



Internal Audit

FINAL

Dacorum Borough Council

Internal Audit Annual Report

2020/21

June 2021

Internal Audit Annual Report

Introduction

This is the 2020/21 Annual Report by TIAA on the internal control environment at Dacorum Borough Council (the 'Council'). The annual internal audit report summarises the outcomes of the reviews we have carried out on the organisation's framework of governance, risk management and control. This report, which incorporates CIPFA guidance on the potential limitation of scope brought about by the impact of COVID-19, is designed to assist the Council in making its annual governance statement.

Limitations on our opinion arising from Covid-19

The impact of COVID-19 on all public sector services has been significant including changes to ways of working, reprioritising services, redeploying staff and stretching capacity; the impact has been present throughout the whole of 2020/21 in varying degrees.

For internal audit, it has raised the question of whether they have been able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Head of Internal Audit (HIA) when issuing their annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the organisation relies on for its Annual Governance Statement. Factors that need to be taken in to account in reaching a conclusion include:

- Has any reduction in coverage compared to what was planned resulted in insufficient assurance work?
- Have any limitations in the scope of individual assignments resulted in it only being possible to place partial assurance on the outcome?
- Have changes in ways of working led to gaps in the governance, risk management and control arrangements?

TIAA understands the considerable challenges and the difficult decisions that organisations are having to deal with, however, the professional and regulatory expectations on public bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope.

What this means for Dacorum Borough Council

There has been minimal or no impact on the delivery of the internal audit work for 2020/21 as a result of the COVID-19 pandemic. Whilst there was an impact on delivery of the work in the early part of the year during the initial lockdown, we are able to deliver the planned work by year-end (or shortly thereafter), with the exception of the Business Continuity and Corporate Health & Safety reviews, which has been rolled forward into the 2021/22 Audit Plan. There have been no changes to the planned work as a result of COVID-19; any changes to the plan were based on purely on business/operational need.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Dacorum Borough Council (the 'Council') has reasonable and effective risk management, control and governance processes in place. Not having completed all of the planned work due to the global Covid-19 pandemic has not impacted on our overall assessment.

This opinion is based solely on the matters that came to the attention of TIAA during the course of the internal audit reviews carried out during the year and is not an opinion on all elements of the risk management, control and governance processes or the ongoing financial viability or your ability to meet financial obligations which must be obtained by the Council from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2020/21 Annual Audit Plan approved by the Audit Committee was for 225 days of internal audit coverage in the year.

During the year there were no changes to the Audit Plan.

The planned work that has been carried out against the plan is set out at Annex A.

No extra work was carried out which was in addition that set out in the Annual Audit Plan.

Assurance

TIAA carried out 13 of the 15 planned reviews. The Business Continuity and Corporate Health & Safety reviews, could not be undertaken due to internal pressures and with the agreement of the Deputy s.151 Officer, have been rolled into the 2021/22 Audit Plan.

The reviews were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve the Council’s objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key control risks was provided. Details of these are provided in Annex A and a summary is set out below. These figures include those areas where our inability to complete the work due to restrictions brought about by Covid-19 has resulted in an Indicative assurance assessment.

Assurance Assessments	Number of Reviews
Substantial Assurance	11
Reasonable Assurance	2
Limited Assurance	0
No Assurance	0

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

We made the following total number of recommendations on our audit work carried out in 2020/21.

Urgent	Important	Routine
0	9	12

Audit Summary

Control weaknesses: There was one area reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’. Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations had been accepted.

Recommendations Made: We have analysed our findings/recommendations by risk area and these are summarised below.

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	-	4	2
Risk Mitigation	-	-	1
Compliance	-	3	7
Delivery			
Performance Monitoring	-	1	1
Financial Constraint	-	-	1
Resilience	-	1	-

Operational Effectiveness Opportunities: One of the roles of internal audit is to add value and during the financial year we provided advice on opportunities to enhance the operational effectiveness of the areas reviewed and the number of these opportunities is summarised below.

Operational
1

Independence and Objectivity of Internal Audit

There were no limitations or restrictions placed on the internal audit service which impaired either the independence or objectivity of the service provided.

Performance and Quality Assurance

The following Performance Targets were used to measure the performance of internal audit in delivering the Annual Plan.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. An independent external review was carried out of our compliance of the Public Sector Internal Audit Standards (PSIAS) in 2017 and in particular to meet the requirement of an independent 5 year review, the outcome confirmed full compliance with all the standards. Our work also complies with the IIA-UK Professional Standards.

Release of Report

The table below sets out the history of this Annual Report.

Date Report issued:	14 th June 2021
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Annexes

Annex A

Actual against planned Internal Audit Work 2020/21

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Key Financial Controls (Main Accounting/ Treasury Management/Cash and Bank Accounts Receivable/Accounts Payable)	Assurance	20	20	Substantial	
Budgetary Control	Assurance	8	8	Substantial	
Council Tax	Assurance	8	8	Substantial	
NNDR	Assurance	8	8	Substantial	
Housing Benefit	Assurance	8	8	Substantial	
Community Safety Partnerships	Assurance	7	7	Substantial	
Business Continuity – Including Pandemic	Assurance	10	0	-	Included in the 2021/22 Audit Plan
Planning	Assurance	10	10	Substantial	
Housing Rents	Assurance	10	10	Substantial	
Empty Homes	Assurance	10	10	Substantial	
Commercial Asset Management	Assurance	15	15	Substantial	
GDPR	Assurance	10	10	Reasonable	
Corporate Health and Safety	Compliance	10	0	-	Included in the 2021/22 Audit Plan
Cyber Security	Assurance	10	10	Reasonable	
Governance and Risk Management	N/a	10	10	-	Workshops for Members
Benefits and Savings Realisation	Assurance	10	10	Substantial	
Follow Up	Follow Up	10	10		
Annual Plan	Management	4	4		
Annual Report	Management	2	2		

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Audit Committee Training	Management	5	5		
Management	Management	10	10		
Strategic Risk Update	Management	5	5		
Contingency		25	0		
	Total Days	225	180		