



Internal Audit

FINAL

## Dacorum Borough Council

### Summary Internal Controls Assurance (SICA) Report

2020/21

March 2021

# Summary Internal Controls Assurance

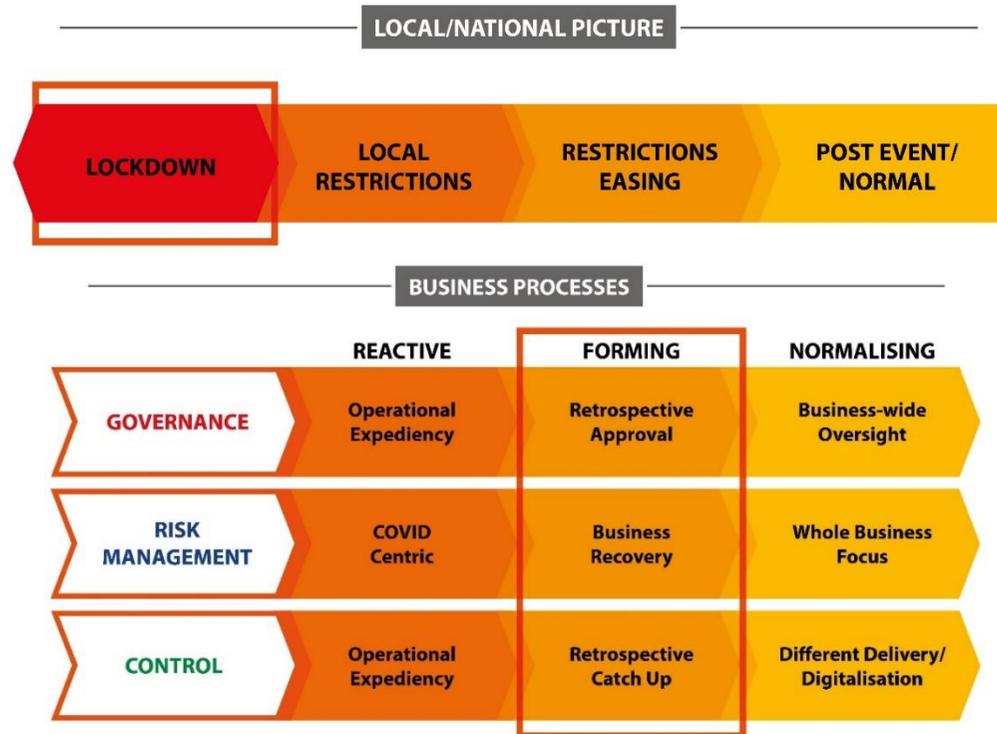
## Introduction

1. This summary internal controls assurance report provides the Audit 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 4<sup>th</sup> March 2021. The period covered by this summary controls assurance report was significantly impacted by the COVID 19 pandemic.

## Emerging Governance, Risk and Internal Control Related Issues

2. COVID 19 is the most significant recent event to impact both strategically and operationally upon modern day Governance, Risk and Internal Control arrangements. There will be a number of phases in relation to the move through the pandemic and each phase has different implications for the Governance, Risk and Internal Control arrangements. Based upon the information garnered from our work at number of clients some of the potential strategic impacts for 2020/21 are summarised below. A key consideration is that there is unlikely to be a precise timeline when the organisation moves from one phase to the next and also there will be a consequential timelag as the organisation adapts and adopts new ways of operating. The box in the table below signifies the assessment of the current stage, which has gradually eased from Lockdown during the period covered by this SICA

*Impact on COVID 19 on strategic focus during business interruption*



3. There are a range of operational matters arising from the COVID 19 pandemic which impact upon the Governance, Risk and Internal Control arrangements. During the COVID 19 period it would be prudent for Dacorum Borough Council to compare the policies, procedures and internal control processes in effect during the pandemic against the policies, procedures and internal control processes in effect prior to the onset of the pandemic. The matters identified should be risk assessed so as to gain awareness about where the undetected vulnerabilities that may exist so that an informed decision can be made around acceptance of such risks.

### Internal Control Framework

#### Audits completed since the last SICA report to the Audit Committee

4. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

*Audits completed since previous SICA report*

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Community Safety Partnership	Substantial	February 2021	March 2021	March 2021	0	0	1	0
Benefits & Savings Realisation	Substantial	February 2021	March 2021	March 2021	0	0	0	0
Housing Rents	Substantial	March 2021	March 2021	March 2021	0	0	0	0

5. Copies of the finalised reports are presented separately to this Audit Committee. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

#### 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. The table below summarises the extent to which confirmation has been received that management actions have been taken that the risk exposure identified has been effectively mitigated. More information is provided in Appendix C.

