



## Dacorum Borough Council

### Summary Internal Controls Assurance (SICA) Report

**2023/24**

June 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 6th June 2023.

## Future of Internal Audit (IA)- Digital drivers

### Use of Data analytics by TIAA

2. TIAA is always adopting new ways of working and methodologies including innovative approaches for delivering internal audits. This is part of our continuous improvement programme which facilitates improvements in efficiency, effectiveness, and the quality of the work we deliver. We currently use data analytics as part of our work in relevant areas to test against full data sets, spot hidden risks, to target our testing and to provide ‘proof in total’ assurance; this adds credibility and value to the reports we produce. Data Analytics helps us to analyse large volumes of data to identify trends, patterns, and anomalies that may indicate potential risks or opportunities for improvement.

### How will Artificial Intelligence (AI) enhance the delivery Internal Audit of the future?

3. We believe that the way internal audits are delivered will change significantly in the next 3 to 5 years through the use of AI, through the use of auditing tools which contribute towards a process of continuous audit assurance, a wider use of predictive analytics to allow auditors to provide reports that are far more forward looking, and robotic process automation which will help remove much of the manual data collection work, thereby allowing Internal Audit more time to provide value-added analysis. Another branch of AI, Natural Language Processing (NLP), has the potential of also enabling auditors to analyse text in a large number of documents.
4. In addition to the use of Data Analytics, TIAA is actively exploring, as part of our vision for the future, the use of AI, automation and other digital tools to streamline the audit process, inform planning, reduce manual effort, and enhance the quality of audit results. Automated data collection and analysis will help reduce the time required to complete audits and improve the accuracy and consistency of audit results. Innovative ways of using and integrating artificial Intelligence in the delivery of audits in response to the exponential growth in data, and how it is analysed and used in the context of Internal Audit, is part of TIAA’s innovation strategy. We will also as part of our strategy be investigating more opportunities to not only use AI, but also to develop the capabilities to audit AI and the associated ethical considerations.

## Audits completed since the last SICA report to the Audit Committee

5. 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
Empty Homes	Reasonable	13/03/2022	27/03/2023	04/04/2023	0	1	0	1
Procurement	Substantial	19/04/2023	25/05/2023	26/05/2023	0	0	3	0
Housing rents	Reasonable	22/3/2023	6/6/2023	06/06/2023	0	1	1	0

6. 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 2023/24 Annual Plan**

7. Our progress against the Annual Plan for 2023/24 is set out in Appendix B.

**Progress in actioning priority 1 & 2 recommendations**

8. 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.

**Frauds/Irregularities**

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

**Other Matters**

10. We have issued one briefing note since the previous SICA report.

Briefing Note	
Failure to prevent Fraud Offence (May 2023)	<p>This week is the first week of the Scams Awareness campaign, this annual campaign aims to.</p> <ul style="list-style-type: none"> <li>• Give people skills to identify scams</li> <li>• Encourage people to share their experiences</li> <li>• Help people gain the confidence to report scams</li> </ul> <p>In support of this we have put together our top five scams that can target anyone</p>

**Responsibility/Disclaimer**

11. 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.

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## 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
Empty Homes	Reasonable
Procurement	Substantial
Housing Rents	Reasonable

# Empty Homes

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

The Council will be unable to ensure that sufficient quality & affordable homes can be delivered.

## SCOPE

The audit reviewed the systems and processes the council has in place to ensure they are adequately designed and operate effectively and that empty homes are kept to a minimum.

## KEY STRATEGIC FINDINGS



Several delays are being experienced by the Empty Homes Team in reletting empty homes, which Management must address or escalate to Senior Management.



There is an Empty Homes policy in place, however, document does not specify when the policy will be reviewed next or who approve it.



There is an 'Empty Homes (Contractors) Procedure' in place, the document is to be up-to-date and reflects current practices.

## GOOD PRACTICE IDENTIFIED



A review of the Council's annual performance information for 2022-2023 revealed that the Performance Board and the Overview and Scrutiny Committee receive monthly and quarterly KPIs.



An 'Empty Homes (Contractors) Procedure' is in place and was last reviewed in October 2021. It is up-to-date and reflects current practices.

