



Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

2022/23

Internal Audit

FINAL

January 2023

Summary Internal Controls Assurance

Introduction

1. This summary 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 1st January 2023.

TIAA'S CONFORMANCE TO THE IIA STANDARDS AND CODES OF PRACTICE

2. TIAA Limited commissioned an External Quality Assessment (EQA) of its internal audit services in 2022. An EQA is required every five years, in line with the requirements of the International Professional Practices Framework (IPPF) and the Standards set by the Global Institute of Internal Auditors (IIA). The independent EQA considered our conformance with the IPPF and the Standards and also the Public Sector Internal Audit Standards (PSIAS), which govern internal audit in the public sector.

Our independent EQA was undertaken by a senior partner at Chiene + Tait, a long-established and high-quality accountancy firm headquartered in Edinburgh with offices in Scotland and London. The review assessed TIAA's internal audit methodology and delivery against the Core Principles, the Code of Ethics and the Standards. It took into account our comprehensive framework, our guiding policies, organisational culture, planning and delivery, investment in our people, tools and techniques and our quality assurance framework, including feedback from clients.

We are pleased to confirm that the independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model. It was also noted that there were no areas of non-conformance or partial conformance with the Standards.

TIAA was also complimented on the standard of documentation provided which enabled them to form a positive conclusion.

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.

Audits completed since previous SICA report

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
Council Tax (Arrears)	Substantial	21/11/2022	23/12/2022	04/01/2023			1	1
NNDR (Arrears)	Substantial	21/11/2022	23/12/2022	04/01/2023			1	
S106	Substantial	25/11/2022	9/12/2022	12/12/2022			1	
Place Strategy	Reasonable	02/12/2022	19/1/2023	30/01/2023		4	2	

4. The Executive Summaries and the Management Action Plans for each of the finalised reviews are included at Appendix A. There are no issues arising from these findings which would require the annual Head of Audit Opinion to be qualified.

Progress against the 2022/23 Annual Plan

5. Our progress against the Annual Plan for 2022/23 is set out in Appendix B.

Changes to the Annual Plan 2022/23

6. There are a number of areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2022/23. These are summarised below.

COVID assurance review work

Review	Rationale
Governance Arrangements	This is a crucial area in order to be able to support that assurances are being received and evaluated fully in order to mitigate against risk and support the direction of the Council.
Business Continuity (incl Covid-19)	This is flagged as a high risk area on the risk evaluation and requires specific mitigation in order to provide day to day services.

Progress in actioning priority 1 & 2 recommendations

7. We have made no Priority 1 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. Priority 2 recommendations will be discussed in detail in the next SICA.

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
Council Tax (Arrears)	Substantial
NNDR (Arrears)	Substantial
S106	Substantial
Hemel Place	Reasonable

Council Tax (Arrears) Executive Summary

OVERALL ASSESSMENT



The diagram shows a circular gauge with 'Substantial Assurance' selected. The gauge is labeled 'Adequate & effective governance, risk and control processes'. The assurance levels are: Substantial Assurance (green), Reasonable Assurance (yellow), Limited Assurance (orange), and No Assurance (red).


ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SR3 - Funding and income is not sufficient to deliver the Council's Corporate Objectives


SCOPE

The review focused on arrears management and adherence to policy and procedures.

KEY STRATEGIC FINDINGS

 Sample testing and review of documentary information, identified that robust controls are in place and operating as intended. Some minor areas of improvement were noted in order to enhance the control environment. Namely, to amend the Revenue Recovery Policy to reflect current debt recovery practice adopted by the Council and the review process of cases handed to Bailiff.

GOOD PRACTICE IDENTIFIED

 The Revenues Team in pursuing debt, is mindful of the current economic situation facing the UK, with regards to living and energy crisis.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	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>Through discussions held with the Revenues Team Leader and testing, it was noted that once an account is assigned to an Enforcement Agent, there is no active review of progress performed by the Revenues team. Although updates are available via the Enforcement Agent's website.</p> <p>Additionally, a Tax Payer account noted at 'Bailiff' status, where debt is being collected, it is not obvious that this is the case unless the account is physically reviewed by officers.</p>	Periodic reviews of the Enforcement website be undertaken, to confirm the debt position and ascertain what debt has or is being paid.	3	<p><i>The Revenues Service holds regular performance review meetings with our contracted enforcement agents, and the success of collection activity forms part of these discussions.</i></p> <p><i>We do not feel that reviews of individual case information on the enforcement agent website will add value to the debt recovery process.</i></p> <p><i>However, we will explore the options and feasibility further of introducing a process to review accounts referred to enforcement agents, but where we have not received payments within the last six months.</i></p>	01/05/23	Revenues Team Leader

NNDR (Arrears) Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SR3 – Funding and income is not sufficient to deliver the Council’s Corporate Objectives

KEY STRATEGIC FINDINGS



Sample testing and review of documentary information identified that robust controls are in place and operating as intended. A minor area of improvement was noted in order to enhance the control environment. Namely, to amend the Revenue Recovery Policy to reflect current debt recovery practices adopted by the Council.

