024.</p>	<p><i>Ian Kennedy (Interim Head of Asset Management), Steve Cooper (Repairs/key to key Team leader)</i></p>	<p>02/11/2023</p> <p><i>A an operational risk register is being developed for review at the OPSL strategic core group meeting. This should be finalised by 30 November 2023.</i></p> <p>26/01/2024</p> <p><i>An operational risk register is being developed for review at the OPSL strategic core group meeting. This has been delayed (live risks are reviewed at operational meetings) and full risk log will be in place for March 24.</i></p> <p style="background-color: #fff9c4;">08/02/2024</p> <p><i>Change of revised due date as per update from AD.</i></p>	

Recommendation	Priority	Management Comments		Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Review title: 22/23 Empty Homes							
Whilst it is acknowledged that the Empty Homes Team is working to resolve the delays in reletting properties, Management should devise a strategy to deal with the delays in a timely manner and/or formally and systematically evidence escalation of the issue to Senior Management.	2	We acknowledge that there have been delays and performance has not been where we would expect this to be. The weekly WIP meeting has been restructured to ensure that properties are discussed and any delays are monitored, discussed and escalated in the timely manner. We have been working with the tenancy team and will be reintroducing the pre termination and transfer visits at the property with the tenant and will be raising the condition of the property and how this is expected to be returned at the end of their tenancy in order to reduce the works required when void which is a tenants responsibility. DBC is working with our exiting contractors and exploring the use of other contractors to improve the turnaround time on adapted properties.	31/03/2024 March 24.	Lesley Jugoo Empty Homes Lead Officer	6/01/2024	The progress of void works continues to be monitored at the weekly WIP meeting, should any delays be encountered these would be escalated to the HOS and the contract manager at OPSL. A monthly report is also now in place reporting on performance and turnaround times which will be presented to HSLT / PH monthly.	

Recommendation	Priority	Management Comments		Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Review title: 21/22 Safeguarding and Prevention							
<p>The Policy be reviewed and updated in line with the proposed changes and communicated to staff at the earliest opportunity.</p>	<p>2</p>	<p>Policy is in the process of being reviewed and updated following staff changes and changes to the designated safeguarding leads.</p>	<p>31/07/2022 Revised 31/12/2023</p> <p style="background-color: #ffff00;">31/03/2024</p>	<p>Sue Warren, Lead Officer, Safeguarding</p>	<p>01/11/2023</p>	<p>Changes have been made to the policy as per the recommendation. There is further work to be done on the policy to make it fit for purpose and fully reflective of current safeguarding best practice. The new Head of Safe Communities is working on a thorough review of the policy prior to taking the document through the Council's approval process.</p> <p>26/01/2024</p> <p>As a result of a thorough review of the Safeguarding Policy, it was concluded that the policy had to be separated into two policies: Safeguarding Policy Children & Young People and Safeguarding Policy Adults at Risk to capture the relevant needs of both Adults at Risk and Children and Young People. As of January 2024, both policies are fit for purpose and ready to go through the Council's approval process. A quarterly Safeguarding Report is due to be heard at HSLT on 29 February 2024 and at SLT on 6 March 2024. Both policies will be reviewed alongside the report.</p> <p style="background-color: #ffff00;">28/02/2024</p> <p style="background-color: #ffff00;">Safeguarding policies due at SLT and HSLT next month.</p>	
Review title: 20/21 GDPR/Information Governance							

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Review title: 21/22 Safeguarding and Prevention						
An exercise be undertaken to review e-records and ensure a log of any destruction is appropriately recorded.	2	An on-going objective is to review the Council's e-records across all services to ensure that departments are aware of system records retention and any residual records on network shares. This is part of the Information Security Team Leaders (ISTL) Objectives. This is a major item of work, so the timetable for implementation is adjusted to reflect this.	30/09/2021 Revised 31/12/2023 30/5/2024	Information Security Team Leader	02/11/2023 Revised implementation date due to capacity within the service and other service priorities. Document retention policies are in place to support appropriate review and destruction of records as needed. Work on review of e-records per the recommendation are expected to conclude end of December 2023. 23/01/2024 Records of Processing (ROPA) document has now been completed. The ROPA is now available online. Phase 2 will be to send questionnaire based on ROPA to HoS to complete. Due to other commitments I cannot provide a start date for Phase 2 , but is likely to commence Q1 2024-25. 16/02/2024 Revised due date to 30/05/2024	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>Review title: 22/23 Corporate Health and Safety</p>						
<p>Audits be undertaken in line with the approved plan of visits (see recommendation 8).</p>	<p>2</p>	<p>All services have now completed the self-audit, and CHSR are in the process of analysing the results to inform audit plans going forward. The new H&S Risk Profile will also inform audit plans. The H&S Consultant is completing a full H&S Management across the Council and has started an audit of contractor management. An audit of Fleet management was also carried out in October.</p>	<p>31/12/2022 Revised 12/12/2024</p>	<p>CHSR Team</p>	<p>CHSR size has been reduced from 3 to 2 , which will impact on the number of audits that can be undertaken a year. The digital platform once in place and populated will also make it easier for the service to undertake audits, so the priority is to progress with implementation of the platform.</p> <p>The new Head of Health, Safety and Resilience starts on 8th January 2024 and he will decide the audit programme going forward, taking account of resources, the risk profile and findings from the H&S Review.</p> <p>28/02/2024</p> <p>Ongoing.</p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>Review title: 23/24 Health and Safety</p>						
<p>Actions be taken to ensure all corporate building safety compliance checks are evidenced and completion of actions is fed back to the Building Surveyor for recording on the compliance spreadsheet.</p>		<p>Head of Property Services has advised that all FLAGEP compliance checks are monitored, and completion of actions is fed back to the Property Services Compliance Surveyor. Operational meetings continue with contractors and delivery of reports have improved but will continue to be monitored. Legionella Risk Assessment: The Head of Property Services has confirmed that the risk assessment for Building D was carried out in 2020 and is stored and managed by the Property Services Compliance Surveyor. A review was undertaken in March 2023. Fire risk assessment action plan: The first matter is being addressed through rewrite of the Corporate Health and Safety Policy which clearly puts responsibility on the premises controller to ensure the local fire safety arrangements (allocated to the “Appointed Person” in the Fire Policy) have been implemented. The Managers Self Audit has shown good compliance on local fire arrangements, so although the Fire Policy needs updating in this area, this is not high risk. When the Fire Policy is updated in May 2024 the appointed person reference will be clarified and reflect the H&S Policy. It will also incorporate Arson. An arson risk assessment of the Forum was conducted in September 2022. Note the revised H&S Policy went to SLT on 15th November 2023. This is currently undergoing consultation. Once they have approved it, it will go to Cabinet for final sign off (early in the New Year).</p>	<p>31 May 2024</p>	<p>Head of Property Services HHSR</p>	<p>11/03/24 The outstanding action against this recommendation relates to the update of the Fire policy which is due in May 2024</p>	

<p>Local risk assessments be reviewed and updated on a regular basis, ensuring that records are completed in full and action dates are complied with.</p>		<p>The quality and need for regular update of risk assessments was identified in the H&S review. There are actions in the review action plan to address this. Growth bid was submitted two years ago for database to allow for this to happen more easily. The digital H&S platform is being implemented from Feb until Oct 2024 and will be used to record local risk assessments. It will enable actions arising from them to be tracked. Local Managers will need to review their risk assessments as part of the process of uploading them onto the database. Self-Audits have been carried out and this information has been used to highlight areas that need more support and risk assessment review first. A common risks risk assessment template has been developed to assist all managers with recording their risk assessment and this will be circulated after it has been to H&S Board and managers required to complete it. The Head of Property Services has confirmed that the risk assessment for the kitchens has been updated and manufacturer's instructions provided with microwave ovens. H&S consultant gave feedback to the responsible managers on the risk assessments referred to for the Adventure Parks and OTH Theatre as part of her review in July 2023. The Leisure Services Manager has confirmed that lone working devices have been provided. Risk assessments are being updated and where there are no further actioned they will ensure N/A is added. Theatre Manager has confirmed that there are no hazards with outstanding actions at the Theatre. The general risk assessment (originally dated April 2022) has been reviewed and no updates were needed. NB: New Heads of Service are being appointed in Place Communities and Enterprise. They will be responsible for ensuring risk assessments are regularly reviewed and updated going forward.</p>	<p>28/02/2024</p>	<p>HHSR / Heads of Service Strategic Director Neighbourhood Operations</p>	<p>No comments</p>	
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<p>Actions be taken to expedite the outstanding self-audit responses and develop the Health and Safety audit plan for delivery in 2023/24.</p>		<p>Whilst there has not been a scheduled audit plan during 2023, the major review of health and safety across DBC which was carried out between May and November 2023, included visits to Adventure Parks, Old Town Hall, Cupid Green Depot and review of local documentation. An audit of Fleet Management was also carried out. TIAA report represented the situation in August 2023, when they carried out their audit. All Managers Self Audits had been received prior to publication of this audit report, with senior management support throughout to ensure completed. Health & Safety Consultant was brought in to carry out a major review in May 2023. The results of this were presented to SLT on 14 December 2023 and will be presented to Cabinet early in the New Year. Only two of the Manager Self Audit responses had low scores and these have been followed up by CHSR and support provided. This identified that the low scores were mainly due to a form completeness issue rather than a short fall in service provision. A new quarterly Head of Service reporting process was approved by the Health & Safety Board in October 2023 and was implemented from January 2024 (reporting to their Strategic Director and CHSB) and this will include the action Heads of Service are taking to address their Manager Self-Audit findings. The CHSR Team has undergone a major restructure to ensure that the appropriate resource at the appropriate level is allocated to the team. A new Head of Health, Safety and Resilience (HHSR) started in January 2024, their sole areas of responsibility will be Health, Safety and Resilience. They will need time to address findings from the review before planning further audits. Also, our management arrangements are being documented and future Managers Self Audits will be based on these. Year 2 of Managers Self Audit to be carried out in Q1 2024 and this will be included in the 2024 Service Planning (as it was in 2023). Schedule of Audits to be developed by HHSR</p>	<p>30 April 2024</p>	<p>Strategic Director Neighbourhood Op/H&S Manager /Head of Health, Safety & Resilience</p>	<p>No comments 11/03/24 Year 2 of Managers Self Audit to be carried out in Q1 2024 and this will be included in the 2024 Service Planning (as it was in 2023).</p>	
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KEY:

Priority Gradings (1 & 2)

1	URGENT	Fundamental control issue on which action should be taken immediately.	2	IMPORTANT	Control issue on which action should be taken at the earliest opportunity.
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Risk Mitigation

	CLEARED	Internal audit work confirms action taken addresses the risk exposure.		ON TARGET	Control issue on which action should be taken at the earliest opportunity.		EXPOSED	Target date not met & risk exposure still extant
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Priority 3 Recommendations remaining open – As requested by AC

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Report	FY	Recommendation	Priority	Management Response	Latest Update
22/23 Procurement	2022	Regular review of the Contracts Register to ensure accuracy true to agreements and establish action taken prior to expiration of contracts. It might also be considered to assign responsibility to this within the Commissioning & Procurement Standing Orders.	3	To ensure compliance with this recommendation, I will arrange for a review of the contract register to take place to ensure that it holds up to date and correct information. I will also ensure that a procedure note is drafted so that the client/contract manager notifies the procurement team on the extension or early termination of a contract so that the contract register can be updated. This will also be reflected in the guidance provided in the Commissioning & Procurement Standing Orders.	<p>23/01/2024</p> <p>Work is progressing to update the Contract Register and the Procurement Forward Plan to ensure that they remain up to date. The Council have also recently commissioned a contract to support improvements with the procurement and contract activities to provide greater transparency with procurement planning and contract performance.</p> <p>01/03/2024</p> <p>The data on the contract register is currently being validated and will be completed by 31 March 2024.</p>
22/23 Procurement	2022	Contract Management of Major Council Contracts to be reported on and supervised in line with performance indicators identified within the tender proposals. This is to support the Council in hitting agreed targets, ensuring that value for money prevails, and that non-compliance or poor performance can be identified/	3	To comply with this recommendation I will draft a paper for presentation at Commercial Board for further discussion. The paper will propose criteria for identifying what is a Major Council Contract and will propose a programme of reports on contract performance to be presented to Commercial Board on an ongoing basis.	<p>23/01/2024</p> <p>The Council have also recently commissioned a contract to support improvements with the procurement and contract activities to provide greater transparency with procurement planning and contract performance.</p> <p>01/03/2024</p>

		<p>addressed proactively, prior to a contract failing. Frequency to be agreed between Head of Commercial Development and Scrutiny Committee.</p>			<p>The categorisation on contract values has already been established, with small contract values being between £75k - £250k, medium contract values being between £250k - £1M and large contract values being £1M+.</p> <p>I will present a report to Commercial Board in March 2024, identifying contracts and their values and discuss the potential for the performance of the Council's largest/ most significant contracts to be reported periodically to CB. Monitoring of contract performance is a clearly established requirement for all services within the individual directorates, and has been supported by the recent contract management training for all officers responsible for procuring and managing contracts..</p>
<p>2022/23 Procurement</p>	<p>2022</p>	<p>It is recommended that action be taken to ensure all tender documentation is completed are retained, in conjunction with officers being reminded of the importance of doing so in line with standing Orders, procurement procedures and document retention policies.</p>	<p>3</p>	<p>In light of the recommendation I will arrange for a procedure note to be drafted and sent out reminding all staff of the responsibilities and procedures for undertaking all quotation and tendering activities. This will also include a section on document retention.</p>	<p>23/01/2024</p> <p>The Council have also recently commissioned a contract to support improvements with the procurement and contract activities to provide greater transparency with procurement planning and contract performance. This work includes a review and update of all procurement & contract related documentation. Once completed an awareness training program will be developed and delivered across the Council</p> <p>01/03/2024</p>

					Procedure note will be drafted and sent out to all Heads of Service/Assistant Directors by 31 March 2024
21/22 Waste Management	2021	The Waste Services Handbook be reviewed and updated to reflect the documentation in use.	3	A review is to take place as part of the transformation programme (Phase 1).	<p>04/06/23</p> <p>Revised Driver's Handbook prepared following consultation. To be agreed with Trade Unions.</p> <p>NB/ Audit on waste Management imminent.</p> <p>04/06/23</p> <p>Revised Driver's Handbook prepared following consultation. To be agreed with Trade Unions.</p>
22/23 Corporate Health & Safety	2022	Risk assessments undertaken locally be provided to the Corporate Health, Safety and Resilience Team for review.	3	A growth bid has been approved for the implementation of a corporate health & safety database that will allow the collation of this information and proper governance including review dates.	<p>23/01/2024</p> <p>ICT have now informed us that the digital H&S platform for H&S will be developed between February - October 2024. This will enable risk assessments to be uploaded and so available to CHSR.</p> <p>A growth bid has been approved for the implementation of a corporate health & safety database that will allow the collation of this information and proper governance including review dates.</p>
22/23 202122 Place Strategy HGP JD	2022	It be ensured that the HGC Board/ Committees/ Group Terms of References are reviewed in a timely manner and approved by the respective Body. The date of review to be noted on the document.	3	TOR were amended in Summer 2022, and due to personnel changes the MOU needs new signatures from Claire Hamilton (DBC) and Councillor Stephen Boulton (HCC)The MOU in principle has been agreed by the HGC Delivery Board. The final signatures are in progress. File headings will be	<p>04/02/24</p> <p>The MOU of HGC has now been agreed by all parties and will be signed at the next Board meeting on 29th February 2024.</p>

				amended to provide clarity over the date of review.	TOR were amended in Summer 2022, and due to personnel changes the MOU needs new signatures from Claire Hamilton (DBC) and Councillor Stephen Boulton (HCC)The MOU in principle has been agreed by the HGC Delivery Board. The final signatures are in progress. File headings will be amended to provide clarity over the date of review.
22/23 202122 Place Strategy HGP JD	2022	The Council to develop a standardised project structure including requirements that there is standard project documentation, clear roles and responsibilities and something about how long records should be maintained along with standardised reporting to a project board.	3	DBC has a clear PMO office with clear documents and roles/responsibilities. The Hemel Place work will report into the DBC Corporate Place Board, chaired by James Doe, Strategic Director Place. HGC reports to the HGC Delivery Board, with an Independent Chair and in turn the HGC Delivery Board reports to DBC's Cabinet, HCC's Growth Infrastructure & Planning Cabinet Panel / Highways & Transport Cabinet Panel and SACDC's Local Plans Advisory Group. Please see the governance structures for more information which are subject to periodic reviews at key milestones, e.g. moving to delivery mode.	08/09/23 This recommendation extends beyond Hemel Place Strategy and Hemel Garden Communities to the wider organisation. The Council has standard project documentation - work is being done to embed usage across the organisation. This is a medium term project, expected conclusion February 2024.
21/22 Housing Benefits	2021	It must be ensured that the appropriate level of authorisation is obtained for the write off and that it is processed in 2021/22.	3	The service recognises that this account has been awaiting processing for a long time. However there are higher priority tasks to be carried out during the remaining months of 2021/22, and so it will have to wait until the first quarter of 2022/23 to be picked up.	23/01/2024 This task has remained as a low priority, as it is about housekeeping rather than materiality. The value is fully accounted for within the bad debt provision, but we do accept that the action needs to be taken. Due to the low priority, a report for the portfolio holder has not yet been prepared, but it is planned to be done before the end of Q4 2023/24

					28/02/2024 Within the process for Portfolio Holder sign off.
23/24 H&S	2023	Risk levels be assigned to all actions recorded in the action log in accordance with the Risk Key.	3	Since March 2023 the tracking of actions from CHSB has continually improved. CHSR are proactively following up with those with actions and asking them to respond prior to CHSB. This enabled most actions to be ticked off prior to the October meeting. A new template for recording actions was introduced in October 2023. This did not include the risk rating, so this has now been reinstated. A report on CHSB goes to SLT and this would include highlighting actions that had not been progressed.	n/a
23/24 H&S	2023	An officer be nominated to progress the draft Health and Safety risk with the SLT and complete the review of Environment Services risks.	3	H&S Consultant was shown the strategic Risk Register on 25 August 2023. This referenced H&S as part of a wider risk relating to statutory compliance. Heads of Service in Neighbourhood Operations have confirmed that their operational risk registers are up to date and include H&S risks where appropriate. Note that since the audit a full H&S Risk profile has been developed and is kept under review by CHSB. Consideration is being given to how this will link to operational and strategic risk registers.	n/a
21/22 Procurement	2021	Further actions be undertaken to improve the Council's training arrangements, as follows: Assistant Directors to identify nominated leads in each area so Procurement can ensure these staff are	3	The Procurement Service has already undertaken a number of training sessions with identified officers who carry out tendering activities as part of the roles.I will investigate with the GM of Technology and Digital Transformation as to when the Sharepoint update will be concluded, so	01/03/2024 The existing Procurement page on Dennis will be updated during March 2024, with relevant documentation.

	<p>appropriately trained; Completion of the Procurement intranet page be progressed in line with an agreed timescale, with matters escalated where necessary.</p>	<p>that the Procurement 'Do it on Dennis' page can be updated with the latest procurement guidance for officers to follow .This will be important, as the Government have recently published its response to the consultation on 'Transforming Public Procurement and the Council have adopted a new commercial approach which will impact on the advice and guidance that Procurement will be required to provide to officers.</p>	<p>Any proposed changes to the Council's procurement processes and procedures that arise from the current review being undertaken by Altair and the Procurement Act that will be implemented in October 2024, will be further updated during the year following agreement from Cabinet and adoption from Council.</p> <p>Procurement Awareness training will take place once any new updates to the Procurement Standing Orders have been agreed by Council, this is likely to be in the latter half of 2024/25</p> <p>Contract Management training has already commenced and further training will be delivered via Altair during Q1 in 2024/25.</p>
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Audit Committee

Report for:	Audit Committee
Title of report:	Annual Audit Plan , Strategy and Internal Audit Charter 2024/25
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Annual Audit Plan, Strategy and Internal Audit Charter 2024/25
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	None.