## ACTION POINTS

Urgent	Important	Routine	Operational
0	1	0	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>The 'Adapted', 'General needs' and 'Sheltered' properties average re-letting time were found to be above the suggested timeframe stipulated by the Council, in total 78% of void properties exceeded their recommended timeframe as directed in the Council's KPI. Some of the reasons for this are:</p> <ul style="list-style-type: none"> <li>- Osborne's ongoing poor performance (and the lack of contractors available to complete the work required by OSPL)</li> <li>- Return of properties in deplorable condition (causing extra time and repairs beyond what is typically expected during the void process).</li> <li>- Utility bills requiring settlement before reletting (i.e., Due to meter supply bypassed by tenants, which may result in a lengthy investigation by the supplier)</li> <li>- Prolonged delivery times on some equipment's such as floor lift (for Adapted properties) and further adaptations being required in some cases leading to further delays</li> <li>- Delays in processes associated to specific departments e.g., Allocations</li> </ul> <p>The delays were further confirmed through review of the 'REPAIRS MONITORING' spreadsheet</p> <p>146 voids were identified in the Council's January 2023, 53 of which have now been re-let. Nine of the 53 Handovers with Osbourne exceeded the 48-hour timeframe (specified in the 'Empty Homes Procedure') following an inspection by the Empty Homes surveyor.</p>	<p>Whilst it is acknowledged that the Empty Homes Team is working to resolve the delays in reletting properties, Management should devise a strategy to deal with the delays in a timely manner and/or formally and systematically evidence escalation of the issue to Senior Management.</p>	2	<p><i>We acknowledge that there have been delays and performance has not been where we would expect this to be. The weekly WIP meeting has been restructured to ensure that properties are discussed and any delays are monitored, discussed and escalated in the timely manner</i></p> <p><i>We have been working with the tenancy team and will be reintroducing the pre termination and transfer visits at the property with the tenant and will be raising the condition of the property and how this is expected to be returned at the end of their tenancy in order to reduce the works required when void which is a tenants responsibility</i></p> <p><i>DBC is working with our exiting contractors and exploring the use of other contractors to improve the turnaround time on adapted properties.</i></p>	Ongoing	Lesley Jugoo Empty Homes Lead Officer

## Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	An Empty Homes policy has been developed by the Council, dated January 2021, and is reviewed on a regular basis to ensure that it remains in line with government legislation. However, the document does not specify when the policy will be reviewed next or who approve it.	The Council's next updated policy to include its next review date and who approved the policy.	<i>This has been accepted that the review date was omitted from the policy and the review date will be added when the policy is reviewed during 2023- 2024 with the SIE team.</i>

# Procurement

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Proposed procurement is seen to take into account the Council’s risk management strategies, guidance and procedures; the consideration of risks and their subsequent documentation in project/ contract specific risk registers with suitable control measures.

## SCOPE

To determine whether Capital Contracts entered into by the Council adhere to Policies and Procedures.

## KEY STRATEGIC FINDINGS



Sample testing and review of the Council’s Contracts Register identified non-compliance with Standing Orders in relation to completion of tender requisition documentation.



Two anomalies were noted in records within the contract register.



There is no formal oversight of contract management in relation to non-compliance of performance indicators set out in major contracts.

## GOOD PRACTICE IDENTIFIED



Relevant process was followed in each instance, and these were in accordance with the Council’s financial threshold requirements and Public Contracts Regulations in terms of the World Trade Organisation Government Procurement Agreement procurement thresholds.



Risk is considered throughout the process in the decision portfolio and contract specific risk register monitoring and reporting.

## ACTION POINTS

Urgent	Important	Routine	Operational
0	0	3	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>The Council has documented Contract Procedure rules which includes the processes for procuring contracts as documented in Commissioning &amp; Procurement Standing Orders. Sample testing of procurement of 10 Major Contracts noted the following:</p> <ul style="list-style-type: none"> <li>Two out of the seven agreement documentation files did not contain Tender Requisition Forms.</li> <li>Two agreements within the sample were lease arrangements.</li> <li>One contract (OD-030-19) was awarded by Cabinet, to Broste Rivers outside of the Public Contract Regulations as they are a Teckal company, therefore there was no need to tender this requirement.</li> <li>Contract notices were issued for all of seven remaining contracts tested.</li> <li>All tenders were evaluated against award criteria set out in the framework or invitation alongside value Most Economically Advantageous Tender (MEAT) documented and stored.</li> <li>Alcatel letters were issued and signed by the Commissioning, Procurement &amp; Compliance Team Leader to all bidders.</li> <li>All necessary contracts were presented to the Cabinet where approval was provided.</li> </ul>	<p>It is recommended that action be taken to ensure all tender documentation is completed are retained, in conjunction with officers being reminded of the importance of doing so in line with standing Orders, procurement procedures and document retention policies.</p>	3	<p><i>In light of the recommendation I will arrange for a procedure note to be drafted and sent out reminding all staff of the responsibilities and procedures for undertaking all quotation and tendering activities.</i></p> <p><i>This will also include a section on document retention.</i></p>	30/06/23	Head of Commercial Development

