



Internal Audit

FINAL

Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

2021/22

June 2021

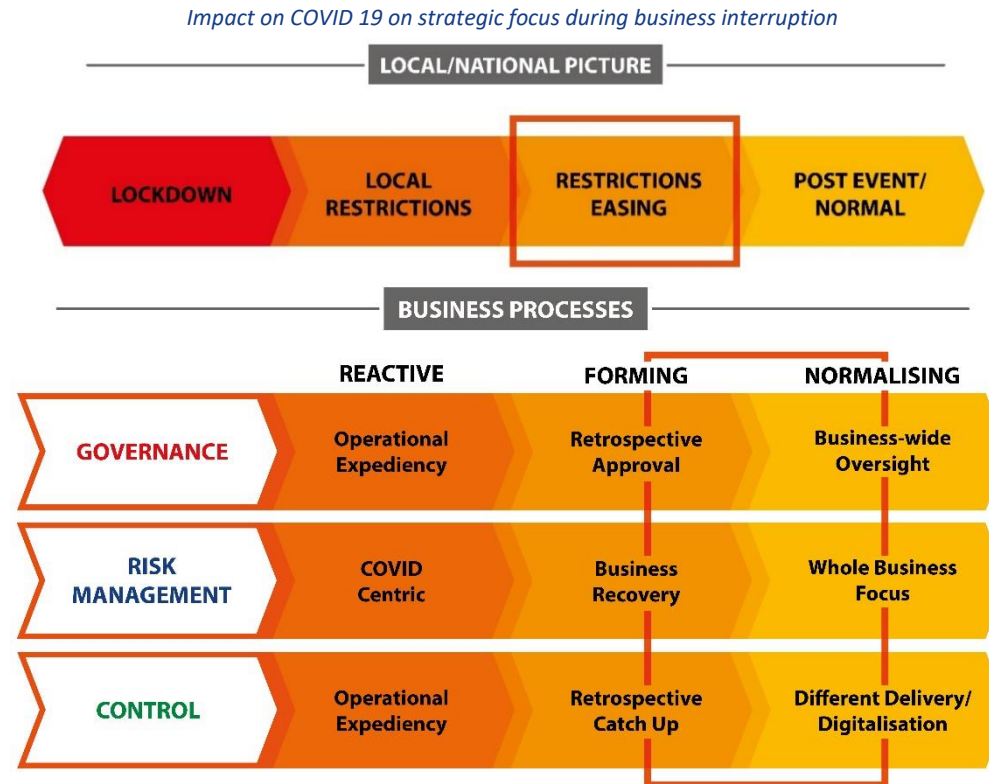
Summary Internal Controls Assurance

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 11th June 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 Relaxing towards Post-Lockdown Normal during the period covered by this SICA.



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
2020/21 Planning	Substantial	May 2021	June 2021	June 2021	0	0	0	0
2021/22 Business Grants	Reasonable	April 2021	May 2021	May 2021	0	2	1	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		
		0	1	2	0	1	2
2019/20 Governance	Mazars	0	0	0	0	0	1
2019/20 Web Accessibility	Mazars	0	0	0	0	1	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 Cyber Security	April 2021	0	0	0	1	0	2
2020/21 GDPR	January 2021	0	0	0	2	2	0

At the time of reporting, a follow up review is in progress for 2021/22 Quarter 1.

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 2021/22 Annual Plan

8. **COVID 19:** In mid-March 2020, 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 one reviews are underway, with the exception of the Business Continuity which has been deferred to quarter 3 due to internal pressures. The audit reviews at fieldwork stage are:
- Absence Management;
 - Payroll; and
 - ICT Network Security (Remote Access).

In addition to the above listed reviews, the Council commissioned an additional ten days during April 2021, to undertake a review of Business Grants. Central Government announced a series of business grants, to aid businesses financially, during the pandemic and national lockdowns imposed during 2020/21. The review focused assessment of award and compliance against eligibility criteria.

10. Our progress against the Annual Plan for 2021/22 is set out in Appendix B.

Changes to the Annual Plan 2021/22

11. At the time of reporting, the Deputy section 151 officer, requested that the planned quarter 1 review, Recruitment, to be moved to quarter 4 on the request of the Chief Executive. Additionally, the scope for the Governance and Risk Management has been amended to reflect the new arrangements which are to be implemented between April 2021 to August 2021.

Frauds/Irregularities

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

Other Matters

13. 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.
14. Risk management Training has been provided to the Audit Committee by TIAA and it is proposed that this be provided in an ongoing fashion.
15. 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

16. 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 presented separately.