*Mitigating risk exposures identified by internal audit reviews*

Review	Date	Priority 1			Priority 2		
2019/20 Governance	Mazars	0	0	0	0	0	1
2019/20 Web Accessibility	Mazars	0	0	0	1	0	0
2019/20 Disaster Recovery	Mazars	0	0	0	0	1	0
2020/21 NNDR	Sept 2020	0	0	0	0	0	1
2020/21 GDPR	Jan 2021	0	0	0	1	0	0

### Root Cause Indicators

7. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel.

### Progress against the 2020/21 Annual Plan

8. **COVID 19:** The progress against the planned work for Q1 and 2 has been disrupted by the COVID pandemic. In mid-March, when the potential scale and impact of COVID 19 was becoming evident it was agreed that the delivery of the internal audit service would be both delayed and then undertaken remotely thereby minimising the need to physically access offices/premises and to hold face to face meetings.
9. The planned quarter four reviews, Planning and Empty Houses, are underway and will be completed by end of this. Our progress against the Annual Plan for 2020/21 is set out in Appendix B.

### Changes to the Annual Plan 2020/21

10. The Business Continuity (incl Pandemic Response) and the Health & Safety review have been rolled forward into the 2021/22 Audit Plan and will be undertaken in Quarter 1. The planned quarter four review, Empty Houses, and is on track to be completed by end of this month.

### Frauds/Irregularities

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

### Other Matters

12. Updates have been provided in relation to follow up and these have been incorporated within the tracker which resides within the client portal. The follow up of these recommendations has commenced. Access to the client portal has been provided to management.
13. Risk management Training has been provided to the Audit Committee by TIAA and it is proposed that this be provided in an ongoing fashion.
14. We have reviewed recent guidance issued by the Internal Audit Standards Advisory Board (IASAB) in relation to internal auditing during the COVID-19 pandemic. The guidance aims to support heads of internal audit and individual internal auditors in continuing to meet their personal and professional responsibilities for conforming the UK Public Sector Internal Audit Standards (PSIAS). We can confirm continued conformance with the professional standards during this period.

### Responsibility/Disclaimer

15. 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.

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## 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 presented separately.

Review	Evaluation
Community Safety Partnership	Substantial
Benefits & Savings Realisation	Substantial
Housing Rents	Substantial

# Community Safety Partnership - Executive Summary

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

**Rationale:** The Council’s corporate priorities include ‘a clean, safe and enjoyable environment’ and ‘building strong and vibrant communities’. Efficient and effective governance arrangements for Community Safety Partnerships are key to ensuring that statutory duties surrounding Community Safety are met and that CSP priorities and targets are delivered, in order to reduce crime and anti-social behaviour to make the borough safer for all residents.

## SCOPE

Assessed the adequacy and effectiveness of the internal controls in place at the Council for managing Community Safety. The audit will focus on the following key areas: Strategies are in place for the reduction of crime and disorder, and for combatting the misuse of drugs in the area, in accordance with statutory requirements; There are adequate governance arrangements in place to assist in the delivery of actions identified in the Community Safety Partnership (CSP) Plan; Guidance is provided to local residents to raise awareness of Community Safety issues; Grant schemes and other available funding are suitably identified and applied for, with spending outcomes adequately reported; and there is adequate performance monitoring and reporting to the CSP and Council Members in respect of crime and disorder reduction and progress against action plans.

## KEY STRATEGIC FINDINGS

- The Strategic Assessment Report identified some key risks that the Partnership are progressing
- A three year action plan has been developed which will provide good forward direction for the Partnership
- A number of officer and partnership groups have been established to provide control and governance over community safety
- Possibly the partnership could be more active in seeking funding for supporting Community Safety events

## GOOD PRACTICE IDENTIFIED

- Community Safety is well advertised and promoted throughout the Borough
- There is good partnership participation which is driven by the Council and the working groups

## ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	0

## 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	Delivery	Given how important Community Safety is to the community the Council should continue to seek grant funding from the many bodies who would benefit from this communal service.	The Community Safety Team continue to seek grant funding to support the implementation of the joint action plan.	3	<i>Agreed. The community safety partnership will continue to apply for external funding on projects that will benefit the wider community. Community safety events are a good way to engage with residents and businesses throughout Dacorum. There may be opportunities in the future to work with local supermarket and shops to promote targeted community safety issues relevant to them, which could encourage businesses to become involved through their corporate social responsibility.</i>	1 <sup>st</sup> March 2022	<i>Community Safety &amp; Children Services Team Leader</i>

# Benefits & Savings Realisation - Executive Summary

**OVERALL ASSESSMENT**

The diagram shows a circular gauge with the text 'Adequate & effective governance, risk and control processes' around the perimeter. Inside the gauge, the text 'SUBSTANTIAL ASSURANCE' is displayed. To the right of the gauge is a vertical legend with four colored segments: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.

**ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE**

SR1 - Funding and Income

**KEY STRATEGIC FINDINGS**

- The Medium Term Financial Strategy is reviewed annually by Finance and presented to Cabinet for approval.
- Finance maintain a 'Savings Tracker' which lists the savings identified during the annual budget setting process.
- Savings identified for 2020/21 have been impacted, namely the income streams, due to the pandemic.
- The Council is forecasting financial pressure of circa £3.1m, at the end of quarter two, of which £3m is a direct result of the impact of the pandemic.

**GOOD PRACTICE IDENTIFIED**

- The Savings Tracker is monitored monthly as part of the budget monitoring process and movements reported to Cabinet as part of the quarterly Management Accounts submission.

**SCOPE**

The audit reviewed a sample of savings, to ensure that:

- they have been accurately assessed both in terms of the costs that can be saved and the timescale within in which the savings are to be achieved;
- there are action plans in place to deliver the savings;
- savings proposals are monitored, and potential problems are reported promptly; and
- the risks that might prevent these savings from being achieved are being appropriately managed in accordance with the risk assessment published as part of the Financial Strategy.

**ACTION POINTS**

Urgent	Important	Routine	Operational
0	0	0	0

# Housing Rents - Executive Summary

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Due to the high volume of transactions and the income involved this is a high risk area, with budgeted rental income. The systems and controls in place for the Housing Rents processes are audited on an annual basis as they have a material impact on the Council's financial statements. They are also subject to an external annual review for ISO9001. The adequacy and effectiveness of the key internal controls have been reviewed for the purpose of this report

## SCOPE

The audit reviewed the following key areas: There are up to date documented procedures for all aspects of the rent, accessible to all staff who need them, Recommendations from the previous audit report have been implemented, Rents due are being collected and promptly allocated to the correct rent accounts, Benefits awarded are being properly allocated to the correct rent accounts, Case records provide a management trail and complete case history.

## KEY STRATEGIC FINDINGS



Overall, key controls were found to be robust and operating effectively. With respect to the key systems and controls for rent collection, it was noted that there had not been any significant changes to policies. Letters not being sent because not in office to print letters.



Sample testing of write-offs highlighted no significant concerns. UDC alerts are on some accounts which is a marker raised to look at specific people impacted by COVID.

## GOOD PRACTICE IDENTIFIED



The Court Procedure and Former Tenant Arrears Procedure were last reviewed in June 2020. The Analytics was to go live in November 2019 however was delayed and went live in March 2020.

In March 2020 a new system was introduced called Income Analytics. It uses design filters that are like worklists which concentrates on key areas e.g. low arrears and rent arrears. The system sends a bulk email to prompt payments, follow ups etc.



KPI's are produced automatically each month and management review these e.g. / Percent of rent arrears O/S, percentage late; etc. These are presented to CMT (Corporate Management Team. Quarterly they go to Overview and scrutiny. DBC also participate in a benchmarking system (HouseMark).

## ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

## Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Key Financial Controls (Main Accounting/ Treasury Management/Cash and Bank Accounts Receivable/Accounts Payable)	Q2	Final Report	Final report issued 14 <sup>th</sup> January 2021
Budgetary Control	Q2	Final report	Final report issued 30 <sup>th</sup> October 2020
Council Tax	Q2	Final Report	Final Report issued 14 <sup>th</sup> September 2020
NNDR	Q2	Final Report	Final Report issued 22 <sup>nd</sup> September 2020
Housing Benefit	Q3	Final Report	Final Report issued 2 <sup>nd</sup> November 2020
Community Safety Partnerships	Q3	Final Report	Final Report issued 4 <sup>th</sup> March 2021
Business Continuity – Including Pandemic	Q3	Deferred to Q1 2021/22	N/A
Planning	Q3	Review to commence 16 <sup>th</sup> March 2021	Opening meeting arranged
Housing Rents	Q3	Final Report	Final Report issued 9 <sup>th</sup> March 2021
Empty Homes	Q4	In progress	Draft to be issued end March 2021
Commercial Asset Management	Q3/Q4	Final Report	Final Report issued 22 <sup>nd</sup> Jan 2021
GDPR	Q4	Final Report	Final Report issued 25 <sup>th</sup> Jan 2021
Corporate Health and Safety	Q4	Deferred to Q1 2021/22	N/A
Cyber Security	Q3	Draft report issued	Draft Report issued 8 <sup>th</sup> March 2021
Governance and Risk management	All	Ongoing work workshop. (mostly for Q4)	N/A
Benefits and Savings Realisation	Q3	Final Report	Final report issued 5 <sup>th</sup> March 2021
Ad Hoc/Contingency	N/A	N/A	N/A