Report Author / Responsible Officer

Fiona Jump, Head of Financial Services



Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)

Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	All

Purpose of the report:	1. To present the proposed Annual Audit Plan, Strategy and Charter 2024/25 for Audit Committee comment and feedback.
Recommendation (s) to the decision maker (s):	1. To review and approve the Annual Audit plan 2024/25 at Appendix A. 2. To approve the Internal Audit Charter at Appendix A.
Period for post policy/project review:	Progress against the approved Annual Audit Plan 2024/25 will be reported to committee during 2024/25.

1 Background:

The Internal Audit service has a rolling programme of works to provide assurance over processes and controls across the Council.

This programme has a mixture of internal audit reviews that are undertaken. The frequency of these audits is based on the risk and potential impact to the Council of specific services, processes and systems being ineffective. As an example the review of core financial services is undertaken annually. Appendix A to this report outlines the 2024/25 proposed Annual Audit Plan.

Appendix A also sets out the internal audit charter. The charter formally defines internal audit's purpose, authority and responsibility. It should be reviewed and approved on an annual basis by Audit Committee.

2 Financial and value for money implications:

There are no direct financial implications arising from the approval of the Annual Audit Plan 2024/25.

3 Legal Implications

There are no direct financial implications arising from the approval of the Annual Audit Plan 2024/25.

4 Risk implications:

The proposed Annual Audit Plan has been informed by a risk assessment to ensure that planned coverage for the year is focussed on key audit risks and supports a robust Head of Internal Audit opinion to be provided.

5 Equalities, Community Impact and Human Rights

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

6 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report.

7 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no direct Council infrastructure implications arising from this report

8 Conclusion

The Annual Internal Audit Plan for 2024/25 sets out proposed areas of internal audit review for 2024/25.



Dacorum Borough Council

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Indicative Audit Strategy 2024/25 and Annual Plan 2024/25

February 2024

Draft



Executive Summary

Introduction

The Audit Plan for 2024/25 has been informed by a risk assessment carried out across our clients in the sector and by an updated audit risk assessment to ensure that planned coverage for the year is focussed on the key audit risks. This coverage will enable a robust annual Head of Internal Audit Opinion to be provided.

Key Risk Considerations

We have identified a number of key areas which require consideration when planning internal audit coverage.

Financial Management: Five local authorities since 2021 have declared themselves effectively bankrupt, with a number warning they may have to do the same. The LGA has identified a funding gap of three billion pounds over the next two years. This raises the importance of maintaining adequate financial controls.

Gap in Funding for Core Services: There is a risk that inflationary pressures and adverse financial circumstances might lead to a gap in funding to local councils and on key services.

Housing: Local authorities are struggling to build affordable housing that is needed. The number of social housing tenants in England complaining of damp and leaks is on course to more than double in the two years since a child died after living in a rented flat with chronic mould. And complaints handling related to maintenance is a continuing concern.

Project Management: Implementing collaboration between Councils, local authorities and other partners continues to be a significant challenge, Birmingham Council reported a £100 million hole in the EPR upgrade. As well as adding to financial pressures, project failure can impact services or residents lives and result in significant reputational damage.

Audit Strategy Methodology

In producing this audit strategy and annual plan, we have sought to build on our understanding of Dacorum Borough Council's operating environment and risk profile through a review of key documentation and discussions with key staff. We have taken into account:

- Dacorum Borough Council's business strategy and corporate objectives
- The regulatory and legislative framework
- Dacorum Borough Council's risk register
- External Audit recommendations
- Previous Internal Audit coverage

We take in to account any emerging or heightened risks that are facing the sector, to ensure that the work of internal audit remains appropriately prioritised and focused. Links to specific strategic risks are also contained in the Internal Audit Strategy.

Our approach complies with the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and the Public Sector Internal Audit Standards (PSIAS).

Internal Audit Strategy and Plan

The Audit Strategy at Appendix A incorporates the proposed annual plan for 2024/25 and the indicative coverage for the following two years.

The Annual Plan at Appendix B sets out the assignments that will be carried out in 2024/25, the planned times and the high-level scopes for each of these assignments.

The Annual Plan will be subject to ongoing review and could change as the risks change for the Dacorum Borough Council; this 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 each assignment within the Annual Plan includes research; preparation and issue of terms of reference; site work; production and review of working papers; and reporting.

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 Dacorum Borough Council. This number of days is fixed and it is TIAA's responsibility to deliver the Audit Plan for this number of days. Where DACORUM BOROUGH COUNCIL agrees additional work the required number of days and the aggregate day rate will be agreed in advance with the Chief Finance Officer/s and will be clearly set out in the terms of reference for the additional review(s).

Adequacy of the planned audit coverage

The reviews identified in the audit plan for 2024/25 support the Head of Internal Audit's annual opinion on the overall adequacy and effectiveness of Dacorum Borough Council'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.

Disclaimer

This document has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent.

No responsibility to any third party is accepted as the document has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this document and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our document.

Release of Report

The table below sets out the history of this plan.

Draft Strategy and Plan:	12/02/2024
Final Strategy and Plan:	TBC

Appendix A: 2024/25 Summary Plan

Review Area	Directorate	Service Area	Type	2024/25	Days
Governance					
Community Engagement	People and Transformation	Communications and Community Engagement	Assurance	✓	8
Risk					
Risk Management Framework	Corporate and Commercial Services	Financial Services	Assurance	✓	12
Business Continuity	Neighbourhood Operations	Corporate Health, Safety and Resilience	Assurance	✓	10
Finance					
Financial Resilience	Corporate and Commercial Services	Financial Services	Assurance	✓	10
Key Financial Controls	Corporate and Commercial Services	Financial Services	Assurance	✓	12
Capital Programme	Corporate and Commercial Services	Financial Services	Assurance	✓	10
Income – Cash and Bank	Corporate and Commercial Services	Financial Services	Assurance	✓	12
MTFS	Corporate and Commercial Services	Financial Services	Assurance	✓	12
Operational Performance and Infrastructure					
Licensing	Corporate and Commercial Services	Financial Services	Assurance	✓	10
Fleet Management Strategy	Neighbourhood Operations	Environmental Services	Assurance	✓	10
Neighbourhood Operations assurance	Neighbourhood Operations	Various	Assurance	✓	10
Tenancy Management and Enforcement	Housing and Property	Housing Operations	Assurance	✓	10
Private Sector Housing	Housing and Property	Safe Communities	Assurance	✓	10

Review Area	Directorate	Service Area	Type	2024/25	Days
Leaseholders – Section 20 process	Housing and Property	Housing Operations	Assurance	✓	8
Housing Transformation and Improvement	Housing and Property Services	All Housing and Property Services	Assurance	✓	5
Workforce					
Absence Management	People and Transformation	People	Assurance	✓	10
Recruitment and Training	People and Transformation	People	Assurance	✓	10
Added Value Audit Areas					
Project Management	People and Transformation	Transformation	Assurance	✓	5
Housing Regulatory Compliance and Building Safety	Housing and Property	Various including Safe Homes	Assurance	✓	10
Management and Planning					
Follow Up	All	All	Follow Up	✓	12
Annual Planning	N/A	N/A	Management	✓	3
Annual Report	N/A	N/A	Management	✓	2
Audit Management	N/A	N/A	Management	✓	24
Total Days					225

List of Advisory Reviews not included in the audit plan

Below is a list of reviews which are undertaken by our Specialists Staff and are available in addition to the plan.

Review	Indicative High Level Scope
Website Penetration Test	Web application penetration testing is the practice of simulating attacks on a system in an attempt to gain access to sensitive data, with the purpose of determining whether a system is secure. This is done in a safe and secure way with a report identifying weaknesses and remedial action.
Health and Safety Reviews	To provide assurance on a range of Health and Safety related topics to provide assurance and advice on compliance with statutory requirement and regulations.
Governance Effectiveness Reviews	The review will consider the Senior Managements effectiveness - including whether it has the structure, processes, people and performance to deliver. The review will also consider how they interact with stakeholders, and whether respective roles are clear.
Climate Change	Deep Dive into selected aspects of climate change using a qualified subject matter expert.

Appendix B: Annual Plan – 2024/25

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
Core Reviews to support the Head of Internal Audit Opinion						
1	Financial Resilience	Assurance	10	Confirm the realism and likely delivery success of identified saving within the current financial year and the Medium-Term Financial Plan.		IA
1	Key Financial Controls	Assurance	12	Key financial controls will be reviewed on an annual basis covering main finance systems and processes, with a more detailed review of each finance area on a modular basis over a three-year period. For 2024/25, this will include payments, debtors and income.		IA
3	Risk Management Framework	Assurance	12	Confirm the adequacy of identification of risks in relation to key objectives and realism and likely success of identified mitigation and associated actions.		IA
Suggested other Topics						
1	Community Engagement	Assurance	8	Review the council’s approach to community engagement, involvement, and experience. This includes an assessment of established procedures, cultural aspects and communication strategies supporting meaningful engagement within the community.		IA
1	Business Continuity	Assurance	10	Review of the adequacy and effectiveness of controls in place at the Council for managing the business continuity planning process and ensuring that the Council is resilient to disruptive events that may impact upon the organisation.		IA
1	Housing Regulatory Compliance and Building Safety	Assurance	10	To provide assurance that the council is operating in compliance with the Building Safety Bill and other regulatory requirements		IA
2	Fleet Management Strategy	Assurance	10	Controls and processes in place for managing Council owned fleet of vehicles and monitoring of fuel usage.		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
2	Private Sector Housing	Assurance	10	To provide assurance the Council is meeting its responsibilities in this area. To include compliance with regulatory requirements in relation to Housing Act 2004 and in particular, complaints received vs inspection – with due regard to Awaab’s Law. HMO licencing application process, Housing Health and Safety Rating System (HHSRS) inspection processes, leading into identification of Cat 1 hazards and enforcement action of private sector housing.		IA
2	Capital Programme	Assurance	10	The overall objective of this audit is to provide assurance over the adequacy and effectiveness of current controls over the Capital Programme and provide guidance on how to improve the current controls going forward. In summary, the scope will covered the following areas: Policies and Procedures, Governance Arrangements, Allocation of Capital Programme Budget, Project Initiation, Monitoring, End of Project Evaluation and Tracking Realisation of Proposed Benefits.		IA
3	Income – Cash and Bank	Assurance	12	This audit will focus on the council’s income management processes, specifically examining efficiency and security of cash and bank transactions. It will assess controls over the collection, recording and deposit of income		IA
3	Tenancy Management and Enforcement	Assurance	10	To provide assurance on tenancy management and enforcement arrangements including the mutual exchange process, Anti -Social Behaviour reporting and case management.		IA
3	Leaseholders- review of section 20 process	Assurance	8	To provide assurance on compliance with s20 of the Landlord and Tenant Act.		IA
3	MTFS	Assurance	12	Audit work is required to provide on-going assurance that scheme delivery against savings in the MTFS are being managed and monitored effectively and reported accurately. In addition, the scope of work will include assurance over the accuracy of the financial assumptions made around spending pressures. A sample of new savings and recurring savings will be selected for review. To incorporate corporate property and failure to maintain tenancies and to generate the projected return on investment will have significant financial consequences for the Council. The review will focus on the governance and reporting arrangements, project management and budgetary control for several key redevelopment projects.		IA

Quarter	Review	Type	Days	High-level Scope	Prog Ref	Review Type
3	Absence Management	Assurance	10	The review will evaluate the absence management practices within the council, focussing on efficiency, compliance, and strategies for minimizing staff absences. This includes assessing policies, monitoring mechanisms, and return-to-work processes with the goal being to optimise workforce productivity, ensure compliance and foster a healthy and supportive work environment.		IA
4	Housing Transformation and Improvement Programme (HTIP)	Assurance	5	To provide assurance that audit recommendations are being embedded into HTIP or other programmes from the EY work.		IA
4	Recruitment and Training	Assurance	10	This review will assess the controls governing staff recruitment and training within the council. It will examine policies and procedures to ensure the recruitment process is suitable and attracts the right skilled candidates, also that training is effectively implemented and recorded post recruitment. The goal is to ensure that recruitment and training are conducted appropriately, contributing to a skilled stable workforce.		IA
4	Project Management	Assurance	5	To review and provide assurance on the Council's project management arrangements and the Project Management Office.		IA
4	Licensing	Assurance	10	To review and provide assurance on the Council's Licensing service.		IA
1-4	Neighbourhood Operations Assurance	Assurance	10	Assurance reviews to be undertaken on areas of activity within the Neighbourhood Operations directorate. A review of Council arrangements for the management of and maintenance of trees that the Council has responsibility for to be undertaken.		IA
1 – 4	Follow-up	Follow up	12	Follow-up of implementation of agreed priorities one and two actions from audit reports, ensuring the Housing Association are implementing recommendations, and providing reports to the Audit Committee.		IA
1	Annual Planning	Management	3	Assessing the Council's annual audit needs.		
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	Audit Management	Management	24	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).		
Total days			225			

Internal Audit Charter

The Need for a Charter

The Audit Charter formally defines internal audit's purpose, authority and responsibility. It establishes internal audit's position within Dacorum Borough Council and defines the scope of internal audit activities. The establishment of the Audit Charter is a requirement of the Public Sector Internal Audit Standards (PSIAS) and approval of the charter is the responsibility of the Audit Committee.

The Role of Internal Audit

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 framework of governance, risk management and control. TIAA is responsible for providing assurance to Dacorum Borough Council's governing body (being the body with overall responsibility for the Dacorum Borough Council) on the adequacy and effectiveness of the risk management, control and governance processes.

Standards and Approach

TIAA's work will be performed with due professional care, in accordance with the requirements of the PSIAS and the IIA standards which are articulated in the International Professional Practices Framework (IPPF).

Scope

All Dacorum Borough Council 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 Dacorum Borough Council 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 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 Dacorum Borough Council 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.

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 Dacorum Borough Council 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 Dacorum Borough Council management.

Conflict of Interest

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.

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 internal policies, the PSIAS/IIA standards and Dacorum Borough Council's requirements.

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.

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 of Dacorum Borough Council and additional time will be required to carry out such testing. Dacorum Borough 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.

Liaison with the External Auditor

We will liaise with Dacorum Borough 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.

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 PSIAS/IIA standards.

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

Follow-Up Reports: We will provide an independent assessment as to the extent that priority 1 and 2 recommendations have been implemented. Priority 3 recommendations are low-level/housekeeping in nature and it is expected that management will monitor and report on implementation as considered appropriate.

Annual Report: An Annual Report will be prepared for each year in accordance with the requirements set out in TIAA's audit charter and PSIAS/IIA standards. The Annual Report will include a summary opinion of the effectiveness of Dacorum Borough Council's governance, risk management and operational control processes based on the work completed during the year.

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

Assurance Assessment Gradings

We use four levels of assurance assessments as set out below.

Substantial Assurance	There is a robust system of internal controls operating effectively to ensure that risks are managed and process objectives achieved.
Reasonable Assurance	The system of internal controls is generally adequate and operating effectively but some improvements are required to ensure that risks are managed and process objectives achieved.
Limited Assurance	The system of internal controls is generally inadequate or not operating effectively and significant improvements are required to ensure that risks are managed and process objectives achieved.
No Assurance	There is a fundamental breakdown or absence of core internal controls requiring immediate action.

Data Protection

TIAA has policies, procedures and processes in place to comply with all associated regulation and legislation on information security, which is underpinned by mandatory annual awareness training for all staff. To carry out our role effectively, we need to obtain information that is reliable, relevant and sufficient to support our findings and recommendations. The collection of data, particularly sensitive personal data, is minimised and is not shared with unauthorised persons unless there is a valid and legal requirement to do so. We have clear policies on the retention of data and its appropriate, controlled disposal. TIAA has a fully robust Information Security Management System that meets all the requirements of ISO27001:2013.

Quality Assurance

TIAA recognises the importance of Internal Audit being controlled at each stage to ensure that we deliver a consistent and efficient Internal Audit service that is fully compliant with professional standards and also the conditions of contract. We operate a comprehensive internal operational quality review process to

ensure that all Internal Audit work is carried out in accordance with these standards. These quarterly reviews are part of our quality management system which has ISO 9001:2015 accreditation.

Audit Committee Responsibility

It is the responsibility of the Dacorum Borough Council 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 Dacorum Borough Council.

By approving this document, the Audit Committee is also approving the Internal Audit Charter.

Disclaimer

The matters raised in this planning report, along with those raised in our audit and annual reports, are only those that came to the attention of the auditor during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all the improvements that might be made. This report has been prepared solely for management's use and must not be recited or referred to in whole or in part to third parties without our prior written consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended, for any other purpose. TIAA neither owes nor accepts any duty of care to any other party who may receive this report and specifically disclaims any liability for loss, damage or expense of whatsoever nature, which is caused by their reliance on our report.

Performance Standards

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

Performance Measure	Target
Completion of planned audits.	100%
Audits completed in time allocation.	100%
Draft report issued within 10 working days of exit meeting.	100%
Final report issued within 10 working days of receipt of responses.	100%
Compliance with TIAA's audit charter and PSIAS/IIA Standards.	100%



Audit Committee

Report for:	Audit Committee
Title of report:	External Auditor's Interim Annual Report 2022/23
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A External Auditor's Report 2022/23
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	None.

Report Author / Responsible Officer

Fiona Jump, Head of Financial Services



Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)

Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> To present the External Auditor's Annual Report for 2022/23

<p>Recommendation (s) to the decision maker (s):</p>	<ol style="list-style-type: none"> 1. To accept the External Auditor’s Interim Annual Report 2022/23, noting the recommendations within the report. 2. To note the status of the External Auditor’s audit the 2022/23 financial statements, which awaits assurance from the auditor of the Hertfordshire County Council Pension Fund, and the expectation of the issues on an unqualified audit opinion on the Council’s 2022/23 financial statements.
<p>Period for post policy/project review:</p>	<p>The Council’s External Auditor issues their report on an annual basis.</p>

1 Background:

The Council’s External Auditor for 2022/23 is Grant Thornton UK LLP.

The Council’s External Audit is required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in the use of its resources. External Audit are required to report their findings in the area to the Council on an annual basis.

Appendix A sets out the External Auditor’s Interim Annual Report on the Council’s arrangements to secure economy, efficiency and effectiveness in its use of resources. Grant Thornton will attend Audit Committee to present this report.

2 Financial and value for money implications:

Appendix A sets out the External Auditor’s view on the Council’s Value for Money arrangements.

3 Legal Implications

There are no direct legal implications arising from this report.

4 Risk implications:

External audit review is one of the key assurance mechanisms concerning the Council’s financial resilience and value for money arrangements.

5 Equalities, Community Impact and Human Rights

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

6 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report.

7 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no direct Council infrastructure implications arising from this report

8 Conclusion

The External Auditor's Interim Annual Report 2022/23 has found no significant weaknesses in the Council's arrangements in the areas of financial sustainability, governance and value for money.

