



Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

2022/23

March 2023

Internal Audit

FINAL

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 13th March 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
Key Financial Controls	Reasonable	16/12/2022	24/02/2023	06/03/2023	-	1	3	1

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.

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. Appendix C outlines the outstanding recommendations, implemented follows will be reviewed by internal audit as part of the annual plan.

Frauds/Irregularities

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

Responsibility/Disclaimer

8. 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
Key Financial Controls	Reasonable

Key Financial Controls

OVERALL ASSESSMENT



ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

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

SCOPE

Key financial controls reviewed on an annual basis covering main finance systems and processes, with a more detailed review of each finance area on a modular basis over a three-year period. For 2022/23, this included Creditors and Payments.

KEY STRATEGIC FINDINGS

The Finance Team has robust controls over processing supplier bank account changes, new suppliers, and invoices. However, there are several areas which could be further improved, namely:

- Periodic review of the supplier database.
- The production of and review of the Aged Creditors Listing on a monthly basis.
- Reinstate the circulation of the quarterly 'non-compliance' spend reports to Head of Service.

GOOD PRACTICE IDENTIFIED

The Creditors and Payments demonstrated that they were knowledgeable regarding key controls in relation to their area.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	3	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)
4	Directed	<p>Discussions held with the Financial Services Team Leader; it was noted that an Aged Creditors listing is not produced on a monthly basis. It was stated that the outstanding creditors relate to current period.</p> <p>At the time of the audit, the FSTL requested this information from the Business Systems Developer however was not received.</p>	It be ensured that Finance generate and review an Aged Creditors listing on a monthly basis, as part of the month end process.	2	<p><i>The auditor was provided with a copy of the aged creditors report at the time of the audit.</i></p> <p><i>Implemented-aged creditors listing are now set up to run on a monthly basis.</i></p>	<i>Already implemented.</i>	<i>Team Leader, Financial Services.</i>
1	Directed	<p>Finance's 'Payment Tasks & Procedures' spreadsheet, lists a suite of procedures available to staff.</p> <p>It was noted that the procedure review dates were primarily noted for 2018 with a few noted for 2019.</p> <p>From discussions held with the Financial Services Team Leader (FSTL), it was noted that procedures are relevant and have been subject to physical review, however there was no evidence of this in terms of version control.</p>	For completeness, a version control table should be added to the policy recording the date or review and or revisions and who it was undertaken by and their designation.	3	<i>Accepted and implemented.</i>	<i>Already implemented.</i>	<i>Team Leader, Financial Services</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Finance does not review the supplier database on an annual basis, for 'housekeeping' purposes. It was noted that a 'Dormant Supplier' report was requested from the Business Systems Developer during September 2022.	It be ensured that the Supplier Database is reviewed periodically throughout the year. To ensure dormant and duplicate suppliers are removed.	3	<i>Accepted and implemented.</i>	<i>Already implemented.</i>	<i>Financial Services Team Leader.</i>
3	Directed	Discussions held with the Procurement Lead Officer (Acting), it was noted that the former incumbent officer, used to circulate quarterly reports to Heads of Service, for non-compliance spend over £75,000. The last such report was circulated in Quarter 3 of 2021/22 and has not since been undertaken to date.	It be ensured that the Procurement Team reinstate the circulation and issuance of the quarterly non-compliance spend report to Heads of Service. To ensure spend over £75,000 is subject to procurement rules.	3	<i>Non-compliance reports have been reinstated. Non – compliance reports were sent to all Heads of Service during November 2022 for comment. Some of these have already been identified as new tendering opportunities on the Council's procurement forward plan.</i>	<i>Already implemented.</i>	<i>Procurement Lead Officer.</i>

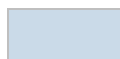
Operational - Effectiveness Matter (OEM) Action Plan

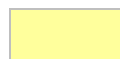
Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	<p>Review of the creditor payment process, it was identified that there are numerous officers involved in the 'signing off' process through to the final Bank payment.</p> <p>Discussions held with the Financial Services Team Leader (FSTL), it was stated that the Council has been subject, in the past, to fraudulent activity and as a result of this has adopted a more stringent process when it comes to supplier payments.</p>	Finance to review the current supplier payment approval process through to Bank authorisation to find a more simplified process.	<p><i>Current processes have been reviewed. The view from the Head of Financial Services is that the controls in place for the approval of creditor payments is proportionate to the risk associated with the process. Regular process review is carried out throughout the service. If view on risk changes for this process, adjustments will be made to the controls in place accordingly.</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	Final Issued March 2023
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	Work in Progress – Draft under Management review.
Housing Repairs & Maintenance	2 (4)	Audit Brief Issued	Audit rescheduled to Commence 13 th February 2023 awaiting new client contact.
Procurement/ Contract Management	4	Work in progress	Work in progress
Empty Homes	4	Fieldwork completed	Draft report issued 13/03/2023
Governance & Risk Management	4		Audit Brief issued in December 2022 put on hold by client until June 2023
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