GOOD PRACTICE IDENTIFIED



The Revenues Team in pursuing debt, is mindful of the current economic situation facing the UK, with regards to living and energy crisis

SCOPE

The review focussed on arrears management and adherence to policy and procedures.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	1

Section 106 Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SR2 - Failure to secure
sufficient investment in essential infrastructure required

SCOPE

The purpose of the audit was to review s106 planning permissions and application of these funds.

KEY STRATEGIC FINDINGS



Sample testing and review of documentary information has shown that adequate controls are in place and operating as intended. Some minor areas of improvement were noted in order to enhance the control environment. Namely:

- Retaining the weekly section 106 monitoring reports rather than discarding the reports after review.

GOOD PRACTICE IDENTIFIED



Both the Planning Officers and the Strategic Planning & Regeneration Officer are knowledgeable of the processes and systems underpinning the review of the Section 106 Applications through to monitoring arrangements.

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	Directed	Through discussions held with the Strategic Planning and Regeneration Officer, it was noted that the weekly s106 obligation monitoring reports are discarded, once review has been completed.	The s106 weekly monitoring reports must be retained, for an agreed period, to ensure reference and inspection can be performed, such as, when an audit is performed.	3	<i>The monitoring reports are downloaded as a spreadsheet from Exacom. Entries are reviewed and the information updated within Exacom with the latest status. Exacom itself keeps an 'Audit log' of updates made, when and by whom for the purposes of traceability, therefore it was felt unnecessary to keep the spreadsheets. However, the comment is noted and the monitoring report spreadsheets will be retained for a period of 1 year.</i>	05/12/22	<i>Strategic Planning & Regeneration Officer</i>

Hemel Place - Executive Summary

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Weak governance arrangements may lead to poor decision making, impacting on intended outcomes.

SCOPE

To perform a review of the existing and developing governance arrangements for both programmes, and to consider the following questions when undertaking the review Detail in appendix B.

KEY STRATEGIC FINDINGS



The governance arrangements of Hemel Place Board and Hemel Garden Communities (HGC) Delivery Board are adequate. However, once the key projects commence and the Place Strategy is in place, governance may require re-assessing.

Under the current governance arrangements, a number of points were identified, namely:

- The HGC’s Strategic Memorandum of Understanding (dated July 2022), was draft;
- A legal agreement has not been drawn up nor signed by the 3 Local Authorities involved in HGC;
- The HGC’s Risk Register does not contain relevant Strategic Risks from the 3 Local Authorities Strategic Risk Register; and
- There are limited metrics against key deliverables.



GOOD PRACTICE IDENTIFIED



Staff were knowledgeable of their roles and understood the intended outcomes to be achieved.

ACTION POINTS

Urgent	Important	Routine	Operational
0	4	2	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)
2	Directed	<p>At the time of the review, the HGC's Strategic Memorandum of Understanding, (MoU) dated July 2022, was in draft.</p> <p>Through discussion, it was noted that a Legal Partnership Agreement had not been drawn up nor entered into by the 3 Authorities (St Albans, Herts CC and Dacorum DBC).</p>	The MoU be finalised and signed by all parties as a matter of urgency. The MoU should outline each Partner's roles and responsibilities.	2	<p><i>The MOU is a partnership agreement, in which any partner can provide four weeks' notice to no longer be part of the partnership work.</i></p> <p><i>The findings articulate that a legal agreement has not been drawn up nor entered into. This is linked to the need for a sustainable financial future and is currently under discussion between partners.</i></p> <p><i>In the meantime, the Terms of Reference for the MOU are currently being concluded and the revised MOU will be circulated for signing.</i></p>	17/03/23	Programme Director, Hemel Garden Communities

