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Dacorum Borough Council
Final Internal Audit Report
Business Continuity

May 2019

This report has been prepared on the basis of the limitations set out on page 13.

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Key Dates:

Date of fieldwork:	November 2018
Date of draft report:	December 2018
Receipt of responses:	May 2019
Date of final report:	May 2019

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1. Executive Summary

1.1. Background

As part of the Internal Audit Plan for 2018/2019, we undertook a review of Dacorum Borough Council's key controls and processes for Business Continuity.

This area was included in the plan at request of the Audit Committee and also due to significance of risks related to the area in Dacorum Borough Council's Risk Register. Under the Civil Contingencies Act 2004, the authority has a statutory duty to maintain business continuity plans to ensure they can maintain services in the event of an emergency.

We are grateful to the Assistant Director (Neighbourhood Delivery), the Corporate Health, Safety and Resilience Team and other council staff for their assistance provided to us during the course of the audit.

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

1.2. Audit Objective and Scope

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

In summary, the scope covered the following areas: Roles and Responsibilities, Policies and Procedures, Business Continuity Plans, Business Continuity Testing Lessons Learned and the Monitoring and Reporting arrangements that are in place.

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

1.3. Summary Assessment

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

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

Evaluation Assessment	Testing Assessment
Substantial	Limited

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

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

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1.4. Key Findings

One priority 1 recommendation, two priority 2 recommendations and two priority 3 recommendations were raised where we believe there is scope for improvement within the control environment. These are set out below:

- Review and Update of Business Continuity Plans (Priority 1)
- Test / Exercise Programme for Business Continuity Plans & Plan Assumptions (Priority 2)
- Responsibilities for Business Continuity are defined and understood (Priority 3)
- Staff Training (Priority 3)
- Regular monitoring and reporting of business continuity management system (Priority 2)

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

1.5. Management Response

The management responses have been included in the main body of the report.

1.6. Acknowledgement

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

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2. Scope of Assignment

2.1. Background

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

2.2. Scope of the Audit

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

- Adequate and effective controls over the management of business continuity within the Council are in place and operating as intended.

Roles & Responsibilities

Roles and responsibilities in respect of business continuity across the council are clearly defined, communicated and understood;
Individuals with responsibility for Business Continuity have undergone appropriate training to enable them to undertake their roles effectively.

Policies, Procedures & Business Continuity Plans

Appropriate policies and procedures are maintained to ensure a consistent and effective approach to managing business continuity is applied across the Council;
There are appropriate, adequate and up to date Business Continuity Plans in place across the council's services;
There is clear alignment between Business Continuity Plans and individual service expectations are aligned to the capabilities of the council.
Business Continuity Plans are subject to regular reviews and updates;
Policies, Procedures & Business Continuity Plans are readily available and accessible.

Business Continuity Testing

An agreed annual Business Continuity testing plan is being developed across the council, which adequately reflects the current risks being faced;
Each of the Business Continuity Plans are subject to periodic testing to ensure they remain fit for purpose in the event that the plans need to be activated.

Lessons Learned

The delivery of testing plans, associated outcomes and unplanned events is monitored with systems embedded to ensure lessons are learnt;
The Council carry out benchmarking and/or communicate with similar councils to ensure lessons learned/best practice shared etc.

Monitoring & Reporting

There is regular monitoring and reporting of business continuity processes and issues to ensure effective scrutiny and oversight of arrangements.

3. Assessment of Control Environment

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

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

Control Objectives Assessed	Design of Controls	Operation of Controls	Recommendations Raised
Roles & Responsibilities	≈	≈	Recommendations 1 and 2
Policies, Procedures & Plans	≈	?	Recommendations 3
Business Continuity Testing	≈	≈	Recommendation 4
Lessons Learned	✓	✓	
Monitoring & Reporting	≈	≈	Recommendation 5

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

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4. Observations and Recommendations

Recommendation 1: Responsibilities for Business Continuity are clearly defined and understood. (Priority 3)

Recommendation:

The Council should review where responsibilities for Business Continuity are currently assigned and then review job descriptions to confirm that these responsibilities are clearly stated and post holders are aware of them.