Priority 1 and 2 Recommendations - Progress update

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
22/23 202122 Place Strategy HGP JD						
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	<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. 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. In the meantime, the Terms of Reference for the MOU are currently being concluded and the revised MOU will be circulated for signing.</i>	17/03/2023	Programme Director, Hemel Garden Communities	Last update 30/01/2023	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p>The HGC Risk Register to list, the relevant strategic risks, noted in each of the 3 Authorities Risk Register. 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. The mitigation actions and controls have been reviewed and risk registers will continue to be reviewed throughout the relevant programme. 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>31/01/23</p>	<p>Programme Director, Hemel Garden Communities</p>	<p>Last update 30/01/2023</p>	
<p>21/22 Waste Management</p>						
<p>The use of digital tachographs be progressed and implemented within a defined timescale. Adequate monitoring systems should be developed and implemented to provide regular assurance on Driver hour's compliance.</p>	2	<p><i>This forms part of phase 1 of the depot transformation programme that commences January 2022. A decision around the feasibility and cost of implementing digital tachographs will then be possible by end of Q3 2022.</i></p>	<p>Due date 31/12/2022 Revised date 31/03/2023</p>	<p>Group Manager - Environment</p>	<p>Last update 15/12/2022 <i>The introduction of the use of tachographs for recording driver hours is being done in consultation with Fleet and Waste Operations. RW to produce a briefing note on interpretation of legal position and negotiation required with staff / union over introduction of this recording method. Suggested implementation now end of Q4</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Action be taken by managers to ensure that Drivers complete declarations in compliance with the Operational Transport Policy.	2	<i>This forms part of phase 1 of the depot transformation programme that commences January 2022. A decision around the feasibility and cost of implementing digital tachographs will then be possible by end of Q3 2022. Drivers are required as part of their Terms and Conditions to request permission to undertake alternative work. If drivers ask this is refused due to restrictions on their driver's hours.</i>	<p><i>Due date</i> 31/12/2022</p> <p><i>Revised date</i> 31/03/2023</p>	Group Manager - Environment	<p><i>Last update 15/12/2022</i></p> <p><i>Links to use of tachographs above. A formal one-day training course provided by Logistics UK (formerly Freight Transport Association) has been booked for up to 16 delegates on 17th January. This will give proper training delivered by a well regarded organisation to all managers, supervisors and staff in legislative compliance</i></p>	
Action be taken by managers to address the Handbook content and ensure that Drivers complete the required declarations.	2	<i>Alternative wording has been agreed which will be presented to drivers for their understanding and agreement before the Driver Handbook is reproduced. Planned to assess new technology which would allow the vehicle to be locked with the engine running.</i>	<p><i>Due date</i> 30/09/2022</p> <p><i>Revised date</i> 31/03/2023</p>	Transport Manager/Operations Manager	<p><i>Last update 15/12/2022</i></p> <p><i>Issue of immobilising vehicles when driver not in cab still being negotiated with staff and union</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
It is imperative that Managers develop and put in place a monitoring system, which ensures that medical checks are taken by the Drivers which complies with the License requirements.	1	<i>This is part of an ongoing piece of work to centrally record such matters and ensure reminders are in place. Some matters were overdue due to staff absence but this was addressed. In the meantime, a spreadsheet recording when last done it to be maintained to prevent recurrence. If medical checks are not undertaken by drivers then their licence will be suspended or revoked at which stage the employer will be informed. With regards eye test this was in relation to using display screen in cabs. This will need to be discussed with HR.</i>	<i>Due date 31/03/2022 Revised date 31/03/2023</i>	<i>Operations Manager WasteGroup Manager</i>	<i>Last update 07/01/23 – Original management comments still apply.</i>	
22/23 Corporate Health & Safety						
A formal plan of health and safety visits to be undertaken be developed and submitted to the Health, Safety and Resilience Committee for review and approval. Performance against the plan should be reported to each meeting of the Committee.	2	<i>Audits were suspended as part of the Covid pandemic response. Now this has stepped back, a schedule of audits will be developed that fit in with the overall strategy and policy aims.</i>	<i>Due date 31/12/2022 Revised date 30/06/2023</i>	<i>CHSR Team</i>	<i>Last update 2/11//2022 All officers with Health and Safety responsibilities are receiving mandatory training in the last quarter of 22/23. An audit plan will be produced for 2023/24 and audits will be delivered once all staff have received this training</i>	
Audits be undertaken in line with the approved plan of visits (see recommendation 8).	2	<i>As above</i>	<i>Due date 31/12/2022 Revised date 30/03/2024</i>	<i>CHSR Team</i>	<i>Last update 2/11//2022 All officers with Health and Safety responsibilities are receiving mandatory training in the last quarter of 22/23. An audit plan will be produced for 2023/24 and audits will be delivered once all staff have received this training.</i>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
A formal set of key performance indicators for health and safety related activity be developed and monitored, building on the targets set out in the Health and Safety Strategy.	2	<i>This work has started, with key details being provided to directorate meetings, which then will feed into a corporate overview at the H&S Board.</i>	<i>Due date</i> 31/12/2022 <i>Revised date</i> 30/09/2023	CHSR Team	<i>Last update 09/03/23</i> <i>This will form part of the 2023/24 workplan, to be developed by the Corporate Health and Safety Board.</i>	