**KEY:**

To be commenced

Site work commenced

Draft report issued

Final report issued

Audits Cancelled/ Deferred

## Priority 1 & 2 & 3 Recommendations - Progress update

### Follow Up Analysis Table

Priority	Recs Outstanding as at 04/03/2021		Aged Analysis for Overdue Recommendations (past date/revised date as appropriate).				
	Past the Original Implementation Date	Before Imp Date	Greater than 1 year	Greater than 6 months	Greater than 3 Months	Less than 3 months	Less than 1 month
Priority 1	0	0	0	0	0	0	0
Priority 2	3	2	0	0	0	1	2
Priority 3	3	1	0	0	0	3	0

Note: Twelve recommendations have been confirmed as having been implemented in the year to date.

## List of overdue Priority 1 and 2 Recommendations

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<b>2019/20 Governance Role</b>						
The executive should issue a communication to all Councillors outlining the requirement that mandatory training is to be completed when due. The process for escalating non completion of mandatory training and for dealing with noncompliance should be adhered to and corrective actions be taken where gaps are identified	2	All Members have been offered the opportunity to attend mandatory training on at least two different dates. One further training session will be made available for councillors who have been unable to attend training and there will be close liaison with Group Leaders to ensure Members attend. If Members still fail to attend a report will be taken to the Council's Standards Committee for consideration.	31/12/2020	Corporate Support Team Leader Director – Corporate and Contracted Services	Work in progress.	
<b>2019/20 Web Accessibility</b>						
The Council should address the issues highlighted in the Siteimprove reports as a matter of priority and ensure changes are applied across domains and services consistently.	2	As recommended, we will address the issues highlighted in the Siteimprove report. Our first priority will be the main websites	30/10/2020 <i>Revised date 26/02/2021</i>	GM – Technology & Digital Transformation	Implemented - By the end of 2020 we had addressed the issues highlighted in the Siteimprove report and will re-run the report at 6 monthly intervals to check for any new issues that appear. <i>(Will be verified as part of follow up exercise)</i>	
<b>2019/20 Disaster Recovery</b>						
The ICT Business Continuity Plan should link with an updated version of the ICT High Level Disaster Recovery (HLDR) Schedule in order for Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) to be included and identified.	2	The BC plan is due for a review in August 2020. This recommendation will form part of the document review.	30/08/2020 <i>Revised date 29/01/2021</i>	Group Manager – Technology & Digital Transformation Team Leader Corporate Health, Safety and Resilience	Implemented - The Business Continuity Plan was updated in September 2020 and now includes the link to an updated HLDR. <i>(Will be verified as part of follow up exercise)</i>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<b>2020/21 NNDR</b>						
The Revenues section must conduct regular reviews for reliefs/ exemptions awarded to Businesses and in doing so adopt the methodology applied to Council Tax discounts/ exemptions. Thereby maintaining consistency in approach for both services which fall under Revenues.	2	The Revenues team accepts that there is presently no comprehensive risk assessment of the various property reliefs/exemptions, and so it cannot demonstrate that reviews are being carried out to an appropriate degree. We will develop a risk-based schedule for reviewing BR accounts.	31/12/2020 <i>Revised date</i> 31/03/2021	Revenues Team Leader	Implementation date not reached.	
<b>2020/21 GDPR</b>						
The record of processing activity be completed following the completion of the ongoing review of records.	2	This work is on-going and needs a lot of dedicated time. Timetable reflects this.	31/12/2021	Information Security Team Leader	Implementation date not reached.	
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.	30/09/21	Information Security Team Leader	Implementation date not reached.	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Management ensure that privacy notices are drafted and published for all Council service areas involved in the processing of personal data.	2	There are currently 21 Privacy Policies in place. A further 6 are due to be published to ensure that every service is reflected. On ISTL Work Plan.	28/02/21 <b>Revised date 30/04/21</b>	Information Security Team Laeder	We have combined some services PN's – so for example, Finance is two functions (transactional and payroll) – which is in the one policy.  There are two left to do - Environmental Services and Regulatory Services. To be completed by end of April 2021.	

**KEY:**

**Priority Gradings (1 & 2)**

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

<b>CLEARED</b>	Internal audit work confirms action taken addresses the risk exposure.	<b>ON TARGET</b>	Control issue on which action should be taken at the earliest opportunity.	<b>EXPOSED</b>	Target date not met & risk exposure still extant
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