Observation:

The Corporate Health, Safety & Resilience Team have responsibilities for the co-ordination of Business Continuity at the Council and this is clearly stated within their Job Descriptions.

The Assistant Director (Neighbourhood Delivery) is the Chair of the Business Continuity Leadership Team in the event of activating the Corporate Business Continuity Plans, however upon review of this job description, it was found no reference to business continuity responsibilities was made. Moreover, the Group Managers are listed as Service Level Business Continuity Plan Owners, which comes with specific responsibilities, but again their job descriptions did not document this responsibility.

Audit were informed that when new post holders with Business Continuity responsibilities being in post a member of the CHSR Team meet with them to inform them of their responsibilities, although it is noted no records of these meetings are taken.

Therefore, there is a risk that staff are unaware of their responsibilities for business continuity and would be unable to execute business continuity plans in the event of activation.

Responsibility: Corporate Health, Safety and Resilience Team in co-operation with Hertfordshire County Council

Management response / deadline:

The current BC plan clearly states the responsibilities of all staff involved in a BC incident.

The Health, Safety and Resilience Committee (Chaired by Assistant Director Neighbourhood Delivery) has changed its terms of reference as of 13th March 2019 to include all resilience matters. This was approved by Corporate Management Team on the 2nd April 2019. This means resilience matters and updates will be passed through this committee on a quarterly basis and reported to Corporate Management Team. Corporate Management Team includes Chief Executive, Directors and Assistant Directors of the Council. This will further embed those involved in BC in their roles.

Resilience Policy Statement to include Business Continuity responsibilities will be presented at the June 2019 Health, Safety and Resilience Committee, this will reflect the Health and Safety Policy statement which clearly outlines all staff responsible for resilience matters including but not limited to the Assistant Director (Neighbourhood Delivery) and the Director of Finance and Resources.

HR have been instructed to update Induction checklist to clarify new starters GM and above to meet with the Corporate Health, Safety and Resilience Team to go through their responsibilities, records will be kept in all staff induction records. Further records will be held with the CHSR team.

JD's are reviewed as part of the recruitment process, they will be reviewed when either of the posts mentioned above become vacant.

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Recommendation 2: Staff Training (Priority 3)

Recommendation:
The Council should ensure they retain Business Continuity Awareness Training Records to confirm current levels of training and that these are regularly updated.
The Council should consider the level of Business Continuity Training that is available and how frequently that staff key post holders should undertake training.
Observation:
Business Continuity Awareness Training was previously delivered in house and training records were maintained, a review of these records to current staff shows that some current members of staff completed training prior to 2011. Audit were informed that the training records were not up to date and a Leadership Training day was delivered in May 2018.
The Council training provider for Business Continuity is through the Hertfordshire Authorities Resilience Partnership (HARP). Upon request the HARP confirmed only four staff from the Council have completed any Business Continuity courses, with a number of courses offered but later cancelled as well.
The Council should ensure that all post holders with key responsibilities in regards to Business Continuity have undertaken relevant training, there is a risk that staff are unable to carry out their assigned responsibilities effectively.
Responsibility: Group Manager (Environmental & Community Protection), Corporate Health, Safety and Resilience Team Leader
Management response / deadline:
A training exercise was completed on 17th May 2018, a further refresh session will take place at the leadership event to the CEO, Directors, Assistant Directors and Group Managers on the 11th July 2019.
A resilience exercise has been planned for October 2019, this will enable the leadership team to put into practice skills they have refreshed in the leadership event in July 2019.
HCC are currently looking at E- Learning options to support the face to face delivery of training they currently provide.
In addition an awareness campaign to promote specific behaviours to increase organisational resilience is planned for August 2019.

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Recommendation 3: Review and Update of Business Continuity Plans (Priority 1)

Recommendation:

The Council should ensure that the Corporate Business Continuity Plan and the Service Level Business Continuity Plans are reviewed and updated. These should be aligned to ensure that critical function for the council are appropriately covered within the Service Level plans.

The Council should consider adopting an annual review timetable to ensure that all plans are appropriately reviewed and updated across the year.