Auditor's Interim Annual Report on Dacorum Borough Council

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2022/23

March 2024



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

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11

Criteria	2022/23 Risk assessment	2021/22 Auditor judgement on arrangements	2022/23 Auditor judgement on arrangements	Direction of travel
Financial sustainability	No risks of significant weakness identified	No significant weaknesses in arrangements identified.	No significant weaknesses in arrangements identified but one improvement recommendation made See further commentary on pages 6 to 10 of this report	↔
Governance	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but improvement recommendations were made.	No significant weaknesses in arrangements identified. See further commentary on pages 11 & 12 of this report.	↑
Improving economy, efficiency and effectiveness	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but an improvement recommendation was made.	No significant weaknesses in arrangements identified. See further commentary on pages 13-15 of this report.	↑

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

Dacorum Borough Council (the Council) has a strong track record of managing its finances prudently and in spite of what has been a turbulent period in public sector finances due to the Covid-19 pandemic, the war in Ukraine and the cost-of-living crisis, the Council has maintained a firm grip on its finances. We note the financial challenges ahead are significant, especially in the latter years of the Medium-Term Financial Strategy (MTFS) to the end of 2026/27. However, early indications and the forecast position for 2023/24 indicate that the Council is managing that uncertainty well. Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any significant weaknesses and have not raised any key recommendations. We have raised one improvement recommendation as a result of our review. See page 10 for more detail.

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Governance

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We note that the CEO has implemented a new leadership structure with 5 new Strategic Directors. This structure appears to be bedding in well and based on the findings of our review, we consider there to be appropriate tone from the top. We note that the composition of the Audit Committee is relatively new following recent elections. We have not identified any significant weaknesses and have not raised any key recommendations or improvement recommendations.



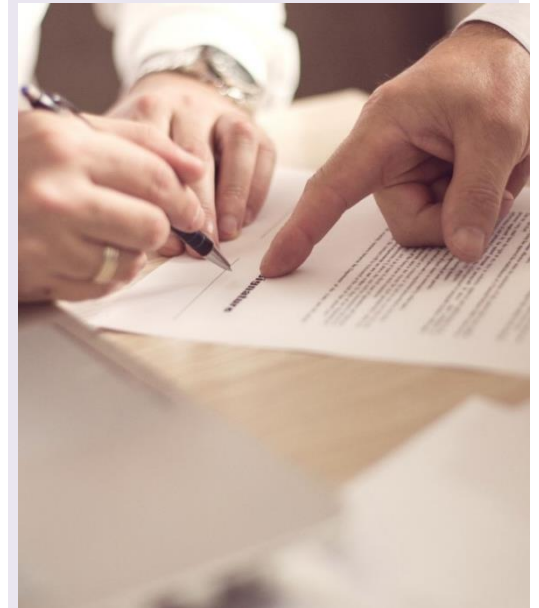
Improving economy, efficiency and effectiveness

The Council is currently updating its Corporate Plan and associated performance indicators. We note that this work is in progress and the direction of travel is positive. As with all Councils, Housing presents financial challenges and the turbulence in the wider economy has impacted on costs for repairs and maintenance. That, allied to increased regulatory requirements, means the Housing service is under pressure. The Council has recognised this and its new Housing Strategy underpinned with a revised HRA Business plan and Asset Management strategy means that the Council is responding positively to managing those pressures. We have not identified any significant weaknesses and have not raised any key recommendations or improvement recommendations.



Financial Statements opinion

Our audit of your financial statements remains incomplete as we wait for key assurances from the Hertfordshire County Council Pension Fund auditor. Once this is received we expect to issue an unqualified audit opinion. Our findings are set out in further detail on pages 17.



Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

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Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 6 to 15.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

In 2022/23, the Council was recovering from the financial effects of the pandemic as funding from the Government to meet additional costs wound down. However, there were additional financial pressures on the budget from issues such as rising energy costs, inflation, interest rates, Brexit and supply chain issues. The Council therefore faced a difficult economic backdrop against which it had to make spending and funding decisions to ensure future financial sustainability.

Financial outturn 2022/23

The Council has historically performed well in managing its finances, with a track record of strong financial and budgetary management despite the challenging environment in which it is operating. The Council achieved a small surplus of £0.065m for 2022/23. Although there was a small surplus there were cost pressures in year on Waste services (£0.97m – due to increased rounds and maintaining additional fleet) and the impact of the pay award across all services (£0.72m) which were offset by improved income (£1.53m) from investments due to rising interest rates.

The Housing Revenue Account has returned a deficit of £2.29m. This was largely due to significant increases in repairs and maintenance costs and was covered by a transfer from reserves.

Financial forecast outturn 2023/24

The Council originally set a General Fund revenue budget for 2023/24 of a net cost of £14.57m which included a savings target of £1.8m in the year

The Housing Revenue Account (HRA) budget was set at £63.7m including a contribution to reserves of £0.016m.

The Quarter 3 Performance Report presented to Cabinet in March 2024 updated members on the forecast outturn for the year. This predicted the General Fund (GF) to be £0.236m under budget. This included a number of pressures:

- additional employee costs within Neighbourhood Operations £0.175m

- additional expenditure on works to trees in the borough £0.080m
- a reduction in income received in relation to services provided to the HRA (HRA recharge) £0.459m

The above pressures were offset by:

- increased investment income £0.203m
- further government grants £0.170m
- reduction in staffing pressures within the Place directorate £0.115m.

The HRA is reporting a budget pressure of £0.370m at quarter 2. There are increased pressures of £3.777m on repairs and maintenance, and £0.482m on supervision and management costs. These are offset by increased investment income of 0.313m, income from tenants of £1.179m and the £2.538m removal of the Revenue contribution to capital to support the underlying in year budget pressures.

Budget setting process

Our 2021/22 report in May 2023 includes details of the budget setting process which has not changed for the 2024/25 round of financial planning. A Corporate Service Planning process was undertaken to develop specific priorities and opportunities for service areas over a 3-year period. This process was then used to inform savings and opportunities for the budget planning process.

The resulting service plans identified a number of consistent themes across service areas, including: Climate change action; Improving customer focus; Improving processes through digitisation and the development of a Digital Strategy; Developing positive leadership and culture and the need for a new People Strategy; Community Safety; Economic Recovery and a refreshed focus on the Council's place shaping programme. The majority of these key outcomes have seen further strategic development throughout 2023.

Financial sustainability

Budgetary control

Expenditure against budget is monitored by services on a monthly basis and services are supported in this process by accountants who are assigned to specific services. Quarterly financial performance reports are then provided to Cabinet. One of our improvement recommendations from last years' report was that these performance reports should include non-financial as well as financial detail to give members a holistic view of performance. The Council committed to doing this from Q1 2023/24 financial reporting and We are pleased to observe evidence of implementation and reports now include this more holistic view of performance

Medium term financial strategy

The MTFs for GF revenue expenditure (2023/24 - 2026/27) was updated and presented to members in January 2023 then approved in February 2023.

Savings plans

The latest position on savings is included in the Budget 2024/25 and MTFs 2024/25 document which was presented to Cabinet in October 2023. Based on the assumptions in the MTFs strategy, the total Savings Requirement in the period 2023-2028 is £4.4m, of which £1.7m has already been identified. This leaves a residual savings requirement of £2.7m. The Council has a four-year savings plan which recognises that the delivery of savings opportunities has grown increasingly complex in recent years and these opportunities require a longer lead time to ensure successful delivery. As a result of this, the total savings requirement comprises three elements which reflect the fact the Council has a number of initiatives already underway to deliver savings in future years. Table 2 opposite provides a breakdown of the savings requirement.

These are challenging targets for the Council and represent 5-10% savings per annum over the 3 year period. We note the emerging commercial strategy and the suite of business cases that are being developed which should potentially generate additional income to contribute to these savings targets. Aside from the commercial strategy there is a strong reliance on the Council's Transformation programme to deliver the savings target. Typically transformation programmes such as these can take time to deliver and may be subject to slippage. The Council should allow for sufficient headroom within the savings plans to mitigate these risks and to protect reserves. We make an improvement recommendation relating to this point (see improvement recommendation on page 10). Notwithstanding this recommendation the Council is managing its savings targets in a structured and disciplined way.

Table 1 – MTFs 2023-24 to 2026-27

APPENDIX A2 - GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY					
	Approved 2022/23	Estimate 2023/24	Estimate 2024/25	Estimate 2025/26	Estimate 2026/27
	£000	£000	£000	£000	£000
Service Expenditure & Income					
Employees	27,600	30,340	30,002	30,784	32,174
Premises	5,199	5,461	5,762	5,935	6,072
Transport	1,800	1,929	2,001	2,087	2,177
Supplies & Services	8,018	8,427	8,145	8,087	8,235
Third-Parties	987	831	836	841	857
Transfer Payments	47,146	47,146	47,146	47,146	47,146
Capital Charges & Bad Debts	4,916	4,922	4,925	4,927	4,930
Income	(69,167)	(71,553)	(73,170)	(74,115)	(74,492)
Recharge to HRA	(5,084)	(6,115)	(6,298)	(6,487)	(6,682)
Cumulative Savings	0	0	1	230	(246)
Net Cost Of Services	21,415	21,388	19,349	19,435	20,170
Less:					
Interest Receipts	(300)	(755)	(1,101)	(1,278)	(1,488)
Interest Payments & MRP	1,029	741	741	741	741
Reversal of Capital Charges	(4,802)	(4,802)	(4,802)	(4,802)	(4,802)
Net movement to/(from) Earmarked Reserves	(1,390)	2,639	84	489	543
Budget Requirement General Fund	15,952	19,211	14,271	14,585	15,164
Parish Precepts	1,015	1,234	1,282	1,333	1,385
Budget Requirement Including Parishes	16,967	20,444	15,553	15,917	16,549
Funded by:					
Business Rates Retained	(2,904)	(3,067)	(3,187)	(3,246)	(3,306)
Revenue Support Grant	0	0	2,403	3,247	3,247
New Homes Bonus	(1,294)	(1,627)	0	0	0
Other Government Grants	(343)	(66)	0	0	0
Council Tax (Surplus)/Deficit	402	0	0	0	0
Business Rates (Surplus)/Deficit	1,023	(1,111)	0	0	0
Net Expenditure before Council Tax	13,851	14,574	14,769	15,918	16,489
Demand on the Collection Fund	(13,851)	(14,574)	(14,994)	(15,451)	(15,949)
General Fund Balance B/Fwd	(2,502)	(2,502)	(2,502)	(2,502)	(2,502)
In year use	0	0	0	0	0
General Fund Balance C/Fwd	(2,502)	(2,502)	(2,502)	(2,502)	(2,502)
Total Savings Requirement		1,799	1,541	114	160
of which,					
Savings identified, and already delivered		0	0	0	0
Savings identified, but still to be delivered		(1,799)	(847)	(113)	(31)
Savings still to be identified		0	694	1	129

Source: Dacorum BC General Fund MTFs Update 2023-24 to 2026-27

Table 2 – MTFs 2024-25 to 2027-28 (October 2023 update)

	2024/25	2025/26	2026/27	2027/28
	£1,600k	£1,190k	£900k	£720k
Total Savings Requirement	£1,600k	£1,190k	£900k	£720k
a. Savings identified, and delivered.	£800k			
b. Savings Identified, but still to be delivered	£800k	£110k	£30k	£0k
Total Savings Requirement	£0k	£1,080k	£870k	£720k

Source: Dacorum_BC_Draft 2024-25 Budget_&_MTFS

Financial sustainability

Financial planning

The Corporate Plan (2020-2025) clearly sets out corporate strategic priorities, which are also referenced within the Council’s financial planning. The plan provides a framework to invest in the Council’s broader ambitions and long-term priorities. We are satisfied there is a clear linkage between the Medium Term Financial Strategy (MTFS) and the priorities set out in the Corporate Plan. These priorities are referenced in the MTFS. The capital programme also supports the Council’s corporate priorities. The capital programme is mainly focused on the development of a small number of large projects including Leisure investment, fleet replacement and development of Light industrial units.

The Council’s Corporate Plan is currently in the process of being updated in early 2024.

Managing risks to financial resilience

The Council has identified risks to the capital and revenue forecasts as part of the MTFS. These risks are scored as high, medium or low and given a control measure in order to reduce the risk to MTFS. The 2023/24 MTFS has identified a shortfall in the General Fund of £4.4m over 4 years, £1.7m of which have already been identified. Generally, we find the Council to be well managed and there is a high level of understanding of its budgetary position, budgetary pressures and any savings required. There is an established process by which the budget is reviewed regularly, and issues are reported on a timely basis to those charged with governance.

Reserves

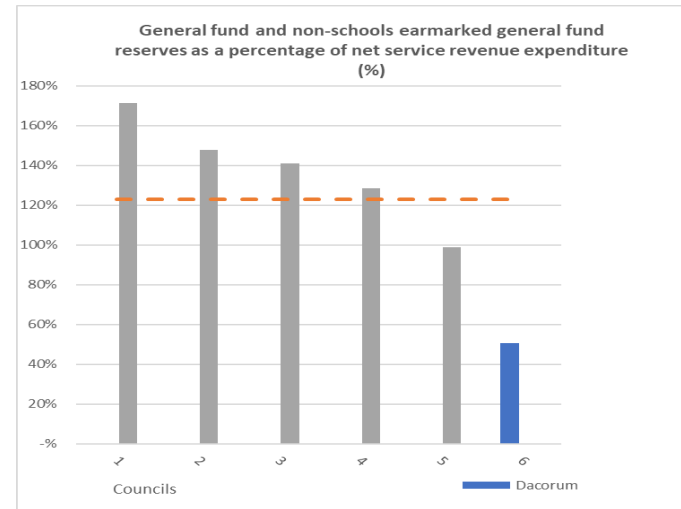
We note the Council sets aside unallocated reserves and reviews these annually in the context of emerging financial challenges with reserves called upon as required in line with plan. The Council’s track record of good financial management and delivery to budget year on year, has enabled the Council to operate comfortably with a relatively low level of unallocated general fund and earmarked reserves, compared to other similar district councils. This is indicative of a Council that is focused on putting its financial resources to work rather than holding on to its reserves. However, we note that with the challenging savings targets the Council has moving forward, the Council’s financial risk profile is shifting. The unallocated reserves balance of £2.5m was the balance as at March 2023, which is approximately 6% of the net revenue budget for services in 2023/24 and is in excess of the 5% generally accepted benchmark. In addition, the Council has set aside a further £18.5m of reserves into earmarked funds to manage various identified risks. Total forecast reserves as at March 2024 are expected to be £21.5m.

With this in mind, we undertook some analysis of the Council’s reserve levels in comparison to those of other similar councils (see table 3 below). The benchmark group we selected was based on data from published 2022/23 draft accounts and comprised five other Hertfordshire districts (Watford, Three Rivers, North Hertfordshire, Broxbourne and Welwyn Hatfield). The results indicate the level of available general fund and earmarked reserves as a proportion of the net cost of services for Dacorum Borough Council as at 31 March 2023 was low in comparison. However, for context, the Council has a relatively strong financial position with a smaller medium term funding gap and a lower level of financial risk than others in the comparator group.

The other factor to note is that the peer authorities cited in the report are geographically close to Dacorum but all have differing risk profiles and circumstances. Dacorum has a lower level of savings to deliver than some of those authorities. The Council’s debt position is manageable with loans at favourable PWLB rates meaning exposure to debt financing risks is at a reasonable level. We also note that the Council undertook a risk assessment on its unallocated reserve balance which was published as part of the 2024/25 budget

So, in summary we are content that the Council is in a managing its reserves position prudently.

Table 3 – Reserves Analysis



Source: 2022/23 LG Draft Accounts

Financial sustainability

Capital

The Council has a Capital Strategy in place which is clearly linked to the priorities in the Corporate Plan. The General Fund capital programme 2024-2029 totals circa £69m, the larger capital programmes are:

- £28m for Leisure Investment, plans to be discussed with members in early 2024
- £16m for the ongoing fleet replacement programme
- £2.5m for the provision of a new DEN's One stop shop and foodbank.
- £4.5m for Light Industrial development and delivery
- £6m for Place shaping acquisitions

Major capital projects are managed by the relevant budget holder/contract manager. There are quarterly reports on capital spending and the progress of the capital programme and these go to Cabinet with explanations of the major variances. We note that the quarter 2 monitoring report in November 2023 is reporting slippage of £4.1m, a large proportion of which (£2.5m) relates to the creation of a new Community Facility and Foodbank at the Hub (Dens) which is linked to the housing development.

In the Housing Revenue Account capital spend is planned to be £268m across the five years. For 2023/24 the Housing capital budget was £81m. The new Housing Revenue Account (HRA) business plan was presented to Cabinet in January 2024. This sets out the financial implications of plans for new and existing Council homes contained in the Council's Housing Strategy 2024-29. The Business Plan covers a 30 year period, with a focus on the medium-term (the first five years) where there is greater certainty on costs, demands, resources and pressures.

Borrowing

The Council's debt and borrowing position is illustrated in table 4 below.

Table 4 – Debt and Borrowing

	2021/22 Actual £m	2022/23 Estimate £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m	2026/27 Estimate £m
External Debt						
Debt at 1 April	353.502	349.680	337.446	355.214	385.672	400.497
Expected change in Debt	(3.822)	(12.233)	17.768	30.458	14.826	14.295
Other long-term liabilities	0.188	0.188	0.188	1.188	1.188	1.188
Actual gross debt at 31 March	349.868	337.634	355.402	386.860	401.685	415.980
The Capital Financing Requirement	345.051	349.299	393.901	450.144	464.235	477.749
(Under)/over borrowing	4.817	(11.665)	(38.499)	(63.284)	(62.550)	(61.769)

Source: Draft Treasury Management Strategy 2023/24

There are a number of key indicators to ensure the Council operates its activities within well-defined limits. One is that the Council needs to ensure its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures borrowing is not undertaken for revenue purposes or to generate a profit. The Council complies with this indicator.

Conclusion

Overall, we are satisfied the Council has appropriate arrangements in place to ensure it manages risks to its financial sustainability. We have not identified any significant weaknesses and have not raised any key recommendations.

Improvement recommendations


Improvement Recommendation 1

The Council should develop sufficient headroom within its savings plans to mitigate the risk that the Transformation programme may slip.

Summary findings

The Council has in place a Transformation programme and Commercial Strategy to help deliver the £2.7m savings required in the period 2024/25 to 2026/27. Typically transformation programmes such as these can take time to deliver and may be subject to slippage. The Council should develop sufficient headroom within the savings plans to mitigate these risks and protect reserves.

Criteria impacted

 Financial sustainability

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.

Management comments

The savings proposals are robustly scrutinised and reviewed by the Strategic Leadership team and tolerances are included in the projected savings - these are reviewed and monitored. The Strategic leadership team will assess the need to set up headroom in future medium-term planning.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

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Leadership, decision making and committee effectiveness

The Council operates a Leader and Cabinet form of executive arrangements. In addition, there are four scrutiny committees which hold the Cabinet to account.

The work of the Council's committees are governed by the Constitution. The Constitution is regularly reviewed and updated, and was last reviewed in October 2023. Relevant information is provided to decision makers before major decisions are made to ensure there is appropriate challenge. For example the MTF5 document is very detailed and clearly sets out the decisions required and provides detailed explanations for the financial forecasts.

Scrutiny is focussed on the Council's performance against the Council's Corporate Plan (2020-2025). This is currently being updated with a new version expected in the first quarter of 2024. based on the current plan there is a link between performance and finance.

The Annual Governance Statement should be read alongside the Council's Constitution, which sets out how the Council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution is shared with all staff members on joining and is openly available on the Council's website.

Internal governance arrangements

In 2022-23 the Council implemented a new senior leadership structure which established 5 Strategic Directors (SDs). This structure appears to be bedding in well and based on the findings of our review, we consider there to be appropriate tone from the top. Each of the SDs has a Corporate Board which has delegated responsibility for decisions in its service area.