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	<p>The Council maintains the Contracts Register and Forward Procurement Plan, it is also transparent in publishing its Contracts Register and spending data on its website. Review and testing of a sample of 10 contracts identified that:</p> <ul style="list-style-type: none"> <li>In three instances Contracts Register start dates did not align with commencement dates detailed in the contracts,</li> <li>In the Contracts Register for a Commercial Lease it had been recorded as 'Invitation to quote' for the Procurement Process undertaken.</li> </ul>	<p>Regular review of the Contracts Register to ensure accuracy true to agreements and establish action taken prior to expiration of contracts. It might also be considered to assign responsibility to this within the Commissioning &amp; Procurement Standing Orders.</p>	3	<p><i>To ensure compliance with this recommendation, I will arrange for a review of the contract register to take place to ensure that it holds up to date and correct information.</i></p> <p><i>I will also ensure that a procedure note is drafted so that the client/contract manager notifies the procurement team on the extension or early termination of a contract so that the contract register can be updated.</i></p> <p><i>This will also be reflected in the guidance provided in the Commissioning &amp; Procurement Standing Orders.</i></p>	31/07/23	Head of Commercial Development

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>Contract management and monitoring of major contracts is undertaken by Contract Officers however, there is no formal oversight or analysis on delivery of works/ services to ensure value for money is being achieved throughout the longevity of an agreement by achieving agreed performance indicators set out in the Tender documentation and referenced within the contracts.</p> <p>Testing the Contract Management undertaken for 10 Major Contracts identified that:</p> <ul style="list-style-type: none"> <li>In two instances it could not be determined if contract management was undertaken as no performance management documentation was obtained or evidenced for CPU00246 &amp; CPU00272.</li> <li>In two instances the contracts were lease agreements, the Auditor was advised that performance management is not undertaken on these, by the Head of Commercial Development.</li> <li>In one instance the contract was for the supply of refuse vehicles, which although did not have specific KPIs, did require mechanical servicing, O Licence relating to goods vehicle operator's licence, and inclusion on the assets register. No reporting is conducted.</li> <li>In all other instances evidence of documented monitoring measures, performance indicators and client/ officer meetings were evidenced. Through examples such as Highlight &amp; Finance Reports, Project Execution Programmes, Monthly Client Review Meetings, Risk Registers, and KPI reporting.</li> </ul>	<p>Contract Management of Major Council Contracts to be reported on and supervised in line with performance indicators identified within the tender proposals. This is to support the Council in hitting agreed targets, ensuring that value for money prevails, and that non-compliance or poor performance can be identified/ addressed proactively, prior to a contract failing. Frequency to be agreed between Head of Commercial Development and Scrutiny Committee.</p>	3	<p><i>To comply with this recommendation I will draft a paper for presentation at Commercial Board for further discussion.</i></p> <p><i>The paper will propose criteria for identifying what is a Major Council Contract and will propose a programme of reports on contract performance to be presented to Commercial Board on an ongoing basis.</i></p>	31/07/23	Head of Commercial Development

# Housing Rents

## OVERALL ASSESSMENT



## ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

**SR1** - 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



Review of tenant arrears revealed, a tenant defaulted after an initial eviction notice was served (in 2019), however, a follow up eviction letter has not been issued to the tenant nor any action has been taken to escalate this matter as at time of audit.



Jacksons Debt collectors are notified of arrears on an adhoc basic.

## GOOD PRACTICE IDENTIFIED



Tenants are regularly contacted, and debt repayment are being monitored in addition to agreed actions for tenants with payment plans.



There are adequate monthly reconciliations in place within for Housing rent team. KPI's are regularly reported to the SLT and H&C OSC (Overview and Scrutiny Committee).

## ACTION POINTS

Urgent	Important	Routine	Operational
0	1	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	In a sample of 10 rent arrears, one account was not in compliance with the Rent Arrears Eviction Procedure. In this case, the tenant defaulted after the initial eviction notice was served (in 2019). Although several unsuccessful attempts have been made since then to contact the tenant, a follow up eviction letter has not been issued to the tenant nor any action has been taken to escalate this matter as at time of audit.	To ensure greater consistency and fairness to all tenants in arrears, the council to ensure its rent arrears procedures are closely adhered to in order for debts owed by tenants to be recovered in a timely and effective manner, especially when all other attempts have failed as part of this DBC should review if rent arrears action should be undertaken and any without action should be reviewed to recover the money or put forward to write off as management deem appropriate.	2	<p><i>Regular one to one's held with officers, sample of cases are reviewed regularly and actions agreed with officers.</i></p> <p><i>Officers patch sizes are approximately 1100 properties and therefore monitoring all cases is challenging. This has been recognised through in year growth for the team.</i></p> <p><i>This officer's patch where this case sat was being covered by a number of officers due to the substantive post holder being on maternity leave. While cover was provided, case management was impacted by further absence within the team.</i></p> <p><i>Due to the performance management approach and case monitoring in place, the service has a high level of confidence that arrears cases are managed in line with procedures.</i></p>	N/a	

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Delivery	It was confirmed by the Rent Income Lead Officer that, on a weekly basis, the Former Tenant Officers adds to and updates a Former Tenant spreadsheet, which is then forwarded to Jacobs (the debt recovery agency) on an adhoc basis.	To ensure consistency and to prevent slippages, the Council should ensure that former tenant arrears reports are sent at defined intervals, e.g., every two weeks or sooner if the number of new former tenants exceeds a particular threshold.	3	<p><i>Weekly review and monitoring of the Former Tenant spreadsheet is carried out by officer and Lead Officer. This process provides reassurance and confidence that former tenant arrears cases are referred to Jacobs in a timely manner and mitigates any risk of slippages.</i></p> <p><i>Significant progress has been made by the team regarding their approach to managing former tenant arrears. Processes have been reviewed to ensure that cases are sent to Jacobs in a timely manner and are not held up by process. This results in non-recoverable debt being written off in a timely manner – a point identified in 2021/22 audit.</i></p>	N/a	

## Operational - Effectiveness Matter (OEM) Action Plan

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Ref	Risk Area	Finding	Suggested Action	Management Comments
No Operational Effectiveness Matters were identified.				

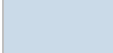
## Progress against Annual Plan


System	Planned Quarter	Current Status	Comments
MTFS	1	Site work commenced	In Progress
H&S	1	Site work commenced	In Progress
HRA H&S	1	Site work commenced	In Progress
General Fund H&S	2	Site work commenced	In Progress
Overtime and Additional Allowances	2	To be commenced	
Risk Management Framework	2	To be commenced	
Commercial Rents	2	Site work commenced	In Progress
Garage Rents	2	To be commenced	
Building Safety Bill Compliance	2	To be commenced	
Community Grants	2	To be commenced	
Leisure Contract	3	To be commenced	
Waste Management	3	To be commenced	
Performance Management	3	To be commenced	
Planning Enforcement	3	To be commenced	
Key Financial Controls	3	To be commenced	
Housing rents	3	To be commenced	
Budgetary Control	3	To be commenced	
Ad hoc advice days	4	To be commenced	
Housing Transformation Improvement Programme (HTIP)	4	To be commenced	





System	Planned Quarter	Current Status	Comments
Climate Change	4	To be commenced	
Housing Allocations	4	To be commenced	
Planned and Preventative Estate Maintenance	4	To be commenced	

**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
<b>22/23 202122 Place Strategy HGP JD - Hemel Place</b>						
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.		<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>	31/3/2023	Hemel Place Strategy, Programme Manager	09/06/23 <i>Financial reporting on Hemel Place Strategy as well as other such projects within the service area will be included in programme management reporting moving forward as appropriate as well as included in Scrutiny reporting on programme updates. The Place Communities and Enterprise Structure is currently in its consultation phase and further budgets to support the projects are subject to the Service Planning process .</i>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<b>21/22 Safeguarding &amp; Prevention</b>						
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.	2	. <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&amp;Cs on our Purchase Order. T&amp;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><i>Due date</i> 31/08/2022</p> <p><i>Revised date</i> 31/01/2023</p>	<p>Andrew Linden, Procurement, Team Leader</p> <p>Andrew Linden, Procurement Team Leader</p> <p>Andrew Linden</p>	09/06/23 Any tender that goes through a procurement process will be covered in terms of the current clauses for Safeguarding. Review of Housing contracts (where the majority of safeguarding issues will sit ) is in progress and is expected to conclude summer 2023.	
The Policy be reviewed and updated in line with the proposed changes and communicated to staff at the earliest opportunity.	2	<i>The Policy be reviewed and updated in line with the proposed changes and communicated to staff at the earliest opportunity.</i>	31/07/2022	Sue Warren, Lead Officer, Safeguarding	09/06/23 Changes have been made to the Policy as per the recommendation. The updated policy is currently going through the Council's approval process and will then be communicated to the wider organisation.	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<b>21/22 Planning Enforcement</b>						
The risks to delivering an effective and timely planning enforcement service be recorded as a local risk and actions identified to mitigate the risk.		<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>	31/5/2022 Revised 07/02/2023	Hemel Place Strategy, Programme Manager	08/06/23 (Head of Financial Services comments) Operational risks for the service have been identified as part of the Council's service planning process 23/24. These risks will be updated on the Council's risk reporting system by the Council's risk and insurance team in time for quarter 1 23/24 reporting.	

**KEY:**

**Priority Gradings (1 & 2)**

<b>1</b>	<b>URGENT</b>	Fundamental control issue on which action should be taken immediately.	<b>2</b>	<b>IMPORTANT</b>	Control issue on which action should be taken at the earliest opportunity.
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**Risk Mitigation**

<b>CLEARED</b>	Internal audit work confirms action taken addresses the risk exposure.	<b>ON TARGET</b>	Control issue on which action should be taken at the earliest opportunity.	<b>EXPOSED</b>	Target date not met & risk exposure still extant
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