Observation:

The Council currently has a Corporate Business Continuity Plan supported by eight service level plans. Business Continuity Plans should be regularly reviewed and updated to ensure that they remain fit for purpose and within each of the council's plans it states:

Plans are reviewed and updated at least once a year. There may be several events which would occasion a re-assessment of the plan before the annual review. Examples of such events are: Acquisition of new equipment, or upgrading of operational systems Staff or organisational changes, Changes of contractors or suppliers, Changes of addresses or telephone numbers, Changes to business processes, Changes in operating practices, Changes in legislation, Relocation of unit / team.

A review of all the continuity plans found they had not been updated for some time, with the last updates noted below:

- Corporate BCP (April 2016)
- Housing (May 2017)
- Environmental Services (January 2017)
- People and Performance (December 2016)
- Procurement (December 2016)
- Regulatory Services (now ECP) (September 2016)
- Revenues, Benefits and Fraud (December 2016)
- Finance (April 2017)
- ICT (August 2016)

A key part of activating business continuity plans is contacting the key individuals within the Council and the lack of regular update of plans increases the risk that incorrect individuals are listed and or contact numbers are incorrect. This would delay or hamper any activation of the plan.

Moreover, informing staff is also an important part of activation and each of the plans currently refer to the use of an SMS Text Service that should be utilised. However, upon review it was found that this system had been replaced by a different system so the plans are currently not in line with the correct processes that would be followed.

It was noted from review of the BCP's that a number of them still made reference to the old civic centre building with the Corporate BCP still having the old building plans included within its appendices. Moreover the Corporate BCP details ten critical services that the Council needs to maintain in the event of an emergency however it was identified there is a lack of alignment between the critical services listed in Corporate BCP and the existing scope of the Service level BCP's. Audit were informed that this is due to the lack of updated plans following the restructure of service areas. Therefore the current plans are clearly out of date.

At present, the Council currently has out of date business continuity plans that could impact upon its ability to maintain critical services in a timely manner in the event of an incident or emergency.

Responsibility:

Group Managers – Service level BC plans

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Corporate BC plan: Group Manager (Environmental & Community Protection), Corporate Health, Safety and Resilience Team Leader

Management response / deadline:

All Service level BC plans were reviewed and updated by Group Managers early in 2019. There had been some service realignment prior to the updates however the plans still covered all the critical areas just not necessarily held in the correct Group area. These have now been moved to the correct manager's plans.

HCC are reviewing and updating the Corporate BC plan, final draft should be submitted to CHSR at the end of May 2019, once reviewed by CHSR Team this will be submitted to the Health, Safety and Resilience Committee for approval, before being submitted to Corporate Management Team. This will then replace the existing Corporate Business Continuity Plan.

Recommendation 4: Test / Exercise Programme for Business Continuity Plans & Plan Assumptions (Priority 2)

Recommendation:

The Council should put in place an appropriate test / exercise programme to ensure that business continuity plans are subject to regular testing so that they remain effective and robust.

Once a test / exercise programme has been established, the Council should ensure that the outcomes and lessons learned from them are part of the review and update process.

The Council should consider how it will gain assurance that the assumptions within the Business Continuity Management system are being complied with.

This could include an element of dip sampling or random testing of plans periodically to ensure they are being effectively maintained in line with current assumptions.

Observation:

The Civil Contingencies Act 2004 places a statutory duty on local authorities to maintain business continuity management arrangements to ensure that they can continue to perform their functions in the event of an emergency, so far as is reasonably practicable.

The Council's Corporate Business Continuity Plans states:

The plan owner is responsible for the regular review and maintenance of this plan.

Business Continuity Plans must be validated and supported by a comprehensive BCM training and exercising programme, to ensure plans are effective, key staff are rehearsed, and systems tested.

- *Appropriate training will ensure that staff are confident and competent concerning the contents of the plan and their role(s) within it; and*
- *Exercising, in the form of call-out exercises, table-top exercises or live exercises, will validate current plans and procedures.*

Lessons learnt and key recommendations from exercises will be incorporated into the plan review and maintenance schedule.