Review	Evaluation
2020/21 Planning	Substantial
2021/22 Business Grants	Reasonable

2020/21 Planning - Executive Summary


OVERALL ASSESSMENT




ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE


TBA

KEY STRATEGIC FINDINGS

 The Planning department faced numerous operational issues with regards to processing applications, dealing with customers and stakeholders. Mondrem were commissioned in 2019 by the Council to aid the department in becoming effective, efficient and focused. A year on, the Planning department have significantly improved their systems and processes and departmental direction is transparent.

 The re-modelling of the Planning department, in particular the focus on staff, has aided in creating a better working environment has led to increased staff wellbeing.

GOOD PRACTICE IDENTIFIED

 The adoption of PowerBi, a software reporting tool, provides monitoring and reporting data, essential to drive efficiency and effectiveness.

SCOPE

The audit focused on:

- the changes implemented against what was agreed with Mondrem;
- weaknesses, how these have been addressed in the new processes implemented;
- any weaknesses identified in the new process; and
- how the new processes/ procedures are measured and reported.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

2021/22 Business Planning - Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE





Central Government announced a series of Business Grants during 2020 to financially support business through the pandemic and the several national lockdown.

SCOPE



The audit reviewed a sample of Business Grant's awarded to date, comprising of 6 grants to ensure that

- Both Central Government and Council criteria have been met prior to award of grants to Businesses;
- All grants awarded are supported by a completed e-form, available on the Council's website;
- Grants awarded have been paid into an appropriate bank account.
- For smaller business and taxi drivers the grant will have been paid into a personal bank account)
- The Council has obtained and retained evidence, from Businesses, to support the grant application and subsequent award; and,
- Finance reconciliations of grant monies received from Central Government to grant awarded - Identifying any under/ overpayments arising.
- Government returns have been submitted.

KEY STRATEGIC FINDINGS

-  The Council has complied with both Government guidance and its Local Authority Discretionary policies when processing the grant applications through to award.
-  The Council has adopted 'self-certification' statements, included in the web application forms, as per the Government FAQs, to confirm recipients have met the eligibility criteria.
-  The Council has not retained all the necessary information/ documents submitted by the recipient, namely for the Additional Restrictions Grant. Additionally, where visual checks have been performed via the intranet, has not been documented on the system.
-  Grant reconciliations and returns were performed and submitted in accordance with Government instructions.

GOOD PRACTICE IDENTIFIED

-  A web based application form was developed by the Council for the Business Grants.
-  Local Policies were developed for the discretionary business grants.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	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	Directed	<p>LADG and ARG</p> <p>The Economic Development Team maintains a spreadsheet, listing the recipients along with the information/ documentation seen/ reviewed.</p> <p>However, it was noted that the supporting evidence was not retained or saved on to the system.</p>	It be ensured that supporting evidence received, to support the Business Grant, is retained	2	<p><i>All verification evidence once checked and approved will be retained going forward and all historical verification documents retained and documented. The core verification process in Unit 4 records the majority of information and will continue to do so. As part of the phase 2 of ARG any historical documents not retained will be recollected.</i></p>	May 2021 for ARG tranche 2	Chris Taylor Group Manager SPAR


Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>All Grants</p> <p>In light of the tight deadlines imposed on the Council by Government. The Council implemented a system which best suited the situation when processing and awarding the Business Grants.</p> <p>Self-certification by the businesses was relied upon to confirm that both Government and the Council's Local Discretionary policies eligibility criteria was met.</p>	<p>To ensure and to provide assurances that the business grants were awarded appropriately, post payment checks be performed.</p> <p>A sample size be agreed for each category of business grant and a spreadsheet created.</p> <p>The spreadsheet to contain a tab for each grant and the testing columns must replicate the Government and Council eligibility criteria, i.e. obtain proof of number of Employees, Premises Costs, Accountant letter/ Management Accounts to confirm business position – going concern.</p> <p>The results of this exercise be reported to Senior Management and reported to Cabinet.</p> <p>Where errors have been noted these be used as 'Lessons Learnt' and applied to other business grants which are active.</p>	2	<p><i>The council had a short time frame to implement the business grants and had to react to a changing government policy and timetable. As a result the council implemented a self-certification process, in line with the majority of the sector, and in line with the governments business grants policy and guidance. The timeframe, scale and importance of the implementation did not allow for a standard approach and hence more reliance than normal is placed on the post payment assurance to seek further assurance.</i></p> <p><i>The council is following the governments post payment assessment processes and will complete those returns to the MHCLG/BEIS for validation as required. The outcome of these checks will be reported to the Audit committee on an exceptions basis going forward.</i></p>	May 2021	AD Finance and Resources


Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>LRSB</p> <p>The Revenues team performed visual checks of the businesses, who had applied for the LRSB. However, these checks were not documented on the system</p>	<p>It be ensured, checks undertaken to verify business' grant applications, are documented on the system.</p>	3	<p><i>The checks referred to are made to another Council system to which officers have continual access, and the name of the officer who carried out the checks is recorded in Unit4, and the team had considered this to be sufficient. However, from now we will add notes to Unit 4 specifying these checks were done.</i></p>	<p><i>Immediate</i></p>	<p><i>Group Manager (Revenues, Benefits & Fraud)</i></p>