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>Review of Hemel Place's (HP) Risk Register, it was noted that it mirrors, 4 Dacorum Council Strategic Risks.</p> <p>Whereas the Hemel Garden Communities (HGC) Risk Register does not appear to be aligned nor mirror strategic risks relating to the three Authorities.</p> <p>For example there is a high level risk at DBC relating to funding and investment which should it crystallise would likely impact upon HGC however this was not detailed in HGC risk register.</p> <p>Furthermore, the mitigating controls noted in HGC and HP Risk Registers are not sufficiently detailed.</p>	<p>The HGC Risk Register to list, the relevant strategic risks, noted in each of the 3 Authorities Risk Register.</p> <p>The Risk Registers for both Hemel Place and HGC, must contain a sufficient level of detail pertaining to mitigating controls.</p>	2	<p><i>The HGC risk register has been amended to include relevant strategic risks from 3 authorities.</i></p> <p><i>The mitigation actions and controls have been reviewed and risk registers will continue to be reviewed throughout the relevant programme.</i></p> <p><i>The HGC risk register is reported to HGC Delivery Board quarterly. It is suggested that Hemel Place risk register is reported to the Corporate Place Board quarterly and an annual review reported to SPAEOSC.</i></p>	<p>17/01/23</p> <p>w/c 23/01/23</p> <p>Corporate Place Board on 23/01/23 and quarterly thereafter</p>	<p>Programme Director, Hemel Garden Communities</p> <p>Hemel Place Strategy, Programme Manager</p> <p>Hemel Place Strategy, Programme Manager</p>
5	Directed	<p>Hemel Place had been allocated £500,000, from the Council's reserves, for the period 2020/21 to 2023/24.</p> <p>Review of Month 6 financial forecast, it was noted that a deficit had been noted, circa £170,000, which will be realised at the end of the 3 year period.</p> <p>Significant variances to budget were indicated at the time of this review and it was unclear that this had prior approval or been reported to members.</p>	<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><i>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.</i></p>	<p>Presented to members as part of budget setting and on periodic basis to SPAEOSC thereafter</p>	<p>Hemel Place Strategy, Programme Manager</p>

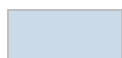
Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
6	Delivery	For both Hemel Place and HGC, it was noted that there were limited key deliverables or metrics established at the onset.	The Hemel Place Board along with HGC Delivery Board, to devise a suite of metrics against key deliverables and to be reported periodically over the life of the project/ scheme.	2	<p><i>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.</i></p> <p><i>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.</i></p>	<p>28/02/23</p> <p>30/04/23</p>	<p><i>Programme Director, Hemel Garden Communities</i></p> <p><i>Hemel Place Strategy, Programme Manager</i></p>
1	Directed	<p>Review of the Hemel Garden Communities (HGC) Delivery Board and sub committees 'Terms of Reference,' it was noted that the documents are filed as '2020/21 ToR'.</p> <p>Additionally, the HGC's Partner Steering Group and the Sub Group Terms of Reference, were under review and filed as '2022 ToR'.</p>	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	<p><i>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.</i></p> <p><i>File headings will be amended to provide clarity over the date of review.</i></p>	31/01/23	<i>Programme Director, Hemel Garden Communities</i>

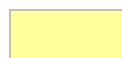
Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
4	Directed	There does not appear to be a standardised project structure devised or in place, once the HGC programme and the Hemel Place Strategy commences.	The Council 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	<p><i>DBC has a clear PMO office with clear documents and roles/responsibilities.</i></p> <p><i>The Hemel Place work will report into the DBC Corporate Place Board, chaired by James Doe, Strategic Director Place.</i></p> <p><i>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.</i></p> <p><i>Please see the governance structures for more information which are subject to periodic reviews at key milestones, e.g. moving to delivery mode.</i></p>	31/01/23	<p><i>Hemel Place Strategy, Programme manager</i></p> <p><i>Programme Director, Hemel Garden Communities</i></p>

Progress against Annual Plan

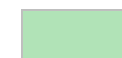
System	Planned Quarter	Current Status	Comments
Corporate H&S	1	Fieldwork completed	Final Issues November 2022
Communications	1	Fieldwork completed	Final issued September 2022
Housing Allocations & Homelessness	1	Fieldwork completed	Final Issued September 2022
Insurances	1	Fieldwork completed	Final issued September 2022
Document Management Systems	2	Fieldwork completed	Draft Issued December 2022
Payroll	2	Fieldwork completed	Final Issued September 2022
Housing Benefit	2	Fieldwork completed	Final Issued September 2022
Commercial Asset Management	2	Fieldwork completed	Final issued October 2022
Key Financial Controls	3	Fieldwork completed	Draft Issued November 2022
Council Tax	3	Fieldwork completed	Final issued January 2023
NNDR	3	Fieldwork completed	Final issued January 2023
Planning	3	Fieldwork completed	Final issued December 2022
Housing Rents	3 (4)	Audit Brief Issued	Deferred to Q4 – Audit Brief to be issued in December 2022
Housing Repairs & Maintenance	2 (4)	Audit Brief Issued	Audit to Commence 13 th February 2023
Procurement/ Contract Management	4	Audit Brief Issued	Audit Brief issued in December 2022
Empty Homes	4	Audit Brief Issued	Audit to Commence 13 th February 2023
Governance & Risk Management	4		Audit Brief issued in December 2022
Follow Up	3-4	Work in progress	August 2022 updates under review

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued