



Internal Audit

FINAL

Dacorum Borough Council

Internal Audit Annual Report

2022/23

June 2023

Internal Audit Annual Report

Introduction

This is the 2022/23 Annual Report by TIAA on the internal control environment Dacorum Borough 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 is designed to assist the Council in making its annual governance statement.

Our approach is based on the International Standards for the Professional Practice of Internal Auditing which have been developed by the Institute of Internal Auditors (IIA) and incorporate the Public Sector Internal Audit Standards (PSIAS). In 2022, TIAA commissioned an External Quality Assessment (EQA) of its internal audit service. 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.

Ongoing quality assurance work was carried out throughout the year and we continue to comply with ISO 9001:2015 standards. Our work also complies with the IIA-UK Professional Standards and relevant guidance issued by the Accounts & Audit Regulations 2015.

Internal Audit Planned Coverage and Output

The 2022/23 Annual Audit Plan approved by the Audit Committee was for 216 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 and the status of work not completed is set out at Annex A.

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

Although the designated review on Governance and Risk Management was not completed at the time of compiling this Head of Internal Audit Opinion it should be noted that substantial work was undertaken by internal audit in regard to this and associated areas in 2022/23 as part of management support to Dacorum. This included providing training sessions and support to the audit committee, review of strategic documentation, input regarding strategic risks and regular meetings with those involved with risk management. This work was considered to be both germane and in depth and while observations were made these were either addressed at the time of the input or will be carried forwards as part of ongoing development with minimal concerns being noted. The report will be issued as Final when the work is completed on this review however it is not anticipated that any material changes will be made.

HEAD OF INTERNAL AUDIT'S ANNUAL OPINION

TIAA is satisfied that, for the areas reviewed during the year, Dacorum Borough Council has reasonable and effective risk management, control and governance processes in place.

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 Dacorum Borough Council from its various sources of assurance.

Assurance

TIAA carried out 16 of the planned 17 reviews, which 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 Organisation’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.

Assurance Assessments	Number of Reviews	Previous Year
Substantial Assurance	6	6
Reasonable Assurance	9	11
Limited Assurance	1	2
No Assurance	0	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 2022/23. The numbers in brackets relate to 2021/22 recommendations.

Urgent	Important	Routine
0	23	35

Audit Summary

Control weaknesses: There were no areas reviewed by internal audit where it was assessed that the effectiveness of some of the internal control arrangements provided ‘limited’ or ‘no assurance’.

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

Risk Area	Urgent	Important	Routine
Directed			
Governance Framework	0	8	5
Risk Mitigation	0	3	4
Compliance	0	7	16
Delivery			
Performance Monitoring	0	4	9
Sustainability	0	0	0
Resilience	0	1	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
5

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%	94%
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%

Release of Report

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

Date Interim Report issued:	5 th June 2023
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Annexes

Annex A

Actual against planned Internal Audit Work 2022/23

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Corporate Services and/or Council Wide Audit					
Corporate Health and Safety (<i>rolled forward from 2021/22</i>)	Assurance	10	10	Limited	
Planning	Assurance	10	10	Substantial	
Governance and Risk Management	Assurance	10	10	In progress	Delayed to June owing to Elections
Communications	Assurance	10	10	Reasonable	
ICT					
Document Management System	Assurance	10	10	Reasonable	
Financial Services and Resources Audit					
Key Financial Controls	Assurance	15	15	Reasonable	
Payroll	Assurance	10	10	Substantial	
Council Tax	Assurance	8	8	Substantial	
NDR	Assurance	8	8	Substantial	
Insurances (include staff owned vehicles on Council business)	Assurance	10	10	Substantial	
Housing Benefits and Council Tax	Assurance	8	8	Reasonable	
Operational Audit – Law and Governance					
Procurement/Contracts	Compliance	10	10	Substantial	
Operational Audit – Planning and Environment					
Empty Homes	Assurance	10	10	Reasonable	

System	Type	Planned Days	Actual Days	Assurance Assessment	Comments
Commercial Asset Management	Assurance	15	15	Reasonable	
Operational Audit – Housing and Community Developments					
Housing Repair and Maintenance	Assurance	10	10	Reasonable	Draft
Housing Allocations and Homelessness	Assurance	10	10	Reasonable	
Housing Rents	Assurance	8	8	Reasonable	Draft
Management and Planning					
Follow Up	Follow Up	10	10	n/a	
Annual Planning	n/a	4	4	n/a	
Annual Report	n/a	2	2	n/a	
Audit Management	n/a	13	13	n/a	