Progress against Annual Plan


System	Planned Quarter	Current Status	Comments
Absence Management	1	Fieldwork in progress	
Payroll (post implementation of iTrent)	1	Fieldwork in progress	
Business Continuity (including Pandemic Response)	1	Deferred to Quarter 3	Advised by Management to defer the review due to internal pressures.
ICT – Network Security (Remote Access)	1	Fieldwork in progress	
Customer Services	2		Audit Brief issued 10 th June 2021
Procurement	2		Audit Brief issued 10 th June 2021
Freedom of Information	2		Audit Brief issued 10 th June 2021
Corporate Health & Safety	2		Audit Brief issued 10 th June 2021
Waste Management	2		Audit Brief issued 10 th June 2021
Key Financial Controls	3		
Budgetary Control	3		
Council Tax	3		
NDR	3		
Housing Benefits	3		
Housing Rents	3		
Empty Homes	4		
Planning Enforcement	4		
Safeguarding & Prevention	4		
Governance & Risk Management	4		
Follow Up	3-4		

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	5	3	0	1	2	2	0
Priority 3	11	2	0	0	5	6	0

Note: Ten 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
2019/20 Governance Role						
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	No updates noted on the Tracker. Qtr 1 follow up review – requested update.	
2019/20 ICT Disaster Recovery						
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 Revised date 29/01/2021	Group Manager – Tech & Digital Transformation Team Leader Corp Health, Safety and Resilience	BEN Trueman (email dated 05/03/21) - The Business Continuity Plan was updated in September 2020 and now includes the link to an updated HLDR. Qtr 1 Follow Up Review– have requested evidence to confirm implementation.	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
2019/20 Web Accessibility						
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 Revised date 26/02/2021	GM – Technology & Digital Transformation	Ben Trueman (email dated 05/03/21) - 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>Qtr 1 Follow Up Review– have requested evidence to confirm implementation.</i>	
2020/21 NNDR						
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.	Revenues & Benefits Support Team Leader	31/12/2020 Revised date 30/04/2021	The Revenues Team Leader has stated that - 'Whilst a lot of the work had been done, unfortunately I did not manage to complete the task before the additional grant work from the November lockdown and tier restrictions came into play. These grants have been the main priority for myself and the team and we have not been able to focus on this recently. I request that you alter the completion date for this item to 31/3/2021.' <i>Qtr 1 Follow Up – have requested an update.</i>	
2020/21 Cyber Security						
ICT management to ensure that Windows 2008 servers are decommissioned following ongoing work to migrate systems and data.	2	All 12 remaining Windows 2008 servers will be decommissioned by August 2021	01/08/2021	Group Manager – Technology & Digital Transformation	Implementation date not as of yet reached.	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>ICT management to review options around implementing a testing stage for Windows patching.</p>	2	<p>DBC ICT undertakes significant testing of major Windows Operating System updates before rolling them out via SCCM as there is significant risk of operational impact if they fail. This testing is however currently not documented. We will introduce reporting to document and record the results of this testing going forwards. While we understand the rationale behind a more comprehensive testing stage, implementing it would introduce two unintended consequences: Known vulnerabilities identified by Microsoft would be left unpatched while the testing process is undertaken. Risk of non-compliance within the PSN (Public Sector Network) Health Check, mandated by the Cabinet Office who require all known vulnerabilities to be addressed as soon as possible, would be increased. This is a question of balancing security risk against risk to operational continuity. It is a difficult choice but, in this instance, DBC ICT favours reduced cyber security risk and so do not intend to implement the recommendation.</p>	01/06/2021	<p>Group Manager – Technology & Digital Transformation</p>	<p>No updates noted on the Tracker. Qtr 1 follow up review – requested update.</p>	
<p>ICT management to create a testing schedule to ensure that periodic test restores of each critical system is performed at least annually.</p>	2	<p>We will establish a schedule periodically to demonstrate that we can restore critical system data.</p>	01/05/2021	<p>Group Manager – Technology & Digital Transformation</p>	<p>No updates noted on the Tracker. Qtr 1 follow up review – requested update.</p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
2020/21 GDPR						
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 as of yet 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.	30/09/2021	Information Security Team Leader	Implementation date not as of yet reached	
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.	28/02/2021	Information Security Team Leader	No updates noted on the Tracker.	
Management ensure all Council contracts and reviewed and updated to include mandatory GDPR clauses.	2	New Clauses in place since May 2018 Audit Note: TIAA has requested to see evidence, to verify implementation of the recommendation.	28/02/2021	Information Security Team Leader	Qtr 1 follow up review – requested update.	

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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