22/23 Communications						
The Performance reports, presented to the Finance and Resources Overview and Scrutiny Committee, be expanded to include progress/performance against the deliverables set out in the Annual Communications Programme.	2	<i>Performance reports for the Finance and Resources Overview and Scrutiny Committee will be reviewed for Q2 2022/23, to report against deliverables in the communications programme.</i>	<i>Due date</i> 30/09/2022 <i>Revised date</i> 28/02/2023	Kelvin Soley, Head of Communications	<i>Last update 09/12/22</i> <i>The last performance report went to F+R OSC and provided details of Communications service performance.</i> <i>The next performance report will go to F+R OSC on 07/03/22. The expectation is that this report will include further information to meet the requirements of this recommendation, including statistics relating to social media, website use, press etc.</i>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
21/22 Safeguarding & Prevention						
<p>The Council introduce contractual terms, in line with those in place for tendered contracts, to apply to all procurements where contractors are likely to interact with the public.</p>	2	<p><i>Safeguarding clauses to be included (generally stated in the agreement where relevant) introduce additional clauses into the agreements where safeguarding is required and not included in the standard agreement. For below threshold agreements (£75k and below) this is more difficult. Procurement in general will not have sight of these and on most occasions the officers will manage this, meaning the Council will sign up to the suppliers Terms and Conditions and it will be governed by the Council's T&Cs on our Purchase Order. T&Cs being reviewed by Legal and add a safeguarding clause which can be referred to on the Council's Purchase Orders. Raise awareness to the clause around the Council so any contract where there is interaction with the public should be included in any new agreements.</i></p>	<p><i>Due date 31/08/2022 Revised date 31/01/2023</i></p>	<p><i>Andrew Linden, Procurement, Team Leader</i></p>	<p><i>Last update 10/01/23 Awaiting Legal to carry out review of the Council's Terms and Conditions which will ensure the Council's contract are up to date with the latest safeguarding clauses. Any tender that goes through a procurement process will however be covered in terms of the current clauses for Safeguarding. Housing (where the majority of safeguarding issues will sit) are carrying out a thorough contract review and one of the issues is ensuring all contractors are complying with safeguarding. This will be completed by January 23. There is still an issue with identifying all safeguarding issues on lower value contracts and there is a reliance on Council officers being sufficiently trained to ensure safeguarding is considered for any new contracts.</i></p>	
<p>The Policy be reviewed and updated in line with the proposed changes and communicated to staff at the earliest opportunity.</p>		<p><i>Policy is in the process of being reviewed and updated following staff changes and changes to the designated safeguarding leads.</i></p>	<p><i>31/07/2022</i></p>	<p><i>Sue Warren, Lead Officer, Safeguarding</i></p>	<p><i>Last update 12.01.23 The policy has been reviewed and the supporting procedures are being developed to underpin the policy. There have been delays due to limited capacity within the team to complete this piece of work comprehensively. It is expected this work will be completed by 31/3/23</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
21/22 Planning Enforcement						
The risks to delivering an effective and timely planning enforcement service be recorded as a local risk and actions identified to mitigate the risk.	2	<i>The department's risk register does consider the risks associated with staffing shortages, though does not specifically deal with Planning Enforcement. ACTION: The Council's Risk Register to be updated to include the risks to delivering an effective and timely planning enforcement service, and mitigation actions.</i>	<i>Due date 31/5/2022 Revised date 07/02/2023</i>	<i>Alex Robinson (Group Manager – Planning and Development)</i>	<i>Last update 09/03/2023 The Head of Service has attempted to gain the permissions to amend the department's risk register (at the moment this is restricted to Assistant Director only). As soon as permissions have been provided, the Risk Register will be updated.</i>	
21/22 Governance and Risk Management						
The Directorate/ Department Operational Risk Registers (ORR) to list those Corporate Risks, which may impact on service delivery within their area. This will in turn demonstrate a connection between the Strategic and Operational risks. Furthermore, the ORR should capture the information listed under Recommendation 2, which will enhance the ORR.	2	<i>A more defined link between the operational risks and the Specific Strategic Risk register will be included in future reports.</i>	<i>Due date 30/09/2022 Revised date 31/03/2023</i>	<i>Hannah Peacock – Head of transformation and Performance Nigel Howcutt - CFO</i>	<i>Last update 09/03/2023 Operational risks are being reviewed as part of service planning 23/24, following approval of revised corporate/ strategic risks. The recommended links to corporate/ strategic risks will be incorporated against these operational risks as part of this work and also on the relevant in phase reports.</i>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
20/21 GDPR/Information Governance						
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	Due date 30/09/2022 Revised date 31/12/2023	Information Security Team Leader)	Last update 09/12/2022 Revised implementation date due to capacity within the service and other service priorities. Document retention policies are in place to support appropriate review and destruction of records as needed. Work on review of e-records per the recommendation to start in January 2023 and conclude end of December 2023.	

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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