Only exceptions and contentious decisions are escalated to the Strategic Leadership Team (SLT). This was a deliberate strategy of

empowering the SDs to take decisions and accountability on themselves.

Alongside this new structure the CEO has established a leadership programme which all 55 of the Council's middle managers are participating in.

A centralised Programme Management Office (PMO) has also been established in 2022-23 to support the new SDs in the development and reporting of performance highlight reports.

The Council has undergone a significant changeover in members following the switch of Council from Conservatives to Liberal Democrat control. This has necessitated a significant input in terms of training new members in the governance arrangements. The Council officers have worked to adapt to the needs of the new administration.

Monitoring & assessing risk

The Council has a detailed risk management policy that provides details of the Council's approach to, and methodology for, the management of risk and provides guidance to all employees and Members on their roles and responsibilities in respect of risk management. The Council has arrangements in place to identify strategic risks, record and assess them. We reviewed the Strategic Risk Register (SRR) from March 2023 that was presented to the Audit Committee in July 2023 and found it to be fit for purpose.

The SRR assesses the profile of each risk by analysing the impact and likelihood to gain an overall view of the significance of the risk's threat to the achievement of the objectives. These are later multiplied to give an overall score which is used to help inform the response to the risk. Furthermore, the report includes an update from the previous quarter. We raised an improvement recommendation in our 2021-22 report relating to inconsistencies when recording the risk appetite score in the SRR and note that this has now been addressed.

Governance

Internal Audit

The Council has an established internal audit function that monitors and assesses the effectiveness of internal controls. The internal audit function is supplied by TIAA. We have inspected the Internal Audit annual report 2022-23 and confirmed the Council obtained substantial or reasonable assurance in 15 out of the 16 reviewed areas, providing an overall reasonable assurance for the year. There was one audit which concluded "Limited Assurance". In total the IA team completed 16 of the planned 17 reviews.

The limited assurance audit was Corporate Health and safety and this was rolled forward from 2021/22. After the review of the documentation provided by the internal audit function, we can confirm the Audit Committee has received sufficient and appropriate assurance to assess the effectiveness of internal controls and that there are no gaps in the assurance provided.

Monitoring and ensuring appropriate standards

The Council has arrangements in place to monitor compliance with legislation and regulatory standards. The arrangements include the oversight of the Monitoring Officer, and the work of internal audit.

The Annual Governance Statement is compliant with the CIPFA code. It forms part of the Annual statement of accounts for 2022-23 and was reviewed and approved by the Audit Committee (AC) in June 2023. An appropriate level of care is taken to ensure the Council's policies and procedures comply with relevant codes and legislative frameworks.

The Council has a Counter-Fraud and Counter Corruption Policy, as well as a Whistleblowing Policy, Code of Conduct and Anti-Money Laundering Guidance. These document the policies and procedures of the Council, as well as the ethical behaviours expected of staff.

A Register of Interests is maintained and there is a standing item on all meetings of the boards and panels to disclose any interests relating to matters on the agenda. There is a good suite of policies in place, covering anti-fraud and corruption, and the Council has an established anti-fraud culture. We identified in the previous year, that the Council could disclose gifts or hospitality which had been declined. This has been reviewed and included in the recent review of the Constitution by the Monitoring Officer.

We have not been made aware of any significant non-compliance with the Council's governance framework, other breaches of legislation or regulatory standards, or serious data breaches.

Audit committee effectiveness

The purpose of the Audit Committee is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements at the Council. The Committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to those charged with governance that those arrangements are effective. There are no statutory requirements that determine the composition of the Audit Committee.

The Audit Committee comprises seven members. CIPFA's recommendation in *Audit, Standards & Governance Committees: Practical Guidance for Local Authorities and Police (2022)* is authorities should strive to have no more than eight members, the Council is therefore following the recommendation.

CIPFA guidance emphasises the importance of the separation of executive roles and the membership of the AC. Where an authority has a cabinet system of governance, as the Council does, including a member of the cabinet on the committee is discouraged. We have compared the

membership of the AC with the members of the Cabinet to ensure a clear separation. We can confirm that no members of the Cabinet are also members of the AC, in line with the guidance.

There are currently no independent members on the Council's Audit Committee. CIPFA guidance and the Redmond Review (2020) recommend the committee includes two co-opted independent members. We note from the AC on the 26 July 2023 that the Council is in the process of trying to recruit independent members.

To discharge its responsibilities effectively, CIPFA guidance recommends the Committee meet at least four times a year. The Council's Audit Committee met six times in 2022/23 and has already met four times in 2023/24 with two more meetings scheduled before the end of March 2024. While the Audit Committee has met regularly we noted that one of the members only attended one of the six meetings. We do note, however, that the composition of the Audit Committee has changed for 2023-24 and attendance has been good in the four meetings to date in this financial year.

Conclusion

Overall, we are satisfied the Council has appropriate governance arrangements in place. We have not identified any significant weaknesses and have not raised any key recommendations. We have not raised any improvement recommendations.

Improving economy, efficiency and effectiveness



We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

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Working in partnership

The Council works with a number of strategic partners. The main partnerships are with Leisure via Everyone Active that provides the Council's leisure services, and Osborne property services and Sun Realm, which both provide housing repairs and maintenance services to the Council. There is also a shared service for building Control services with seven other district councils.

The Council is currently in a partnership with Herts crematorium and is exploring options for partnerships in the following areas:

- NHS and ICB partners to develop Hemel market square into a Health campus
- Legal services
- Planning services

These are being overseen by the Commercial Board (CB) which was established in January 2023 following the development of the Commercial Strategy in 2022. The CB has responsibility for scrutinising current and prospective partnerships to ensure they are delivering or will deliver value for money for the Council.

The Council has a strong relationship with the County Council. The Chief Executive at the Council also chairs the South West Herts Joint Strategic Partnership. which is a partnership between St Albans, Watford, Hertsmere, Three Rivers and Dacorum whose remit is to develop a regional spatial growth plan beyond the current local plan periods. The growth locations have yet to be decided in terms on investment but there has been good collaborative working to date.

Procurement

Robust and compliant procurement is key in delivering public services as organisations need to meet statutory obligations and deliver value for money for taxpayers.. We have discussed with the Council how they ensure they are following the recommendations set

out in the LGA national procurement strategy and we are satisfied the Council has adequate processes and controls in place to meet these. For example, the procurement team has now integrated its procurement pipeline with its contracts register to ensure the contracts register is complete. The new Commercial Board provides oversight on ongoing improvement in both procurement and contract management and ensuring that upfront work on forward planning is carried out. The updated version of the Contracts Register is included on the Council's website. The Council monitors the performance of procurement through its Commercial Board.

A new set of procurement and contract standing orders has been developed in 2023. They are a very clear set of rules and regulations that are there to primarily protect the Council, but also the officers, and to make them fully aware of what they should and should not be doing and represent good practice. A new set of contract documents has been developed with the support of an external legal firm Sharpe Pritchard and the Council has embarked on formal contract management training for managers in January 2024.

We noted there is a tender waiver process is in place with regular reporting of tender waivers to the Audit Committee.

Performance monitoring

The performance monitoring function of the Council has undergone significant change in the past 18 months with a new Strategic Director of People and Transformation and a number of new performance roles created and filled. The Key Performance Indicators (KPIs) of the Council have been reviewed, updated and benchmarked against other Councils with the result that a new set of KPIs has been developed. These align with the Council's Corporate Plan which is in the process of being updated in the first quarter of 2024.

Improving economy, efficiency and effectiveness

The introduction of “performance clinics” where the performance team reviews and challenges service data and KPIs with services is a new feature of the developing new performance management regime. The new process is for five performance clinics, one for each directorate which will be chaired by the Strategic Director (SD) of that respective area. The clinics will include each Corporate Leadership Team (CLT) member for that directorate area and a representative from the performance team. The performance clinics will allow the performance team to highlight to the SD the performance levels of the KPIs for their service area and enable in-depth discussions on actions for maintaining or improving performance and any underperforming KPIs that need escalating to SLT/ Members.

The performance team is providing a monthly commentary on service performance and providing more robust challenge. A good example is the recent analysis of sickness leave which was rising and the performance team carried out a deeper analysis to find out whether this was due to a seasonal flu outbreak. Work is still ongoing on the conclusion of that analysis. Performance reports are reviewed at the SLT meetings as well as to one of the three quarterly Scrutiny committees. Below is an extract from the November 2023 performance report.

Corporate & Commercial Services					
Financial Services - Monthly Performance Scorecard					
Measure Code #	Measure	Date	Actual	Target	DoT
FIN01	Percentage of creditor trade invoices paid within 30 days	Nov 2023	99.4%	96.0%	3.4
FIN02a	Time taken for debtors to pay	Nov 2023	68.8	40.0	28.8
<p>Performance against target has declined slightly from the previous month. Targets for this indicator have been held at pre-pandemic and current cost of living crisis conditions. This has been a deliberate strategy based on the strong performance of the service against these target prior to the economic conditions of recent years and an aspiration to achieve this target going forward. This approach is kept under review with the most recent review being part of the Performance Improvement Project with new monthly targets. These targets will be approved as part of the approval process for the whole Performance Management Framework.</p>					
FIN03	General Fund Budget Variance against forecast	Nov 2023	£36,000.00	0.00	36,000.00
<p>The position reported is that as at the end of October the latest approved position. The GF is reporting a surplus as at period 7 (October 2023) driven by increased investment income arising from high interest rates.</p>					
FIN04	Housing Revenue Account Budget Variance against forecast	Nov 2023	£70,000.00	0.00	70,000.00
<p>The position reported is that as at the end of October the latest approved position. The HRA is reporting a pressure of £370k at month 7 (October 2023). This relates to staffing and repairs and maintenance forecast costs, partly offset by increased investment income arising from high interest rates.</p>					
FIN06	Capital variance against forecast	Nov 2023	£-35,000.00	0.00	-35,000.00
<p>There is a small forecast underspend against the Council's capital programme as at October 2023, the latest approved position.</p>					

The current Corporate plan is being updated and as part of the process the performance team is working with services to ensure their service plans are aligned with both the new KPIs and the overarching Corporate plan which the KPIs support. We have considered the new arrangements as part of our review and are encouraged that these should significantly strengthen the Councils ability to monitor performance and take mitigating action where necessary.

Benchmarking

The performance team works closely with and has good links to other Hertfordshire Councils sharing data for benchmarking purposes. In particular the area of Waste services has been benchmarked with other councils.

There have been no peer reviews carried out in the past 5 years though the Council is keen to engage in such an exercise. The Council is planning to have a peer review in late 2024 though this is dependent on any election requirements. The contingency position is to push this back into quarter 1 of 2025. We endorse this approach and consider the timing is appropriate for a peer review for the Council.

Housing

In common with other authorities in the sector, the Council has experienced significant pressure in the performance of the housing service in the past year. The introduction of increased regulatory requirements around electrical safety, damp and mould have been contributing factors. There is a new build programme totalling £90m which runs to 2026-27 and alongside this there is a large backlog of repairs and though the Council is managing this in a structured way there is no doubt that this will put ongoing pressure on the Council's resources and finances and will need to be carefully managed moving forward. In particular the procurement for total asset management will be a critical for the Council to get right and this deserves significant ongoing attention.

During 2022-23, the Council had to deal with a serious incident in one of its properties and self referred to the Housing Regulator in May 2022. Having reviewed all the remedial actions that the Council took in respect of fire and asbestos, the Housing Regulator concluded that the evidence at this time did not indicate a systemic failing and they had not found a breach of the consumer standards and accordingly did not take regulatory action. The Council has continued to monitor the situation and has a strong focus on the issues which gave rise to the incident.

The Council appointed a new Strategic Director of Housing and Property Services in early 2023 who is overseeing the implementation of a new Housing strategy to run from 2024 to 2029. The strategy has 5 key commitments:

1. Become an excellent social landlord, delivering services that meet the needs of our residents.
2. Demonstrate dedication to tackling the climate emergency in Dacorum. Reducing energy consumption of our existing housing stock, and take steps to ensure that all new homes meet excellent thermal efficiency standards.
3. Champion the provision of safe, warm and dry homes across the Borough
4. Champion a culture of collaboration, both internally and with external stakeholders to deliver services and positive outcomes
5. Seek to meet the diverse housing needs of everyone living in Dacorum

The Housing strategy is accompanied by a new Housing Revenue Account (HRA) business plan which was presented to Cabinet in January 2024. One of the key strands of the new Housing Strategy is the Asset Management Strategy (AMS) which is being presented to Cabinet in March 2024. In the meantime an interim version has been issued and is being worked to.

Improving economy, efficiency and effectiveness

The AMS is aligned with the HRA business plan and has at its core a stock condition survey. The Council has recently embarked on a stock condition survey and has assessed 40% of its 10,000 properties. The remainder it has “cloned” as the majority (75%) are relatively new properties so the expectation is that they will not require the same level of repairs as the ones already assessed and this means the sample already taken can be deemed representative.

The Council is playing a leading role in the county in dealing with homelessness and the Chief Executive chairs the Strategic Migration Partnership in the East of England dealing with the associated issue of asylum seekers. This is an area putting significant financial and resource pressure on the Council and is one of a number of risks the Council is managing.

Overall the Council has identified a need to address a number of issues in housing and has taken action under its own initiative. We are therefore satisfied that appropriate action has been taken to identify and address the issues.

Conclusion

The Council is currently updating its Corporate Plan and associated performance indicators. We note that this work is in progress and the direction of travel is positive. As with all councils, Housing presents real financial challenges and the turbulence in the wider economy has impacted on costs for repairs and maintenance. That, allied to increased regulatory requirements means that Housing is under pressure. The Council has recognised this and its new Housing Strategy underpinned with a revised HRA Business plan and Asset Management strategy means that the Council is responding positively to managing those pressures.

Overall, we are satisfied the Council has appropriate arrangements in place to secure economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses and have not raised any key recommendations. We have not raised any recommendations as part of our review.

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The Council should include non-financial information and performance data in financial reports to provide a more holistic view of the Council's situation and performance to Cabinet members	Improvement	June 2023	The Council provides detailed quarterly performance information to its Overview and Scrutiny Committee meetings and Cabinet. Financial performance reports also go to these committees on a quarterly basis. The financial reports include operational context for areas of significant financial pressure/ benefit. Where appropriate and relevant, links will be made to relevant performance information to provide Members with a more holistic view of service performance. This will commence as part of Q1 2023/24 reporting.	Yes	No
2	The Council should more consistent when recording the risk appetite scores to provide an indication of what level of risk is tolerable	Improvement	June 2023	The Council will ensure that risk appetite is recorded as part of its Strategic Risk Register reporting arrangements. This will commence from Q1 2023/24 reporting. Further guidance will be provided to risk owners to support this as needed	Yes	No
3	The Council should update the procurement strategy in order to reflect the current governance arrangements and processes around procurement. Especially, it should address the creation and role of the Commercial Development Board and the new processes surrounding standing orders.	Improvement	June 2023	The procurement strategy will be updated to reflect current governance arrangements. This will be carried out during 2023/24. See page 15 of this report	Yes	No

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

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We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

Our audit of your financial statements remains incomplete as we wait for key assurances from the Hertfordshire County Council Pension Fund auditor. All other work relating to the financial statements audit was completed between July and September 2023 with the findings reporting to the Audit Committee in September 2023 within our Audit Finding Report.



Use of auditor's powers

We bring the following matters to your attention:

2022/23

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not issue any statutory recommendations

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a Public Interest Report

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not apply to the court under Section 28 of the Local Audit and Accountability Act 2014

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue an advisory notice

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not apply for a Judicial review

Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

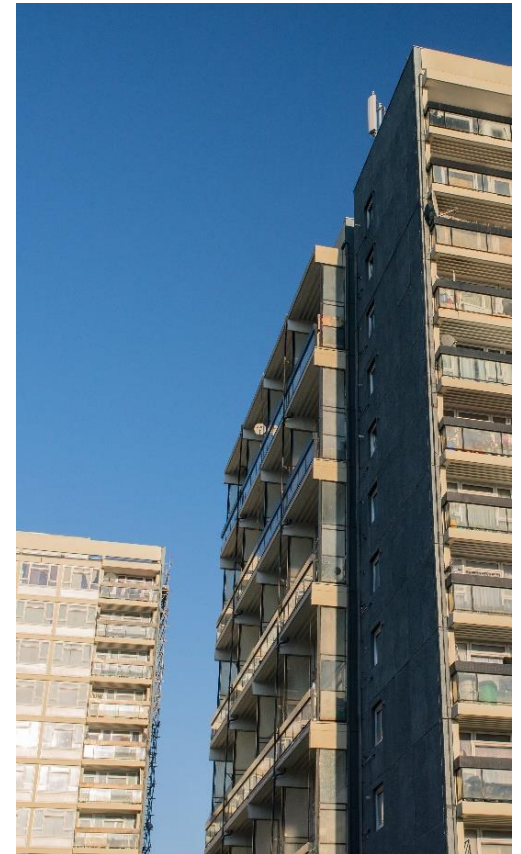
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

Local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Page 10

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Audit Committee

Report for:	Audit Committee
Title of report:	Indicative External Audit Plan 2024/25
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A External Audit Indicative Plan and Strategy 23/24
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	None.

Report Author / Responsible Officer

Fiona Jump, Head of Financial Services



Fiona.jump@dacorum.gov.uk / 01442 228162 (ext. 2162)

Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	All
Purpose of the report:	<ol style="list-style-type: none"> To present the indicative External Audit Plan and Strategy for the year ending 31st March 2024.

Recommendation (s) to the decision maker (s):	1. To note the Plan at Appendix A.
Period for post policy/project review:	The Council’s External Auditor issues their opinion on the Council’s financial statements and their report on the Council’s value for money arrangements on an annual basis.

1 Background:

The Council’s External Auditor for 2023/24 is KPMG LLP.

Appendix A sets out set out KPMG’s risk assessment and planned audit approach for 2023/24. KPMG will attend Audit Committee to present this report.

2 Financial and value for money implications:

External Audit review is a key means of assessment of the Council’s financial and value for money arrangements.

3 Legal Implications

There are no direct legal implications arising from this report.

4 Risk implications:

External audit review is a key means of mitigation against the potential weakening of the Council’s financial resilience and value for money arrangements.

5 Equalities, Community Impact and Human Rights

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

6 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report.

7 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no direct Council infrastructure implications arising from this report

8 Conclusion

The External Auditor’s Indicative Audit Plan for 2023/24 sets out their risk assessment and planned audit approach for 2023/24.

Dacorum Borough Council

DRAFT - Report to the Audit Committee

Indicative External Audit Plan & Strategy for the
year ending 31 March 2024

20 March 2024

Introduction

To the Audit Committee
of Dacorum Borough Council

We are pleased to have the opportunity to meet with you on 18 March 2024 to discuss our audit of the financial statements of Dacorum Borough Council for the year ending 31 March 2024.

We have been appointed as your auditors by Public Sector Audit Appointments Ltd. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and in compliance with the NAO Code of Audit Practice. The NAO is consulting on a new Code of Audit Practice for 2023-24, therefore this plan will remain draft until the finalisation of that Code.

This report outlines our risk assessment and planned audit approach. **Our planning activities are still ongoing and we will communicate any significant changes to the planned audit approach as a result of further work still to be undertaken. In addition, any legislation changes as a result of ongoing DHLUC, NAO & CIPFA consultations may impact our plan. Please note that this is our indicative audit plan & strategy.** We note that an audit opinion has not been expressed on the prior period, once the prior period audit opinion has been expressed we will communicate any significant changes to the planned approach. We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

Contents	Page
Overview of planned scope including materiality	3
Significant risks and Other audit risks	5
Audit Risks and our audit approach including Going concern	6
Mandatory communications	12
Appendix	14

The engagement team

Chris Paisley ACA is the engagement director on the audit. He has 13 years of experience.

Chris Paisley will lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Sofie Kockelbergh (Engagement Manager) and Marshal Ngwarai (Assistant Manager) with 8 and 7 years of experience respectively.

Yours sincerely,



Chris Paisley

Director - KPMG LLP

05 March 2024

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when audits are:

- Executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality controls and
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We depend on well planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner. The audit undertaken in the current year is dependent on the finalisation of the previous auditor's work over historical financial statements. We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

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Overview of planned scope including materiality

Our materiality levels

We determined materiality for the Council financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation and a lack of shareholders when determining materiality for the financial statements as a whole.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level of materiality (65% of materiality) driven primarily by the fact that this is the first year we are auditing the Council.

We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £0.2m.
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

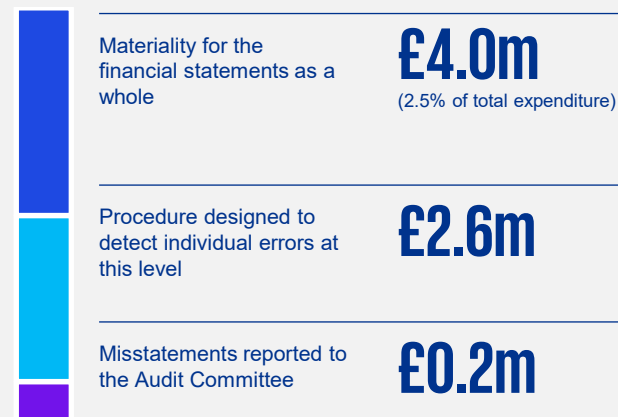
Control environment

The impact of the control environment on our audit is reflected in our planned audit procedures, in particular the lack of existing knowledge has led us to reduce our performance materiality as already referenced.

File review

We will undertake an appropriate prior year file review dependent on the final opinion issued by the previous auditors.

Council Materiality



Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the engagement director and manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in November 2023 outlining our audit approach and discuss management's progress in key areas;
- Due to the work of previous auditors still being on-going, and consultations taking place regarding the backstop dates, we will be communicating dates for audit completion at a future meeting of the Audit Committee.
- Quarterly private meetings can also be arranged with the Audit Committee chair if there is interest.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We do not plan to rely on the work performed by internal audit as part of our external audit.
KPMG Pensions Centre of Excellence (PCoE)	We will be utilising our PCoE team to perform work over the LGPS assets & liabilities within the Council's accounts.
KPMG IT Audit Team	Given this is a first year audit and we are unfamiliar with the IT environment, we will be utilising our IT team to gain an understanding of the key financial systems and processes within the council.

Significant risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the sector and the wider economic environment in which Dacorum Borough Council operates.

We also use our regular meetings with senior management to update our understanding and take input from internal audit reports.

Due to the current levels of uncertainty there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

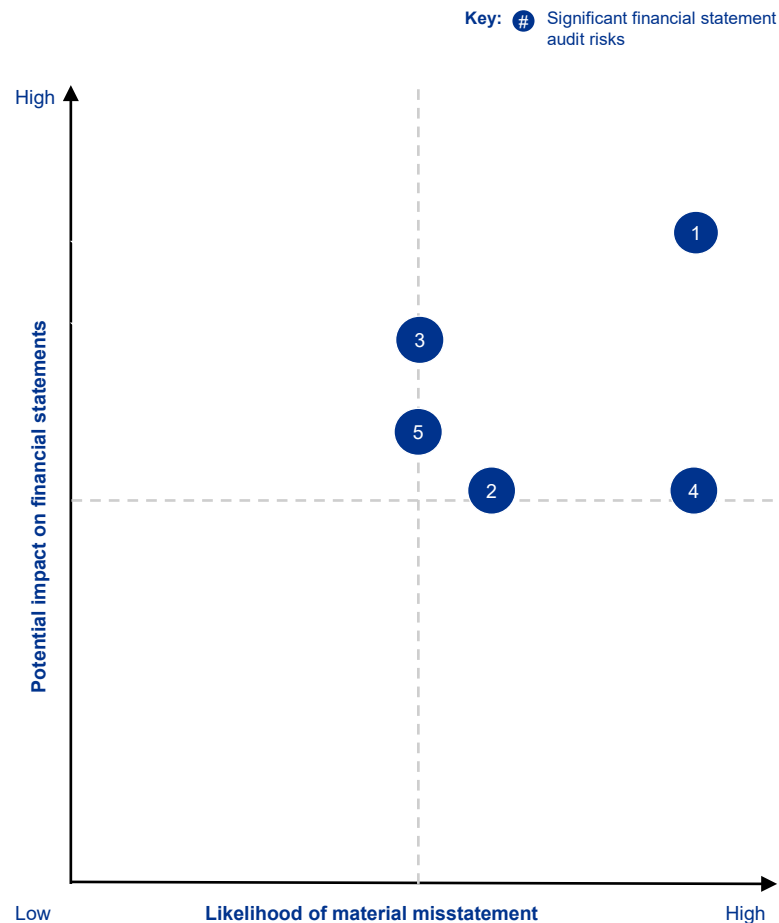
Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

Our detailed risk assessment work is in progress and following receipt of the VFM self assessment we will consider if there are to be any significant risks that require further audit work to be undertaken.

Significant risks

1. Valuation of land and buildings
2. Valuation of investment property
3. Management override of controls
4. Valuation of post retirement benefit obligations
5. Expenditure recognition



Audit risks and our audit approach

1

Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value



Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. The Council conducts a full valuation of operational assets every five years. The last full revaluation was done as at the 31st January 2020.

Valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

The value of the Council's Land & Buildings at 31 March 2023 was £145m.

The Council undertakes an annual valuation of housing properties within the HRA. The value of Council Dwellings at 31 March 2023 was £1,245m.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of Wilks Head & Eve, the valuers used in developing the valuation of the Council's properties at 31 March 2024;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation of land and buildings, including key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

2

Valuation of investment property

The carrying amount of revalued investment property differs materially from the fair value



Significant audit risk

The Code defines an investment property as one that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services or production of goods as well as to earn rentals or for capital appreciation does not meet the definition of an investment property. At 31 March 2023 the Council had investment property with a total value of £66.5m. While the majority of the properties are individually not material in value, there is significant estimation uncertainty within the reported balance.

There is a risk that investment properties are not being held at fair value, as is required by the Code. At each reporting period, the valuation of the investment property must reflect market conditions. Significant judgement is required to assess fair value and management experts are often engaged to undertake the valuations.



Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the valuation:

- We will critically assess the independence, objectivity and expertise of Wilks Head and Eve, the valuers used in developing the valuation of the Council's investment property at 31 March 2024;
- We will inspect the instructions issued to the valuers to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will challenge the appropriateness of the valuation; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement;
- We will agree the calculations performed of the movements and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

3 Management override of controls(a)

Fraud risk related to unpredictable way management override of controls may occur



Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit.

Note: (a) Significant risk that professional standards require us to assess in all cases.



Planned response

Our audit methodology incorporates the risk of management override as a default significant risk:

- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;
- Evaluate the selection and application of accounting policies;
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments;
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates;
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business, or are otherwise unusual; and
- We will analyse all journals through the year using data and analytics and focus our testing on those with a higher risk.

Audit risks and our audit approach (cont.)

4

Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the following pension scheme memberships: Local Government Pension Scheme
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.



Planned response

We will perform the following procedures:

- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Council are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in respect of the sensitivity of the deficit or surplus to the assumptions; and
- Where applicable, assess the level of surplus that should be recognised by the entity.

Audit risks and our audit approach

5

Fraud risk from expenditure recognition

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded



Significant audit risk

The Council has a statutory duty to balance their annual budget. Where a council does not meet its budget this creates pressure on the Council's usable reserves and this in turn provides a pressure on the following year's budget. This creates an incentive for manipulation of expenditure recognised in the year. While the Council has usable reserves of £94m, including a General Fund balance of £2.5m, (as at 31 March 2023) upon which it is able to draw where needed, this balance has reduced over recent periods which underlines the increasing budgetary pressures it is experiencing.

We consider that this risk is focussed around the completeness of manual accruals (i.e. excluding those which are system-generated such as Goods Received Not Invoiced), with the Council looking to push back expenditure to 2024-25 to mitigate financial pressures.



Planned response

We will perform the following procedures in order to respond to the significant risk identified:

- We will evaluate the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely recorded;
- We will inspect a sample of invoices of expenditure, in the period around 31 March 2024, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
- We will select a sample of year end accruals and inspect evidence of the actual amount paid after year end in order to assess whether the accruals have been accurately recorded;
- We will inspect journals posted as part of the year end close procedures that decrease the level of expenditure recorded in order to critically assess whether there was an appropriate basis for posting the journal and the value can be agreed to supporting evidence; and
- We will compare the items that were accrued at 31 March 2023 to those accrued at 31 March 2024 in order to assess whether any items of expenditure accrued for in the 2022-23 financial year have been excluded from the 2023-24 financial statements.

Audit risks and our audit approach

Revenue – Rebuttal of Significant Risk

Professional standards require us to make a rebuttable presumption that the fraud risk from revenue recognition is a significant risk. **Due to the nature of the revenue within the sector and the work undertaken to date we have rebutted this significant risk within this indicative plan, with the caveat that this on the basis of our ongoing risk assessment and may revisit this during a future audit plan. We have set out the rationale for the potential rebuttal of key types of income in the table below.**

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property; it is highly unlikely for there to be a material error in the population.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually; it is highly unlikely for there to be a material error in the population.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Mandatory communications - additional reporting




Going concern

Under NAO guidance, including Practice Note 10 - A local authority's financial statements shall be prepared on a going concern basis; this is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern.





However, financial sustainability is a core area of focus for our Value for Money opinion.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily 	We have identified issues that we may need to report 	Work is completed at a later stage of our audit so we have nothing to report 
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We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence		No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest		We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters to date.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. Work to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

Mandatory communications

Type	Statements
Management’s responsibilities (and, where appropriate, those charged with governance)	<p>Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error.</p> <p>Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.</p>
Auditor’s responsibilities	<p>Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.</p>
Auditor’s responsibilities – Fraud	<p>This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.</p>
Auditor’s responsibilities – Other information	<p>Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.</p>
Independence	<p>Our independence confirmation at page 18 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm’s independence and the integrity and objectivity of the audit engagement lead/director and audit staff.</p>

Appendix

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Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit lead/director and firm.

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	<p>Chris Paisley is the director responsible for our audit. He will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.</p>		<p>Sofie Kockelbergh is the senior manager responsible for our audit. She will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts and value for money work.</p>		<p>Marshal Ngwarai is the Assistant Manager responsible for our audit. He will be responsible for our on-site fieldwork. He will complete work on more complex sections of the audit.</p>
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To comply with professional standard we need to ensure that you appropriately rotate your external audit engagement lead. There are no other members of your team which we will need to consider this requirement for:



This will be Chris' first year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & indicative timetable

Our schedule: December 2023– January 2025

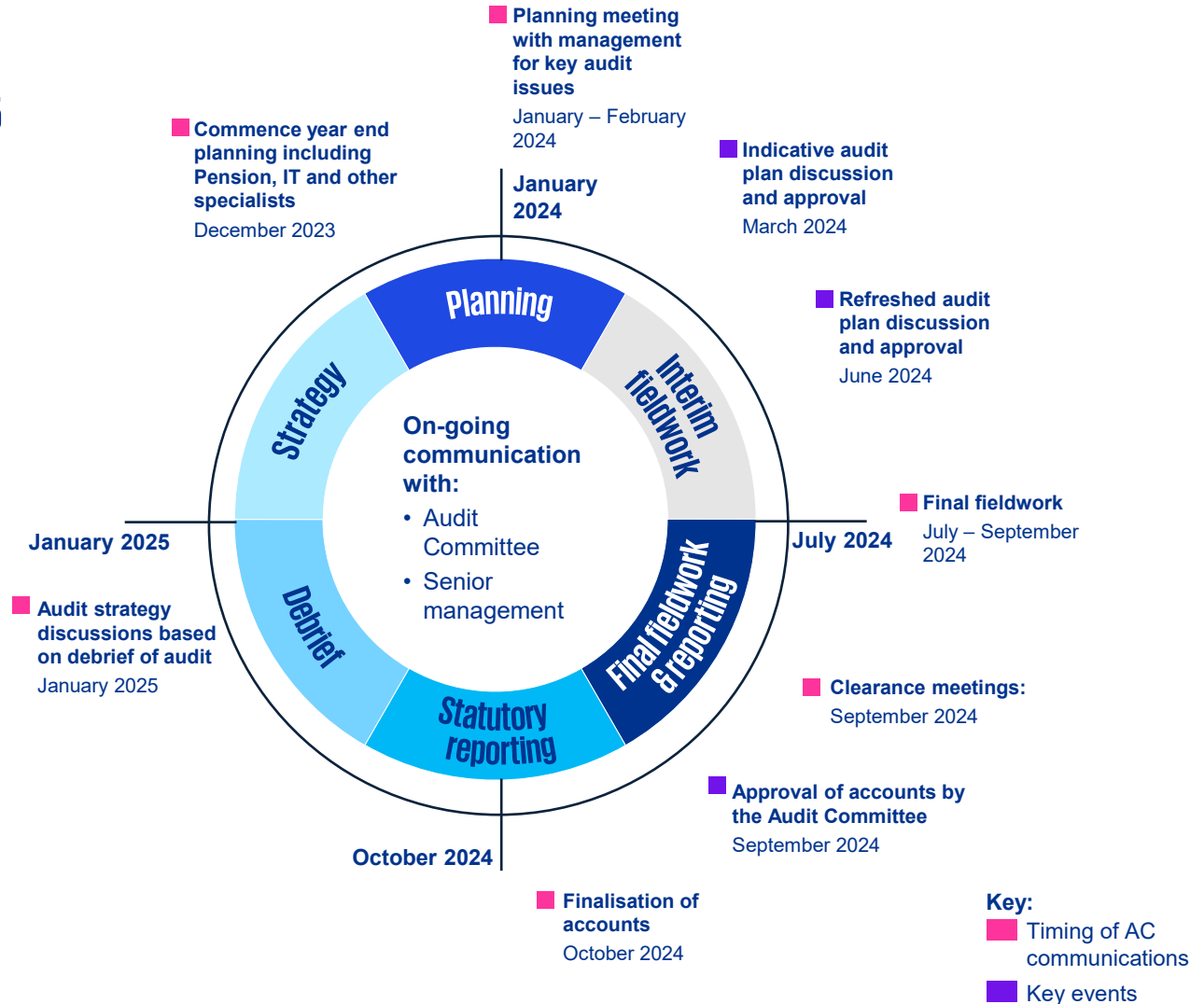
We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by May 2025 as per the backstop date.

This being the first year of KPMG as auditor we have undertaken greater activities to understand the Council at the planning stage. This level of input may not be required in future years and may change our audit timings.

Given the large amount of consultation happening in regard to the scope and timing of local government, in addition to the status of the 2022/23 audit completion, this audit **schedule may be subject to change**.

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Fees

Audit fee

Our fees for the year ending 31 March 2024 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2023/24 (£'000)	2022/23 (£'000)
Statutory audit	192	109
ISA315r	TBC	-
ISA240	TBC	-
TOTAL	TBC	109

**scale fee charged by Grant Thornton - your predecessor auditor.*

As per PSAA's Scale Fees Consultation, the fees do not include new requirements of ISA315 revised (risk of material misstatement); or ISA 240 (auditor's responsibilities relating to fraud). Based on our risk assessment work to date we anticipate that this will be between 5 and 10% of the scale fee.

The fees also assume no significant risks are identified as part of the Value for Money risk assessment. Additional fees in relation to these areas will be subject to the fees variation process as outlined by the PSAA.

Billing arrangements

Fees will be billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- Draft statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the engagement lead/director and audit staff is not impaired.

To the Audit Committee members

Assessment of our objectivity and independence as auditor of Dacorum Borough Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement lead/director as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

During the year we anticipate that we will provide non-audit services relating to the certification of the Pooling of Housing Capital Receipts (PHCR) and Housing Benefit Assurance Process (HBAP). Further detail is provided on the following page.

Confirmation of Independence

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2024 £k	Value of Services Committed but not yet delivered £k
1	Housing Benefit Assurance Process (HBAP) Certification	None identified.	<ul style="list-style-type: none"> The engagement contract makes clear that we will not perform any management functions. The work is performed is not relied on during the audit. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	TBC	TBC
2	Pooling of Housing Capital Receipts (PHCR) Certification	None identified.	<ul style="list-style-type: none"> The engagement contract makes clear that we will not perform any management functions. The work is performed is not relied on during the audit. Our work does not involve judgement and are statements of fact based on agreed upon procedures. 	Fixed	TBC	TBC

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Council for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is TBC but anticipated to be around below 1: 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

Application of the FRC Ethical Standard 2019

We communicated to you previously the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 20 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 20 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the engagement lead/director and audit staff is not impaired.

This report is intended solely for the information of the Audit Committee of the Council and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully



Chris Paisley

KPMG LLP

KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight Committee, and accountability is reinforced through the complete chain of command in all our teams.

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■ Commitment to continuous improvement

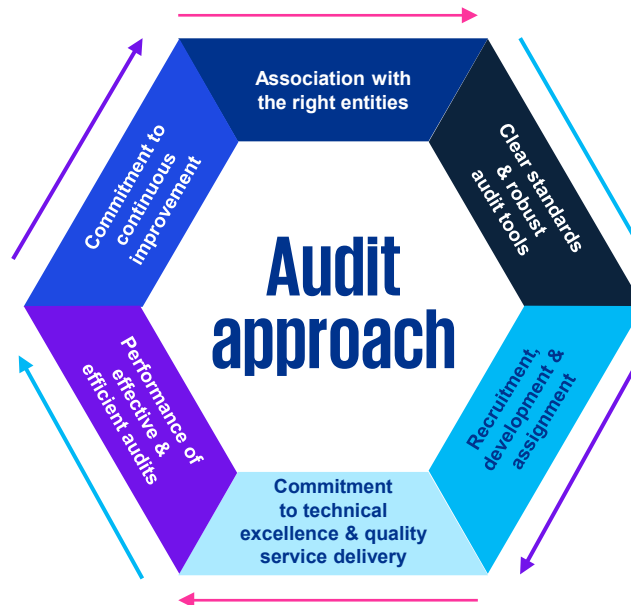
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

■ Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

■ Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



■ Association with the right entities

- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

■ Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

■ Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

ISA (UK) 315 Revised: Overview



Summary

In the prior period, ISA (UK) 315 Revised “Identifying and assessing the risks of material misstatement” was introduced and incorporated significant changes from the previous version of the ISA.

These were introduced to achieve a more rigorous risk identification and assessment process and thereby promote more specificity in the response to the identified risks. The revised ISA was effective for periods commencing on or after **15 December 2021**.

The revised standard expanded on concepts in the existing standards but also introduced new risk assessment process requirements – the changes had a significant impact on our audit methodology and therefore audit approach.

What impact did the revision have on audited entities?

With the changes in the environment, including financial reporting frameworks becoming more complex, technology being used to a greater extent and entities (and their governance structures) becoming more complicated, standard setters recognised that audits need to have a more robust and comprehensive risk identification and assessment mechanism.

The changes result in additional audit awareness and therefore clear and impactful communication to those charged with governance in relation to (i) promoting consistency in effective risk identification and assessment, (ii) modernising the standard by increasing the focus on IT, (iii) enhancing the standard’s scalability through a principle based approach, and (iv) focusing auditor attention on exercising professional scepticism throughout risk assessment procedures.

Implementing year 1 findings into the subsequent audit plan

Entering the second year of the standard, the auditors will have demonstrated, and communicated their enhanced insight into their understanding of your wider control environment, notably within the area of IT.

In year 2 the audit team will apply their enhanced learning and insight into providing a targeted audit approach reflective of the specific scenarios of each entity’s audit.

A key area of focus for the auditor will be understanding how the entity responded to the observations communicated to those charged with governance in the prior period.

Where an entity has responded to those observations a re-evaluation of the control environment will establish if the responses by entity management have been proportionate and successful in their implementation.

Where no response to the observations has been applied by entity, or the auditor deems the remediation has not been effective, the audit team will understand the context and respond with proportionate application of professional scepticism in planning and performance of the subsequent audit procedures.

What will this mean for our on-going audits?

To meet the on-going requirements of the standard, auditors will each year continue to focus on risk assessment process, including the detailed consideration of the IT environment.

Subsequent year auditor observations on whether entity actions to address any control observations are proportionate and have been successfully implemented will represent an on-going audit deliverable.

Each year the impact of the on-going standard on your audit will be dependent on a combination of prior period observations, changes in the entity control environment and developments during the period. This on-going focus is likely to result in the continuation of enhanced risk assessment procedures and appropriate involvement of technical specialists (particularly IT Audit professionals) in our audits which will, in turn, influence auditor remuneration.

ISA (UK) 240 Revised: changes embedded in our practices

Ongoing impact of the revisions to ISA (UK) 240

ISA (UK) 240 (revised May 2021, effective for periods commencing on or after 15 December 2021) The auditor's responsibilities relating to fraud in an audit of financial statements included revisions introduced to clarify the auditor's obligations with respect to fraud and enhance the quality of audit work performed in this area. These changes are embedded into our practices and we will continue to maintain an increased focus on applying professional scepticism in our audit approach and to plan and perform the audit in a manner that is not biased towards obtaining evidence that may be corroborative, or towards excluding evidence that may be contradictory.

We will communicate, unless prohibited by law or regulation, with those charged with governance any matters related to fraud that are, in our judgment, relevant to their responsibilities. In doing so, we will consider the matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud.

Area	Our approach following the revisions
Risk assessment procedures and related activities	<ol style="list-style-type: none"> 1) Increased focus on applying professional scepticism – the key areas affected are: <ul style="list-style-type: none"> • the need for auditors not to bias their approach towards obtaining evidence that is corroborative in nature or excluding contradictory evidence; • remaining alert for indications of inauthenticity in documents and records, and • investigating inconsistent or implausible responses to inquiries performed. 2) Requirements to perform inquiries with individuals at the entity are expanded to include, amongst others, those who deal with allegations of fraud. 3) We will determine whether to involve technical specialists (including forensics) to aid in identifying and responding to risks of material misstatement due to fraud.
Internal discussions and challenge	<p>We will have internal discussions among the audit team to identify and assess the risk of fraud in the audit, including determining the need for additional meetings to consider the findings from earlier stages of the audit and their impact on our assessment of the risk of fraud.</p>

FRC's areas of focus



The FRC released their [Annual Review of Corporate Reporting 2021/22](#) in October 2022, along with a [summary of key matters for the coming year](#), primarily targeted at CEOs, CFOs and Audit Committee chairs. In addition, they released six thematic reviews during the year which should be considered when preparing financial reports.

The reports identify where the FRC believes companies should be improving their reporting. Below is a high level summary of the key topics. We encourage management and those charged with governance to read further on those areas which are significant to the entity.



Reporting in uncertain times

Last year's Annual Review of Corporate Reporting from the FRC was prepared in the context of the current heightened economic and geopolitical uncertainty. The challenges of the Covid-19 pandemic, Russia's invasion of Ukraine and slowing of global economies has led to inflationary pressure worldwide and rising interest rates.

This makes meaningful disclosure more important than ever, and the FRC has stressed the need for companies to move beyond simply complying with the minimum requirements of the relevant accounting and reporting frameworks. They expect companies to provide high-quality, decision-useful information for investors, with companies continually assessing evolving risks and ensuring these are clearly explained in annual reports.

The potential effects of uncertainty on recognition, measurement and disclosure are numerous, and companies will need to think carefully about the impacts of uncertainty, in particular inflation, on their reporting. The Annual Review gives a number of examples including:

Strategic report: the impact of inflation on the business model, changes to principal risks and uncertainties, and the impact of inflation on stakeholders.

Discount rates: inputs need to follow a consistent approach in incorporating the effects of inflation.

Material assumptions: where inflation assumptions represent a source of significant estimation uncertainty, the FRC expects companies to provide explanation of how these have been calculated and sensitivity disclosures if appropriate.

Pension schemes: explain the effect of uncertainty on investment strategy and associated risks.



Climate-related reporting

Climate-related reporting has advanced significantly this year as premium listed entities are required by the Listing Rules to provide disclosures consistent with the Taskforce on Climate-Related Disclosures (TCFD) recommendations. This follows the expansion of the Streamlined Energy and Carbon Reporting (SECR) rules last year, which require quoted companies and large unquoted companies and LLPs to provide emissions reporting.

Climate has therefore been an area of ongoing focus for the FRC, with a thematic reviews in both 2021 and 2022 on aspects of climate reporting. From reviews of TCFD disclosures in the year, the FRC has highlighted five areas of improvement for companies to consider going forwards:

Granularity and specificity: disclosures should be granular and specific both to the company and the individual disclosure requirement, including a clear link to financial planning.

Balance: discussion of climate-related risks and opportunities should be balanced, and companies should consider any technological dependencies.

Interlinkage with other narrative disclosures: companies should ensure clear links between TCFD disclosures with other narrative disclosures in the annual report.

Materiality: companies should clearly articulate how they have considered materiality in the context of their TCFD disclosures.

Connectivity between TCFD and financial statements disclosures: the FRC may challenge those that disclose significant climate risks or net zero transition plans in narrative reporting, but do not explain how this is taken into account in the financial statements.

FRC's areas of focus (cont.)

Cash flow statements

This continues to be a particular area of concern as it is a recurring source of errors identified by the FRC, with 15 companies restating their cash flow statements in the review period as a result of the FRC's enquiries.

Companies are encouraged to consider the guidance in the 2020 thematic review on this topic, and to ensure that robust pre-issuance reviews of the financial statements have been undertaken.

Cash flows must be classified as operating, investing or reporting in line with the requirements of the standard, and amounts reported should be consistent with disclosures elsewhere in the report and accounts including the elimination of non-cash transactions.

Several errors identified by the FRC related to the parent company cash flow statement, and it should be ensured that this statement also complies with the requirements of the standard.

Financial Instruments

Companies should ensure that disclosure is sufficient to enable users to evaluate the nature and extent of risks arising from financial instruments and the approach taken to risk management.

These disclosures should include the approach and assumptions used in the measurement of expected credit losses, and details of concentrations of risk. In times of economic uncertainty, disclosure of methods used to measure exposure to risks, and details of hedging arrangements put in place for interest rates or inflation are all the more important.

In addition, accounting policies should be provided for all material financing and hedging arrangements and any changes in these arrangements. Where companies have banking covenants, information about these should be provided (unless the likelihood of a breach is considered remote).

Income taxes

Where material deferred tax assets are recognised by historically loss-making entities, disclosures should explain the nature of the evidence supporting their recognition. In addition, any connected significant accounting judgements or sources of estimation uncertainty will also need to be disclosed.

On tax more generally, the FRC expects companies to ensure that tax-related disclosures are consistent throughout the annual report and accounts, and material reconciling items in the effective tax rate reconciliation are adequately explained.

For groups operating in several jurisdictions, effective tax reconciliations may be more meaningful if they aggregate reconciliations prepared using the domestic rate in each individual jurisdiction, with a weighted average tax rate applied to accounting profit.

Strategic report and other Companies Act 2006 matters

The strategic report needs to articulate the effects of economic and other risks facing companies, including inflation, rising interest rates, supply chain issues and labour relations. Mitigation strategies should be explained, with links, where relevant, to information disclosed elsewhere in the annual report.

Business reviews should discuss significant movements in the balance sheet and cash flow statement, and should not be limited to just an explanation of financial performance in the period.

The FRC has also identified instances of companies not complying with legal requirements around distributions, and companies are reminded of the need to file interim accounts to support distributions in excess of the distributable profits shown in the relevant accounts.

Revenue

Accounting policies should be provided for all significant performance obligations and should address the timing of revenue recognition, the basis for over-time recognition, and the methodology applied.

Inflationary features in contracts with customers and suppliers and the accounting for such clauses are under increased focus this year.

Alternative performance measures ('APMs')

APMs should not be presented with more prominence, emphasis or authority than measures stemming directly from the financial statements, and should be reconciled to the relevant financial statements line item.

FRC's areas of focus (cont.)

Provisions and contingencies

Companies should give clear and specific descriptions of the nature and uncertainties for material provisions or contingent liabilities, the expected timeframe and the basis for estimating the probable or possible outflow.

Inputs used in measuring provisions should be consistent in the approach to incorporating the effects of inflation, and details of related assumptions should be provided if material.

Presentation of financial statements and related disclosures

Material accounting policy information should be clearly disclosed, and additional company-specific disclosures should be provided when compliance with IFRS requirements is insufficient to adequately explain transactions.

Judgements and estimates

Economic uncertainty increases the likelihood of companies needing to make significant judgements when preparing financial statements. The FRC highlights two specific examples – going concern assessments and accounting for inflationary features in contracts – where disclosure is key.

More generally, the FRC highlights the need for disclosures to clearly distinguish between estimates with a significant risk of a material adjustment to the carrying amounts of assets/liabilities within the next year, and other sources of estimation uncertainty.

Significant estimates, and the associated disclosures should be updated at the balance sheet date. Sensitivity disclosures should be meaningful for readers, for example by sensitising the most relevant assumptions, and explaining any changes in assumption since the previous year.

Impairment of assets

Economic uncertainty may have a significant impact on impairment assessments, and this is an area where queries raised from the FRC could have been avoided by clearer disclosure.

Companies need to explain the sensitivity of recoverable amounts to changes in assumptions, especially where the range of possible outcomes has widened. This should include explanation of the effect of economic assumptions, such as reduction in customer demand and increased cost.

Inflation should be treated consistently in value in use calculations. Nominal cash flows are discounted at a nominal rate, and real cash flows are discounted at a real rate.

Lastly, the FRC stresses the importance of consistency between impairment reviews/disclosures and other disclosures in the annual report.

Thematic reviews

The FRC released six thematic reviews on corporate reporting last year, and companies are encouraged to consider the guidance in those reviews, where relevant, to enhance their financial reporting. The topics covered are:

- [TCFD disclosures and climate in the financial statements](#)
- [Judgements and estimates](#)
- [IFRS 3 Business Combinations](#)
- [Discount rates](#)
- [Deferred Tax Assets \(IAS 12\)](#)
- [Earnings per Share \(IAS 33\)](#)

2022/23 review priorities

The FRC has indicated that its 2022/23 reviews will focus on the extent to which companies' disclosures address risks and uncertainty in the challenging economic environment, including those relating to climate change. Companies need to clearly articulate the impact of these risks on their strategy, business model and viability. In particular, the FRC intends to prioritise reviews of companies operating in the following sectors:

 Travel, hospitality and leisure

 Construction materials

 Retail

 Gas, water and multi-utilities



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Some or all of the services described herein may not be permissible for KPMG audited entities and their affiliates or related entities.

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Audit Committee

Report for:	Audit Committee
Title of report:	Questions from the External Auditor to Audit Committee – risk of fraud
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	N/A
Appendices:	Appendix A Response to External Auditor’s Questions to Those Charged with Governance
Background papers:	None.
Glossary of acronyms and any other abbreviations used in this report:	TWCG- Those Charged with Governance. For Dacorum Borough Council this refers to Audit Committee.

Report Author / Responsible Officer

Fiona Jump, Head of Financial Services



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Corporate Priorities	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
Wards affected	All

Purpose of the report:	1. To present the proposed response to questions posed to Audit Committee from the External Audit concerning risk of fraud.
Recommendation (s) to the decision maker (s):	1. To approved the proposed responses to the External Auditor’s questions at Appendix A
Period for post policy/project review:	N/A

1 Background:

The Council’s External Auditor, KPMG poses a series of question around fraud risk to Audit Committee for response. Within the Council, Audit Committee are considered ‘Those Charged with Governance’ (TCWG) under the requirements of International Standards on Auditing (ISA) 260. Under ISA 260 KPMG must document certain enquiries made of Audit Committee as part of their audit work.

Similar and separate enquiries are made by KPMG to Council officers (management).

Appendix A sets out a response prepared by officers on behalf of Audit Committee to inquiries made by KPMG to Audit Committee.

2 Financial and value for money implications:

There are no direct financial implication arising from this report.

3 Legal Implications

KPMG are required to document Audit Committee responses to the inquiries at Appendix A in order to comply with relevant legislation and auditing standards that apply to local authority audit.

4 Risk implications:

External audit review is a key means of mitigation against the potential weakening of the Council’s financial resilience and value for money arrangements.

5 Equalities, Community Impact and Human Rights

A Community Impact Assessment is not required for this report. There are no Human Rights Implications arising from this report.

6 Sustainability implications (including climate change, health and wellbeing, community safety)

There are no direct sustainability implications arising from this report.

7 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

There are no direct Council infrastructure implications arising from this report

8 Conclusion

International Standards on Auditing, ISAs, require the auditor to make inquiries of Those Charged with Governance to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity. The inquiries and proposed responses are set out at Appendix A.

Short Description	Detailed Description	Inquiries Made Of	Response
Programs and controls to prevent, detect and deter fraud – oversight by those charged with governance	How do you oversee fraud risk assessments and the establishment of controls to address fraud risks?	TCWG	<p>All reports going to Cabinet or Portfolio Holder are properly scrutinised by the Monitoring Officer and S151 Officer or their deputies. The Cabinet report template requires the report author to comment on risk. Within the Council, the decision making process is reviewed by a scrutiny function which the power to call in decisions made. The overview and scrutiny committees undertake pre-decision scrutiny, policy development work and performance monitoring. Audit Committee oversees the effectiveness of strategic risk management and review of the strategic risks in 2023/24. The strategic risks are all owned by members of the Strategic Leadership Team (SLT) and are overseen by that group.</p> <p>Audit Committee provides assurance to the Council on the effectiveness of the governance arrangements and internal control environment to prevent, detect and deter fraud and make any recommendations necessary as a result of its review or any issue identified in reports it receives from external or internal audit or the Local Government Ombudsman. Audit Committee review all internal audit reports and the Internal Auditor presents these at Audit Committee meetings. Progress against internal audit recommendations are presented to Audit Committee. Audit Committee also consider issues raised by the External Auditor in the annual audit of the Statement of Accounts. The Audit Committee papers and recommendations are also provided to SLT for review and oversight.</p>
Management's assessment of fraud risks including the nature, extent and frequency of such assessment	<p>What are your views about fraud risks at the entity?</p> <p>Note: consider inquiries below when inquiring of Internal Audit: -What is internal audit function's assessment of the risks that the financial statements may be materially misstated due to fraud? What fraud risks have been identified? -Has management and those charged with governance responded appropriately to the identified risks?</p>	TCWG	<p>Risks are financial loss and reputational damage. Our assessment is that there is a low risk of the Council's financial statements being materially misstated due to fraud.</p> <p>Fraudulent activity is investigated by the Council's Corporate Anti-Fraud Team. Appropriate action is taken to inform external bodies and prosecute where applicable, including the recovery of funds as appropriate.</p> <p>A review of processes and controls takes place whenever a fraud or attempted fraud is identified.</p> <p>The above activity has not revealed any fraudulent activity that would materially affect the financial statements.</p> <p>A rigorous Internal Audit programme ensures internal controls are operating effectively and acts as a further means of identifying potentially fraudulent activity within the Council. Recommendations for the improvement or implementation of internal controls are made as part of Internal Audit review, together with responses from managers and dates for action. These are presented to Audit Committee on a regular basis.</p>
Actual, suspected or alleged instances of fraud	Are you aware of, or have you identified, any instances of actual, suspected, or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?	TCWG	None
Management's assessment of fraud risks including the nature, extent and frequency of such assessment	Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistle-blower program, if such program exists) and, if so, what was your response to such tips and complaints?	TCWG	None
Related parties - audit committee's understanding	What is the audit committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?	TCWG	<p>No high value transactions with any related parties.</p> <p>All members (including members of the Audit Committee) are required to complete a disclosure of their related party transactions. This includes an explanation of what related parties are and also examples of related parties.</p>
Related parties - concerns of audit committee	Does any member of the audit committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?	TCWG	None
SUTs - existence	Has the entity entered into any significant unusual transactions?	TCWG	None



Report for:	Audit Committee
Title of report:	Strategic Risk Register Q3 2023-24
Date:	20 th March 2024
Report on behalf of:	Councillor Michela Capozzi, Portfolio Holder for Corporate and Commercial Services
Part:	I
If Part II, reason:	
Appendices:	Appendix A- Strategic Risk Register Update Q3 2023-24 Appendix B- Risk scoring methodology
Background papers:	Audit Committee November 2023 Agenda item 6 Strategic Risk Register Update Q1 and Q2 2023-24
Glossary of acronyms and any other abbreviations used in this report and appendices:	CEE- Climate and Ecological Emergency CLT- Corporate Leadership Team DLUHC- Department for Levelling Up, Housing and Communities. HRA – Housing Revenue Account. The Council’s Housing Landlord function. HTIP- Housing Transformation and Improvement Programme. A review of operational practices within the Housing service. SLT- Strategic Leadership Team. VCS- Voluntary and Community Sector. VFM- Value for Money.

Report Author / Responsible Officer	
Fiona Jump, Head of Financial Services	
 	
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Corporate Priorities	Ensuring efficient, effective and modern service delivery
Wards affected	All

Purpose of the report:	1. To provide committee with an update against the risks identified in the Council’s Strategic Risk Register as at Q3 2023-24.
Recommendation to the decision maker:	1. To provide comments and feedback on the report for consideration by Cabinet when they review the Q3 2023-24 update on the Strategic Risk Register.
Period for post policy/project review:	An update on the Council’s Strategic Risk Register is provided to Audit Committee and Cabinet on a quarterly basis.

1 Background

Robust risk management supports the delivery of the Council’s corporate plan objectives. The Council has a legal obligation to ensure that it has sound risk management arrangements in place.

A review of the significant strategic risks impacting the delivery of the Council’s six key corporate plan priorities was undertaken during 2022-23. This review involved Members, the Strategic Leadership Team (SLT), and Corporate Leadership Team (CLT) and the Council’s internal auditors. A revised set of strategic risks were produced as follows, to be reported on from quarter 4, 2022-23:

Risk	Risk Owner
Failure to ensure compliance with statutory and legislative requirements.	Chief Executive
Failure to work with Strategic Partners to deliver Corporate priorities	Chief Executive
The Council is subject to a successful cyber- attack and/ or data breach.	Strategic Director (People and Transformation)
We are unable to deliver effective services to residents due to an inability to retain and recruit sufficient competent and skilled resources.	Strategic Director (People and Transformation)
We do not plan in or deliver action early enough to ensure achievement of the CEE statement.	Strategic Director (People and Transformation)
Inability to manage and deliver safe and good quality affordable homes	Strategic Director (Housing and Property)
Weakening of the Council’s Financial Resilience.	Strategic Director (Corporate and Commercial Services) / Chief Finance Officer
Failure to Deliver Place Shaping and Regeneration ambitions.	Strategic Director (Place)

Each risk is owned by a member of the Council’s Strategic Leadership Team. Each quarter, they will provide an assessment of the current likelihood and impact/ consequence associated with each risk, together with narrative context. This is explained further below.

2 Strategic Risk Register Update Q3 2023-24

Appendix A provides a detailed update on the Council’s strategic risks as at Q3 2023-24.

Between Q2 2023-24 and Q3 2023-24, there has been movement in the current risk score for the following strategic risk:

Weakening of the Council's Financial Resilience- the risk score at Q3 2023-24 has been reduced to 4 (previously score of 6 at Q2 2023-24). This reflects progress on mitigation activities against this risk including approval of a balanced budget for 2024-25.

Risk scores against all other strategic risks are unchanged from Q2 2023-24.

3 Risk scoring and current risk status

Appendix B provides an explanation of the scoring system used by the Council to provide a numerical assessment of the status of each strategic risk.

The Council uses a 4x4 risk scoring matrix. The likelihood that a risk will occur is scored from 1 to 4 (1 being very unlikely, 4 being almost certain). Likewise, the impact/ consequence of a risk is also scored from 1 to 4, (1 being low impact, 4 being significant impact). Both scores are then multiplied together to give an overall score.

For example: likelihood (4) x impact (4) gives an overall risk score of 16.

An overall risk score of 1 indicates low likelihood/ impact of a risk; a score of 16 indicates high likelihood/ impact of a risk.

The Council provides an assessment of three different types of risk score:

- 1) Inherent risk score. This is the risk score if no controls to manage the risk impact or likelihood were in place. It is expected that the inherent score would be relatively high for all strategic risks.
- 2) Target risk score or risk appetite score. This is the risk score that this organisation is prepared to accept, to be achieved by the controls that the Council puts in place to manage the impact and likelihood of each risk.
- 3) Current risk score. This is the risk score that gives an assessment of the current position.

4 Financial and value for money implications:

Proper risk management arrangements support delivery of value for money and helps secure the Council's financial resources.

5 Legal Implications

The Council is required by law to make proper risk management arrangements.

6 Risk implications:

Contained in the body of the report.

7 Equalities, Community Impact and Human Rights

None arising directly from the report.

8 Sustainability implications (including climate change, health and wellbeing, community safety)

None arising directly from the report.

9 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

None arising directly from the report.

10 Conclusion

This report provides an update on the Council's Strategic Register as at Q3 2023-24.

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Risk Register Summary Table

		31 Dec 2023			
Risk Name	Risk Owner	RM01 Risk Consequence	RM02 Risk Likelihood	Status	
		Actual	Actual	Actual	Update
The Council is subject to a successful cyber attack and/ or data breach.	Aidan Wilkie	3	2	6.00	- We have successfully secured PSN accreditation; - We are working towards cyber essentials + accreditation with a view to securing it in the summer. - We have run a Council wide cyber resilience exercise which will form the basis of cross-Council improvements.
Failure to ensure compliance with statutory and legislative requirements.	Claire Hamilton	2	2	4.00	<p>Robust programme of internal and external audit assessment. Findings of these programmes supporting legal compliance on areas of Council activity. Quarterly audit actions report comes to SLT. Review of Council statutory responsibilities is reaching its final stages and will feed into the annual service planning process. Housing Transformation & Improvement Programme (HTIP) underway. Favourable outcomes achieved and improvement programme still progressing. Target Operating Model in final stages of development. Preparation for Regulator of Social Housing Standards requirements continues.</p> <p>Monthly report on GF and HRA compliance presented to SLT. Monthly H&S Chief Executive briefing takes place. Formal Statutory Officer meeting takes place on a monthly basis. Dacorum Assurance Framework is being developed. SLT meeting takes place weekly– attended by all Statutory Officers or their deputies. Chief Executive and senior officers attend briefings on statutory requirements and changes in legislation. Focus has been on our readiness for the changes to Election requirements in this quarter.</p>
Inability to manage and deliver safe and good quality affordable homes	Darren Welsh	4	2	8.00	<ul style="list-style-type: none"> • The Housing Revenue Account Business Plan has been reviewed, as part of the Council's financial budget setting cycle and refresh of the Council's Medium Term Financial Plan. • A new Housing Strategy for 2024/29 has been developed for Cabinet approval. • 4000 Council homes have been surveyed and an interim Housing Asset Management Plan has been developed. • A plan to recommission the Housing Repairs and Maintenance contract has been presented to the Housing and Community Overview and Scrutiny Committee. • Compliance reporting on health and safety management is reviewed by the Council's Senior Leadership Team on a monthly basis. • Quarterly performance reports to the Housing and Community Overview and Scrutiny Committee have been reviewed to provide more information on customer insight and service improvement actions.

Risk Name	Risk Owner	31 Dec 2023			
		RM01 Risk Consequence	RM02 Risk Likelihood	Status	
		Actual	Actual	Actual	Update
We do not plan in or deliver action early enough to ensure achievement of the CEE statement.	Aidan Wilkie	2	2	4.00	- We now have an agreed programme of work, governance and impact/ monitoring approach; - Key delivery risks are identified and work prioritised; - Fleet and housing decarbonisation remain big challenges but big steps forward have been made on both. The latter is a nationwide challenge. - £1.16m has been approved to set aside in reserves to help progress our programme/ augment it with additional activity;
Weakening of the Council's Financial Resilience.	Catherine SilvaDonayre / Nigel Howcutt	2	2	4.00	Financial resilience Inherent risk likelihood 4; inherent risk consequence/ impact 4. Overall inherent risk score is 16. Target risk likelihood 2; target risk consequence/ impact 3. Overall target risk score is 6. Actual Risk Score; Impact 2 likelihood 2. Overall Qtr 3 risk score is 4. During 2023/24 the in-year financial projections for the general fund have projected an overall surplus in comparison to approved budgets. The General fund short term financial position looks strong given the increased performance of cash investments. This has come about due to slippage in the capital spend programme increasing cash balances, and higher and more sustained levels of interest rates than previously forecasted. In addition to this the 2024 Medium Term financial Strategy (MTFS) and 2024/25 budget has been approved by cabinet and is projecting a balanced budget position for 24/25. A total unidentified savings requirement of £2.1m is remaining to be achieved over the MTFS period. The level of reserves at the end of 23/24 are expected to exceed reserve levels achieved in recent years and feel appropriate to support any short and medium term difficulties that could arise. The HRA financial projections worsened in quarter 4 of 22/23 and the financial pressures within the service have maintained in throughout 2023/24 with a current projected pressure of circa £600k in 23/24. The HRA is impacted significantly by inflationary cost pressures and demand relating to repairs and maintenance. The HRA is being closely monitored and mitigation measures are being implemented and assessed as the impact of wider inflationary cost pressures has a greater impact on the housing service than the general fund. In terms of medium term financial sustainability the HRA 30 year business plan has been approved by cabinet and details how the HRA plans to ensure it is both affordable and sustainable in the medium term. Mitigations/Actions importance. 1. Delivering to budget in year. 2. Approval of a sustainable and achievable MTFS 3. Approval of a balanced budget for the next financial year.
Failure to Deliver Place Shaping and Regeneration ambitions.	James Doe	3	2	6.00	• New Local Plan has completed Regulation 18 consultation in December 2023; work progressing in Q4 towards next statutory stage, Regulation 19 by the autumn of 2024 • UKSPF Investment Plan of £1.763m progressing • Draft Hemel Place Strategy now likely to come in Q4 24/25 given failure to recruit new Head of Place and Enterprise; this post has now been made permanent with recruitment in Q4 23/24. • Hemel Town Centre Vision approved by Cabinet 18 July 23; currently handling major investment enquiries • Hemel

		RM01 Risk Consequence	RM02 Risk Likelihood		
		Actual	Actual	Actual	
					<p>Health Campus project being initiated with NHS partners during Q4; move to formal governance and initial PID by Q1 24/25 • Hemel Place Board continues to meet; move to action planning stage by Q4. • Corporate Place Board continuing to progress the Chiltern Beechwoods Mitigation Strategy and roll-out of e-bikes for Hemel Hempstead. Corporate SANG group formed to deliver new SANG on Council-owned sites • Dacorum Local Cycling and Walking Infrastructure Plan being developed with Herts CC and consultation closed 26 Feb 24 • Berkhamsted and Tring Town Councils taking the lead on respective place strategies with support from DBC. • Review of town centre assets underway through Strategic Asset Review • New Dacorum Investment Framework to facilitate inward investment - progress Q4 and into 24/25 with the temporary Head of Place and Enterprise • Infrastructure Delivery Plan being kept up to date to support Local Plan – work ongoing • Work continues on revising CIL spend and governance • Economic Recovery Board progressing with reporting on 6 separate workstreams • New Maylands Masterplan consultants appointed and work has progressed with draft plan produced, engagement with stakeholders continuing into Q4. • Attendance at UKREiiF in Leeds, May 2024, confirmed as part of wider Hertfordshire delegation. • Hemel Garden Communities programme continuing well with work with major landowner to commencing initial planning work in Q1 2024/25. Work programme focused on supporting evidence for both Dacorum and St Albans Local Plans. • VCS recommissioning proposals agreed by Cabinet. • Regeneration proposals to follow Strategic Asset Review, currently being procured, to involve General Fund and HRA assets with view to place making. Implementation of outcomes likely to be progressed from Q1 24/25 • Long lease at Riverside shopping centre has been reassigned; planning discussions and pre-application arrangements under discussion and are progressing to submission of planning application by end of Q3 24/25 • Place Communities and Enterprise Heads of Service Posts selection took place in Q3, with appointments to Head of Communities and Leisure and Head of Arts and Culture. Head of Place and Enterprise was not recruited to, but post has now been made permanent and recruitment taking place in Q4. • Long term planning for SW Herts through the Joint Strategic Plan is moving towards strategic growth location selection by members during Q4 and Q1 of 24/25 • National economy confirmed as in recession which may be a risk to investment proposals over the coming 12 months</p>

Risk Name	Risk Owner	31 Dec 2023			
		RM01 Risk Consequence	RM02 Risk Likelihood	Status	
		Actual	Actual	Actual	Update
We are unable to deliver effective services to residents due to an inability to retain and recruit sufficient competent and skilled resources.	Aidan Wilkie	2	2	4.00	- Turnover and vacancy factor remain broadly in the same place. The market remains challenging in particular for specialist roles but we have had many successful recruitment campaigns for key positions; - Evidence that the market forces policy is helping to tackle longstanding recruitment challenges eg planning; - Work programme in place to improve Dacorum offer and branding - Starting to look at alternative banding/ pay approaches for specialist roles
Failure to work with Strategic Partners to deliver Corporate priorities	Claire Hamilton	2	2	4.00	Key joint working groups established and operating (e.g. Hemel Place Board, SW Herts Joint Strategic Partnership, Hemel Garden Communities Board). Key Delivery Partnerships have the appropriate strategic and operational governance boards in place to monitor delivery. Hertfordshire wide delivery groups supported and monitored. Strategic partners are assigned lead officers for relationship management and communications. Senior officers liaise with Government departments and agencies in relation to the Council's strategic plans and activity. Meetings with DLUHC and Home Office officials have been held and preparations are underway for future visits from Government departments in 2024. Hemel Health Campus project has been launched and a project team with health partners has been established. Strategic Partners are engaged in the production of new strategies and plans for Dacorum, such as the new Housing Strategy. CVS Grant funding proposals have been approved by Cabinet. Local Plan Reg 18 consultation concluded.

Risk Name	Detail	31 Dec 2023
		Status
#RM000000001	Risk Owner	Aidan Wilkie
	Portfolio	People and Transformation
	Risk Description	The Council is subject to a successful cyber attack and/ or data breach.
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Ensuring efficient, effective and modern service delivery
	Inherent Score	16 ▲
	Mitigated Score	6.00 ●
	Risk Appetite	4.00
	Comments	- We have successfully secured PSN accreditation; - We are working towards cyber essentials + accreditation with a view to securing it in the summer. - We have run a Council wide cyber resilience exercise which will form the basis of cross-Council improvements.
	Controls & Assurances	The Council has implemented a number of measures to manage this risk including use of firewalls, security patching and staff training. Regular back- ups are undertaken. The Council has a robust independently assessed technical infrastructure and security function which is constantly tested against best practice.
	Evidence Risk is being managed	The Council has implemented a number of measures to manage this risk. Due to evidence that those looking to carry out cyber-attacks specifically look for public facing documents outlining control measures in place, these measures are not provided in detail here and are available to Members on request. The Council has a robust independently assessed technical infrastructure and security function which is constantly tested against best practice.
	Consequences / Impacts	Financial loss through inability to deliver business as usual activity. Financial and human resource cost of recovering from the event. Data breach resulting in fines/ penalties. Reputational damage and loss of trust in the Council. Regulator/ government intervention. Inability to deliver frontline services and associated impact on residents.
#RM000000007	Risk Owner	Claire Hamilton
	Portfolio	Leader of the Council
	Risk Description	Failure to ensure compliance with statutory and legislative requirements.
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Ensuring efficient, effective and modern service delivery

Detail

Status

Inherent Score	16 ▲
Mitigated Score	4.00 ★
Risk Appetite	2.00
Comments	<p>Robust programme of internal and external audit assessment. Findings of these programmes supporting legal compliance on areas of Council activity.</p> <p>Quarterly audit actions report comes to SLT.</p> <p>Review of Council statutory responsibilities is reaching its final stages and will feed into the annual service planning process.</p> <p>Housing Transformation & Improvement Programme (HTIP) underway. Favourable outcomes achieved and improvement programme still progressing. Target Operating Model in final stages of development.</p> <p>Preparation for Regulator of Social Housing Standards requirements continues.</p> <p>Monthly report on GF and HRA compliance presented to SLT.</p> <p>Monthly H&S Chief Executive briefing takes place.</p> <p>Formal Statutory Officer meeting takes place on a monthly basis.</p> <p>Dacorum Assurance Framework is being developed.</p> <p>SLT meeting takes place weekly– attended by all Statutory Officers or their deputies.</p> <p>Chief Executive and senior officers attend briefings on statutory requirements and changes in legislation. Focus has been on our readiness for the changes to Election requirements in this quarter.</p>
Controls & Assurances	<ul style="list-style-type: none"> - Legal, regulatory and financial frameworks regularly reviewed and considerations imbedded in key policies, processes and decision-making process. - Rigorous framework of Health and Safety monitoring, reporting and escalation. - Developed 3 year rolling Internal Audit programme that challenges statutory and legislative requirements. - External audit reporting annually. - Ombudsman annual assessment and reporting.
Evidence Risk is being managed	<p>Statutory deadlines met on key deliverables (including and not limited to Council Tax setting, delivery of a balanced budget, publication of final accounts).</p> <p>Robust programme of internal and external audit assessment. Findings of these programmes supporting legal compliance on areas of Council activity.</p> <p>Housing Transformation & Improvement Programme (HTIP) instigated and progressed during 2022-23. Favourable outcomes achieved and improvement programme still progressing.</p> <p>Monthly compliance report on General Fund and Housing Revenue Account assets presented to the Council's Strategic Leadership Team (SLT).</p>
Consequences / Impacts	<p>Intervention by sector regulators, including but not limited to HM Treasury, Regulator of Social Housing, and Planning Inspectorate.</p> <p>Intervention by central government including the Office for Local Government.</p> <p>Increase in complaint and escalation to Local Government Ombudsman.</p> <p>Increase in litigation against the Council.</p> <p>Imposition of fines and penalties against the Council.</p> <p>Reputational damage.</p>

Risk Name	Detail	31 Dec 2023
		Status
Inability to manage and deliver safe and good quality homes.	Risk Owner	Darren Welsh
	Portfolio	Housing and Property Services
	Risk Description	Inability to manage and deliver safe and good quality affordable homes
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Providing good quality affordable homes
	Inherent Score	16 ▲
	Mitigated Score	8.00 ●
	Risk Appetite	8.00
	Comments	<ul style="list-style-type: none"> • The Housing Revenue Account Business Plan has been reviewed, as part of the Council's financial budget setting cycle and refresh of the Council's Medium Term Financial Plan. • A new Housing Strategy for 2024/29 has been developed for Cabinet approval. • 4000 Council homes have been surveyed and an interim Housing Asset Management Plan has been developed. • A plan to recommission the Housing Repairs and Maintenance contract has been presented to the Housing and Community Overview and Scrutiny Committee. • Compliance reporting on health and safety management is reviewed by the Council's Senior Leadership Team on a monthly basis. • Quarterly performance reports to the Housing and Community Overview and Scrutiny Committee have been reviewed to provide more information on customer insight and service improvement actions.
	Controls & Assurances	<p>Housing Transformation and Improvement Programme in place to transform the housing service.</p> <p>Strong focus on compliance activity and regular reporting to SLT, Scrutiny and Cabinet.</p> <p>New management structure developed and in place for Housing Services to create capacity and deliver strong leadership.</p> <p>Strategic housing function created to drive affordable housing supply and enable, monitor and report on housing needs and delivery.</p> <p>A programme of grant support is in place to Registered Providers to support affordable housing delivery.</p> <p>Housing Revenue Account Business Plan refreshed to reflect all housing priorities.</p> <p>Housing delivery is a key part of the developing 2023 Local Plan.</p>
	Evidence Risk is being managed	<p>Housing Transformation and Improvement Programme (HTIP) - baseline report for HTIP. HTIP is a review of current operating practices within the Housing services, the purpose of which is to identify areas and actions for improvement and change.</p> <p>Safeguarding improvement plan identifies where more effective controls could be applied.</p> <p>New service structure to support service objectives.</p> <p>Monitoring and management of compliance in place.</p> <p>HRA Business Plan annually refreshed.</p> <p>Improved governance across Housing and also corporately.</p> <p>Preparatory work on new regulatory requirements to be reported to Overview and Scrutiny Committee.</p>
Consequences / Impacts	<p>Regulatory intervention.</p> <p>Funding withdrawal.</p> <p>Loss of life/ injury to tenants/ leasehold occupant.</p> <p>Reputational damage.</p> <p>Increased homelessness.</p> <p>Failure to appropriately safeguard households.</p> <p>Failure to maintain assets.</p>	

Risk Name	Detail	31 Dec 2023	
		Status	
Climate and Ecological Emergency	Risk Owner	Aidan Wilkie	
	Portfolio	Climate Change	
	Risk Description	We do not plan in or deliver action early enough to ensure achievement of the CEE statement.	
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Climate and ecological emergency 	
	Inherent Score	16 ▲	
	Mitigated Score	4.00 ★	
	Risk Appetite	4.00	
	Comments	- We now have an agreed programme of work, governance and impact/ monitoring approach; - Key delivery risks are identified and work prioritised; - Fleet and housing decarbonisation remain big challenges but big steps forward have been made on both. The latter is a nationwide challenge. - £1.16m has been approved to set aside in reserves to to help progress our programme/ augment it with additional activity;	
	Controls & Assurances	- Climate and Ecological Strategy and action plan created and implemented. - A renewed programmatic approach including analysis of potential and impact of individual and collective intervention. This includes ownership of delivery spread throughout the Council and renewed governance. - All key strategic decision making includes an assessment of the impact on carbon footprint.	
	Evidence Risk is being managed	Climate and Ecological Strategy and action plan created and implemented. A renewed programmatic approach including analysis of potential and impact of individual and collective intervention. This includes ownership of delivery spread throughout the Council and renewed governance. All key strategic decision making includes an assessment of the impact on carbon footprint.	
Consequences / Impacts	Adverse impact on local biodiversity. Adverse impact on health and wellbeing of the population of the borough. Reputational damage.		
Weakening of the Council's Financial Resilience	Risk Owner	Catherine SilvaDonayre/ Nigel Howcutt	
	Portfolio	Corporate and Commercial Services	
	Risk Description	Weakening of the Council's Financial Resilience.	
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Ensuring efficient, effective and modern service delivery 	
	Inherent Score	16 ▲	
	Mitigated Score	4.00 ★	

		31 Dec 2023
Detail		Status
Risk Appetite		6.00
Comments	<p>Financial resilience Inherent risk likelihood 4; inherent risk consequence/ impact 4. Overall inherent risk score is 16. Target risk likelihood 2; target risk consequence/ impact 3. Overall target risk score is 6. Actual Risk Score; Impact 2 likelihood 2. Overall Qtr 3 risk score is 4. During 2023/24 the in-year financial projections for the general fund have projected an overall surplus in comparison to approved budgets. The General fund short term financial position looks strong given the increased performance of cash investments. This has come about due to slippage in the capital spend programme increasing cash balances, and higher and more sustained levels of interest rates than previously forecasted. In addition to this the 2024 Medium Term financial Strategy (MTFS) and 2024/25 budget has been approved by cabinet and is projecting a balanced budget position for 24/25. A total unidentified savings requirement of £2.1m is remaining to be achieved over the MTFS period. The level of reserves at the end of 23/24 are expected to exceed reserve levels achieved in recent years and feel appropriate to support any short and medium term difficulties that could arise. The HRA financial projections worsened in quarter 4 of 22/23 and the financial pressures within the service have maintained in throughout 2023/24 with a current projected pressure of circa £600k in 23/24. The HRA is impacted significantly by inflationary cost pressures and demand relating to repairs and maintenance. The HRA is being closely monitored and mitigation measures are being implemented and assessed as the impact of wider inflationary cost pressures has a greater impact on the housing service than the general fund. In terms of medium term financial sustainability the HRA 30 year business plan has been approved by cabinet and details how the HRA plans to ensure it is both affordable and sustainable in the medium term.</p> <p>Mitigations/Actions importance. 1. Delivering to budget in year. 2. Approval of a sustainable and achievable MTFS 3. Approval of a balanced budget for the next financial year.</p>	
Controls & Assurances	<ul style="list-style-type: none"> -Clear financial governance processes in place and adhered to. - Annual independent assessment of VFM and sustainability. - Strategic decision making assesses the financial sustainability of strategies. - Medium term financial sustainability assessed as part of the council approved MTFS and annual budget. -Delivery of a robust annual Internal Audit programme and annual approval by IA of risks and controls processes. -Development and implementation of Transformation and Commercial programmes to support financial resilience. 	