However, upon review it was found that there is no test or exercise programme in place to regularly carry out tests on business continuity plans. These have been done on an ad hoc basis historically but again upon review it was found that the last test of a business continuity plan took place in 2011.

The Corporate Business Continuity Plan sets out a number of assumptions that it expects in regards to the delivery of a robust Business Continuity Management system at the Council. One of the assumptions is:

Each Group Manager maintains up to date Service Continuity Plans, including contact details, critical assets and appropriate arrangements for a battle box or similar where necessary;

However, it has been highlighted during the audit that there is a lack of compliance with these assumptions and expectations as the corporate plan and service level plans have not been regularly maintained and updated (refer to recommendation 3).

The Corporate Management Team should therefore review how it gets assurance that the council is maintaining effective business continuity plans.

The lack of regular business continuity tests increases the risk that existing plans are not fit for purpose and in the event of an emergency or major incident the council would fail in its statutory duty to maintain services.

Responsibility:

Group Manager (Environmental & Community Protection), Corporate Health, Safety and Resilience Team Leader

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Management response / deadline:

Business Continuity Exercise is planned for October 2019, this will take place in the Leadership Event for the Chief Executive, Directors, Assistant Directors and Group Managers.

Herts County Council will review the updated service level Business Continuity plans in July 2019, this will then be added annually from there on in to their work plan.

Quarterly updates on resilience matters will be reported to the Health, Safety and Resilience Committee on a quarterly basis. This will include feedback on training, exercises, Local Authority Resilience Group (LARG), Hertfordshire Authorities Resilience Partnership (HARP).

Recommendation 5: Regular monitoring and reporting of business continuity management system (Priority 2)

Recommendation:

The Council should ensure that it is effectively monitoring the business continuity management system and seek assurance that it remains effective and fit for purpose.

Consideration should be given to having a regular update on current business continuity activities. This could include but not be limited to:

- An annual report on the business continuity management system;
- Any activation of business continuity plans and the lessons learned;
- Outcomes from business continuity tests;
- Outcomes from any dip sampling of business continuity plans; and
- Feedback on items discussed at Local Authorities Resilience Group.

Observation:

The Corporate business continuity plan is owned by the Corporate Management Team (CMT) and it was confirmed that any reports in regard to business continuity are reported to the CMT meeting, however it was confirmed that no regular reports in regards to business continuity are produced.

The CMT meeting does not have a terms of reference, however the information provided on the Council's intranet confirmed they have oversight of resilience. Some ad hoc reports have been presented in regard to business continuity and audit evidenced these, however the last business continuity update to the CMT was in September 2016.

Audit were informed that the Council attends the Local Authorities Resilience Group, which is run by the district councils in Hertfordshire and is an informal meeting where representatives from the authorities meet to share best practice and discuss any issues being face. It should be considered how feedback or any issues raised through this forum are reported within the Council.

There is an increased risk that an ineffective or inappropriate business continuity system is not identified through regular monitoring and reporting, placing the Council at risk of being unable to carry out its statutory duties effectively in the event of an incident or emergency.

Responsibility: Corporate Health, Safety and Resilience Team

Management response / deadline:

The Health and Safety Committee (Chaired by Assistant Director Neighbourhood Deliver) has changed its terms of reference as of 13th March 2019 to include resilience matters. This was approved by Corporate Management Team on the 2nd April. This will mean resilience matters and updates will be passed through this committee on a quarterly basis and reported to Corporate Management Team. Corporate Management Team included, COE, Directors and Assistant Directors of the Council. Quarterly updates on resilience matters will be reported to the Health, Safety and Resilience Committee on a quarterly basis. This will include feedback on training, exercises, Local Authority Resilience Group (LARG), Hertfordshire Authorities Resilience Partnership (HARP). This will further embed those involved in BC in their roles.

In addition an awareness campaign to promote specific behaviours to increase organisational resilience is planned for August 2019

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Appendix A - Reporting Definitions

Audit assessment

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

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

Grading of recommendations

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

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

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Appendix B Statement of Responsibility

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

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

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

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

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