Evidence Risk is being managed

The Council's Medium Term Financial Strategy (MTFS) and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallizing through the effective modelling of the future financial environment.

Sound financial planning maximizes the opportunity for the Council to identify funding risks in advance, and therefore grants more time for it to plan to provide its services differently in order to continue delivering its corporate priorities.

The Council's sound financial planning processes, have resulted in a residual likelihood score is 3, It is likely that the Council's financial resilience will weaken from a position of strength; given current macroeconomic factors that contribute to financial pressures, despite the sound financial control framework in place.

The residual impact score is 2, given the financial planning and reserves policy in place to reduce/finance the impact of any financial downturn. If the economic outlook was to be ongoing for significant period of time the impact score would increase as resources are diminished.

The MTFS details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints.

The 2022 MTFS outlines the continuation of the ongoing two-pronged approach to combine the Council's need to;
1 Continue driving the efficiencies required to ensure underlying sustainability; and,
2 To protect frontline service provision.

The updated 2022 MTFS can be viewed on the October 2022 Cabinet Agenda, at www.dacorum.gov.uk.

Internal Audit

In recent years, the Council has received independent, third-party audit reviews of the financial processes that contribute to the management of this risk:

The 'Budgetary Control' process is audited by the Council's Internal Auditors annually and in 2022, and 2023 has received the substantial assurance.

The 'Core Financial Systems and Budgetary Control' which have in recent years also achieved substantial assurance with limited recommendations for improvement.

External Audit

The 2022 "Annual Auditors Report and 'Value for Money' opinion issued by Grant Thornton in June 2023 outlined no risks of significant weakness identified in relation to Financial Sustainability, Governance and Improving economy, efficiency and effectiveness. This report was based on evaluation of the MTFS; the budget setting process; the reserves policy and use; and, the Council's financial performance reporting

The Council has a sustainable 2022 MTFS and a balanced budget set for 2023/24 following a financial performance in 2022/23 that followed expectations, and included a significant net contribution to reserves, and hence, it has meant that the Council is able to protect the delivery of its frontline services into the medium-term.

Consequences / Impacts

The Council is currently facing two fronts of significant financial uncertainty that both hamper planning and risk deliverability of the objectives within the Corporate Plan into the medium-term:

1. The ongoing uncertainty around future Government funding of local authorities.
2. The financial implications of the wider economic downturn and uncertainty.

Government Funding

The Council is currently operating on a one-year Finance Settlement from Government, the fourth in succession, following the conclusion of the 4- year settlement ending in April 2019. One-year settlements, and the planning challenges that accompany them, are expected to continue until after the next general election, expected in October 2024. At this point it is expected that a new Local Government funding allocation model will be implemented following historical work Funding Review work undertaken.

As yet there is no certainty over the level of funding that Dacorum or any other authority can expect in the future.

However, there is a strong belief across the sector that the new model will divert funding away from lower tier authorities in favour of those authorities with responsibility for the provision of Public Health, Social Care and Education. The Council must ensure that it's in a position to adapt to significant funding reductions at potentially short notice when the new model is announced.

Economic Downturn and Inflationary Pressures.

The Council faces significant expenditure pressures as a result of unusually high inflation impacting on contract values, pay awards and utilities.

The current cost of living crisis created by record inflation levels is putting an additional strain on household incomes, this is likely to impact on council income generation.

Income pressures could be brought about by a significant long-term recessionary impact on the Council's primary income generating services, e.g. commercial property, parking and garages.

The magnitude of the potential ongoing economic uncertainty and severity of the economic recovery period creates a significant financial threat to the Council's in-year and medium term budget.

Risk Owner

James Doe

Portfolio

Place

Risk Description

Failure to Deliver Place Shaping and Regeneration ambitions

Reference to Strategic Objectives / Priorities

- Strategic Risk Register March 2023
- Building strong and vibrant communities

Inherent Score

12 ▲

Mitigated Score

6.00 ●

Risk Appetite

4.00

Comments

- New Local Plan has completed Regulation 18 consultation in December 2023; work progressing in Q4 towards next statutory stage, Regulation 19 by the autumn of 2024
- UKSPF Investment Plan of £1.763m progressing
- Draft Hemel Place Strategy now likely to come in Q4 24/25 given failure to recruit new Head of Place and Enterprise; this post has now been made permanent with recruitment in Q4 23/24.
- Hemel Town Centre Vision approved by Cabinet 18 July 23; currently handling major investment enquiries
- Hemel Health Campus project being initiated with NHS partners during Q4; move to formal governance and initial PID by Q1 24/25
- Hemel Place Board continues to meet; move to action planning stage by Q4.
- Corporate Place Board continuing to progress the Chiltern Beechwoods Mitigation Strategy and roll-out of e-bikes for Hemel Hempstead. Corporate SANG group formed to deliver new SANG on Council-owned sites
- Dacorum Local Cycling and Walking Infrastructure Plan being developed with Herts CC and consultation closed 26 Feb 24
- Berkhamsted and Tring Town Councils taking the lead on respective place strategies with support from DBC.
- Review of town centre assets underway through Strategic Asset Review
- New Dacorum Investment Framework to facilitate inward investment - progress Q4 and into 24/25 with the temporary Head of Place and Enterprise
- Infrastructure Delivery Plan being kept up to date to support Local Plan – work ongoing
- Work continues on revising CIL spend and governance
- Economic Recovery Board progressing with reporting on 6 separate workstreams
- New Maylands Masterplan consultants appointed and work has progressed with draft plan produced, engagement with stakeholders continuing into Q4.
- Attendance at UKREiiF in Leeds, May 2024, confirmed as part of wider Hertfordshire delegation.
- Hemel Garden Communities programme continuing well with work with major landowner to commencing initial planning work in Q1 2024/25. Work programme focused on supporting evidence for both Dacorum and St Albans Local Plans.
- VCS recommissioning proposals agreed by Cabinet.
- Regeneration proposals to follow Strategic Asset Review, currently being procured, to involve General Fund and HRA assets with view to place making. Implementation of outcomes likely to be progressed from Q1 24/25
- Long lease at Riverside shopping centre has been reassigned; planning discussions and pre-application arrangements under discussion and are progressing to submission of planning application by end of Q3 24/25
- Place Communities and Enterprise Heads of Service Posts selection took place in Q3, with appointments to Head of Communities and Leisure and Head of Arts and Culture. Head of Place and Enterprise was not recruited to, but post has now been made permanent and recruitment taking place in Q4.
- Long term planning for SW Herts through the Joint Strategic Plan is moving towards strategic growth location selection by members during Q4 and Q1 of 24/25
- National economy confirmed as in recession which may be a risk to investment proposals over the coming 12 months

Controls & Assurances

- Hemel Place Strategy in progress to set objectives of agenda
- Hemel Place Strategy to co-ordinate key areas of development and change including Hemel Garden Communities, Hemel Town Centre, Maylands Business Park and Two Waters/Apsley
- Place Implementation Plan to be worked up to govern priorities and delivery
- Governance through partnership Hemel Place Board and internal management and delivery through new Corporate Place Board
- Local communities engaged on new place strategies for Berkhamsted and Tring
- All projects to follow Corporate Project Management governance
- New Town Centre Strategy in progress to steer priorities
- Review of town centre assets underway to determine effective deployment of DBC land and property to deliver and catalyse place shaping, and to realise capital funds to support delivery
- New Local Plan to underpin whole agenda
- New Dacorum Investment Framework to facilitate inward investment
- Engagement in key Government Funding Streams eg Levelling Up Fund, UK Share Prosperity Fund, Investment Zones, Route Improvement Strategy
- Infrastructure Delivery Plan being kept up to date
- Policy on deployment of Community Infrastructure Levy Funds underway
- Cross-service work on HRA and General Fund assets to identify regeneration, place shaping and environmental improvement opportunities
- Economic Recovery Board formed and Plan being actively managed with partners
- Engagement of VCS to support place making
- Internal place project teams to support focused delivery and improvement, with Old Town team already formed and delivering

Detail

Status

Evidence Risk is being managed

- Hemel Place Strategy in progress to set objectives of agenda
- Hemel Place Strategy co-ordinating key areas of development and change including Hemel Garden Communities, Hemel Town Centre, Maylands Business Park and Two Waters/Apsley
- Governance through partnership Hemel Place Board and internal management and delivery through new Corporate Place Board
- Local communities engaged on new place strategies for Berkhamsted and Tring.
- New Town Centre Strategy in progress to steer priorities
- Review of town centre assets underway to determine effective deployment of DBC land and property to deliver and catalyse place shaping, and to realise capital funds to support delivery
- New Local Plan to underpin whole agenda
- New Dacorum Investment Framework to facilitate inward investment
- Engagement in key Government Funding Streams e.g. Levelling Up Fund, UK Share Prosperity Fund, Investment Zones, Route Improvement Strategy
- Infrastructure Delivery Plan being kept up to date
- Policy on deployment of Community Infrastructure Levy Funds underway
- Cross-service work on HRA and General Fund assets to identify regeneration, place shaping and environmental improvement opportunities
- Economic Recovery Board formed and Plan being actively managed with partners
- Engagement of VCS to support place making
- Internal place project teams to support focused delivery and improvement, with Old Town team already formed and delivering

Consequences / Impacts

The borough does not reach its full economic potential.
Town centres fail to thrive, risking higher incidence of crime and anti-social behaviour
Local resident and business dissatisfaction increases, giving rise to higher volumes of complaints.

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Recruitment and Retention

Risk Owner

Aidan Wilkie

Portfolio

People and Transformation

Risk Description

We are unable to deliver effective services to residents due to an inability to retain and recruit sufficient competent and skilled resources .

Reference to Strategic Objectives / Priorities

- Strategic Risk Register March 2023
- Ensuring efficient, effective and modern service delivery

Inherent Score

16 ▲

Mitigated Score

4.00 ★

Risk Appetite

4.00

Comments

- Turnover and vacancy factor remain broadly in the same place. The market remains challenging in particular for specialist roles but we have had many successful recruitment campaigns for key positions; - Evidence that the market forces policy is helping to tackle longstanding recruitment challenges eg planning; - Work programme in place to improve Dacorum offer and branding - Starting to look at alternative banding/ pay approaches for specialist roles

		31 Dec 2023
Detail		Status
	Controls & Assurances	Ongoing Recruitment and Retention monitoring and reporting. A revised People Strategy developed with a focus on recruitment and retention. Delivery of a customer strategy which will create efficiencies (with the possibility of reinvestment) and a reduced reliance on human intervention. A revised market forces approach being implemented. Development of regional partnerships to review, and report on sector wide approach.
	Evidence Risk is being managed	Ongoing Recruitment and Retention monitoring and reporting. A revised People Strategy developed with a focus on recruitment and retention. A revised market forces approach being implemented. Development of regional partnerships to review, and report on sector wide approach.
	Consequences / Impacts	Increased levels of dissatisfaction from residents and businesses leading to higher volumes of complaints. Increase in financial cost through increased use of agency staff. Reputational damage. Intervention from central government/ regulatory bodies. Poor levels of service delivery.
Failure to work with Strategic Partners to deliver Corporate Priorities Page 179	Risk Owner	Claire Hamilton
	Portfolio	Leader of the Council
	Risk Description	Failure to work with Strategic Partners to deliver Corporate priorities
	Reference to Strategic Objectives / Priorities	<ul style="list-style-type: none"> ▪ Strategic Risk Register March 2023 ▪ Ensuring efficient, effective and modern service delivery
	Inherent Score	12 ▲
	Mitigated Score	4.00 ★
	Risk Appetite	4.00
	Comments	Key joint working groups established and operating (e.g. Hemel Place Board, SW Herts Joint Strategic Partnership, Hemel Garden Communities Board). Key Delivery Partnerships have the appropriate strategic and operational governance boards in place to monitor delivery. Hertfordshire wide delivery groups supported and monitored. Strategic partners are assigned lead officers for relationship management and communications. Senior officers liaise with Government departments and agencies in relation to the Council's strategic plans and activity. Meetings with DLUHC and Home Office officials have been held and preparations are underway for future visits from Government departments in 2024. Hemel Health Campus project has been launched and a project team with health partners has been established. Strategic Partners are engaged in the production of new strategies and plans for Dacorum, such as the new Housing Strategy. CVS Grant funding proposals have been approved by Cabinet. Local Plan Reg 18 consultation concluded.
	Controls & Assurances	Effective Strategic Partnership Boards set up to develop proposals and monitor delivery and outcomes. E.g. HGC, Hemel Place Board, Economic Recovery Board. Key Delivery Partnerships have the correct strategic and operational governance Boards in place to monitor delivery eg. SLM and Osbornes Herts- side delivery groups supported and monitored. Strategic partners assigned lead officer for relationship management and communications.

	Detail	31 Dec 2023 Status
	Evidence Risk is being managed	Failure to work with Strategic Partners to deliver Corporate priorities Key joint working groups established and operating (e.g. Hemel Place Board, SW Herts Joint Strategic Partnership). Key Delivery Partnerships have the correct strategic and operational governance boards in place to monitor delivery. Hertfordshire wide delivery groups supported and monitored. Strategic partners assigned lead officers for relationship management and communications.
	Consequences / Impacts	Deterioration in service delivery to residents and businesses. Failure to deliver value for money and making best use of public funds. Failure to meet the needs of customers via joined- up working. Failure to deliver key strategic projects, including and not limited to Hemel Garden Communities and the SW Herts Joint Strategic Plan Reputational damage.

Risk Scoring Methodology

Impact Score

The following descriptions and definitions of impact are indicative and not exhaustive. They are a guide to assist you in assessing the impact of the risk **should** it occur.

Description	Factor	Score
<ul style="list-style-type: none"> • Brief disruption of service area – up to 1 day • No or insignificant environmental damage • Financial loss < £5,000 • Minor injury (first aid treatment) to an individual or several people • Complaint from member of public • Litigation/claims/fines up to £5,000 • No reputational damage – little or no local press interest 	Minor	1
<ul style="list-style-type: none"> • Service disruption 2-3 days • Adverse effect on services in one or more areas for a period of several weeks • Financial loss < £25,000 • Adverse local publicity • Significant injury to an individual or several people – medical treatment required • Litigation/claims/fines up to £25,000 	Significant	2
<ul style="list-style-type: none"> • Service disruption 3-5 days • Complete loss of service area for 3-5 days • Financial loss up to £50,000 • Adverse publicity in professional/municipal press • Adverse local publicity of a persistent nature • Major injury to an individual or several people • Litigation/claims/fines up to £50,000 	Serious	3
<ul style="list-style-type: none"> • Service disruption 5+ days • Major loss of service, including several important areas, and/or for a protracted period • Financial loss >£50,000 • Adverse and persistent national media coverage • Adverse central government response, involving (threat of) removal of delegated powers • Officers and/or Members forced to resign • Loss of life • Litigation/claims/fines >£50,000 	Major	4

Likelihood Score

The following descriptions and definitions of likelihood of the risk occurring are intended as a guide to assist you in arriving at your risk score.

Description	Indicators	Factor	Score
Less than 10% chance of occurrence	Has happened rarely/never before	Very unlikely	1
10 – 40% chance of occurrence	Only likely to happen every 3 or more years	Unlikely	2
40-75% chance of occurrence	Likely to happen at some point within the next 1–2 years. Circumstances occasionally encountered – few times a year	Likely	3
More than 75% chance of occurrence	Regular occurrence Circumstances frequently encountered – daily, weekly, monthly	Very likely	4

Scoring the risk

The charts above are designed to help you score the risks in terms of likelihood and impact.

This is carried out in two stages:

- Multiply the likelihood and impact scores together, as if there were **no** controls in place. This will give you an inherent risk score.
- With the list of controls that are currently in place, re-score the risk, taking into account the effect of these controls.

These final scores will give you a risk profile of those risks that may need more immediate attention.

Risk Score	Overall Rating
12 - 16	HIGH
6 - 10	MEDIUM
1 - 4	LOW

Level of Risk / (Inherent Risk Score)	Managing the risk
High Risk (12-16)	<p>Requires active management High impact / High likelihood: risk requires active management to manage down and maintain exposure at an acceptable level</p> <p>Contingency Plans A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from profile</p>
Medium Risk (6-10)	<p>Good Housekeeping May require some risk mitigation to reduce likelihood if this can be done cost effectively, but good housekeeping to ensure the impact remains low should be adequate. Reassess frequently to ensure conditions remain same</p> <p>Contingency Plans A robust contingency plan may suffice together with early warning mechanisms to detect any deviation from profile</p>
Low Risk (1-4)	<p>Review Periodically Only put mitigations in place if it's cost effective to do so</p>

MEETING DATE	REPORT DEADLINE	STANDING ITEMS	ADDITIONAL ITEMS
24/07/24	15/07/24	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	
18/09/24	09/09/24	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	Review of Procurement Service
27/11/24	18/11/24	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	

11/12/24	02/12/24	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	
12/02/25	03/02/25	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	
19/03/25	10/03/25	Apologies for absence Declarations of Interest Minutes & Actions Public Participation Work Programme AOB	