



Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

2023/24

September 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 7th September 2023

Whistleblowing - driving the conversation

2. **The importance of a healthy culture.**

We have seen, over the last few months, the publication of several high-profile reports such as the Metropolitan Police (Casey Review March 2023), University Hospitals Birmingham (Bewick Report March 2023) and Plaid Cymru's review (conducted by Nerys Evans May 2023) where a common theme for each organisation was reported around the treatment of whistleblowers as well as 'poor' organisational culture, failures in leadership and poor whistleblowing reporting mechanisms.

There is a real drive within government to look at the Whistleblowing Laws in the UK to drive through change. It is anticipated that there will be greater onus on organisations to improve their culture and to provide greater support and protection for whistleblowers. The outcome of the government's research is due for completion by the Autumn 2023.

In anticipation of the key messages coming out from the government, we in TIAA are using our expertise and knowledge to support organisations by:

1. Working with organisations to 'health check' organisational culture in respect of whistleblowing;
2. Providing a platform for those responsible for governance, raising concerns, whistleblowing and freedom to speak up guardians to share knowledge expertise, good practice in a forum event.
3. Examining poor practice and looking at the lessons to be learnt from recent incidents in webinar events and through consultation exercises such as online surveys.
4. Sharing the information through benchmarking reports and roundtable events.

Please use this link to keep up to date with our campaign and/or to be part of the conversation and drive through real change and improvement in this important area.

<https://www.ttaa.co.uk/publications/ttaa-organisational-culture-and-whistleblowing-webinar/>

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
Housing Repairs and Maintenance	Reasonable Assurance	5/6/2023	16/8/2023	18/8/2023	-	1	1	-
ICT Document Management System	Reasonable Assurance	14/12/2022	27/3/2023	28/3/2023	-	1	3	-
Commercial Rents	Substantial Assurance	23/8/2023	23/8/2023	25/8/2023	-	-	1	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 2023/24 Annual Plan

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

Changes to the Annual Plan 2023/24

6. There are a number of areas where areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2023/24. These are summarised below.

Review	Rationale
Building Safety	The department are working on the submission of the required information to obtain the interim safety certificates for in-scope buildings –the regulator will issue the safety certificates based evidence or highlight gaps to obtain the certificate. To undertake this audit in 2023 would duplicate this work. The time from this is to be allocated against H&S HAR
H&S HRA	The days formally allocated to Building safety to be moved to H&S HRA to provide a more detailed review with the audit moved to Q3.
H&S General Fund and H&S	Combine these audits to reflect the overlap in scope.

Progress in actioning priority 1 & 2 recommendations

7. We have made no Priority 0 recommendations (i.e. fundamental control issue on which action should be taken immediately) since the previous SICA. More information is provided in Appendix C.

Mitigating risk exposures identified by internal audit reviews

Review	Date	Priority 1			Priority 2		
Housing Repairs and Maintenance		0	0	0	0	1	3
ICT Document Management System		0	0	0	0	1	0
Commercial Rents		2	0	0	4	1	3

Frauds/Irregularities

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

Other Matters

9. We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report. The actions taken by Dacorum Borough Council are summarised below:

Action taken by Dacorum Borough Council in response to Alerts issued by TIAA

Briefing Note	Management Response
HMRC Guidance on Tax avoidance Schemes	

Responsibility/Disclaimer

10. 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
Housing Repairs and Maintenance	Reasonable
ICT Document Management System	Reasonable
Commercial Rents	Substantial

Housing Repairs and Maintenance

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	There are currently no risks related to housing repairs and maintenance captured in the Council's risk register.	Risks related to repairs and maintenance be regularly captured and logged in order for risk to be appropriately monitored and mitigated.	2	<p><i>The Council have a strategic risk around the 'the inability to deliver safe and good quality homes'. This is a high level risks designed to capture housing property related risk including that relating to repairs and maintenance.</i></p> <p><i>There are further operational risks which are featured on the department service plan</i></p>	n/a	n/a
1	Directed	A Repairs, Maintenance and Improvements Policy has been developed by the Council, dated August 2021, and is reviewed on a regular basis to ensure that it remains in line with government legislation, guidance and good practice. 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.	3	<i>Recommendation noted and will be implemented when the policy is next reviewed in August 2024.</i>	August 2024	Head of Asset Management

ICT Document Management System

OVERALL ASSESSMENT

The diagram shows a central yellow circle labeled 'REASONABLE ASSURANCE' surrounded by a blue ring with the text 'Adequate & effective governance, risk and control processes'. To the right is a legend with four colored circles: green for 'SUBSTANTIAL ASSURANCE', yellow for 'REASONABLE ASSURANCE', orange for 'LIMITED ASSURANCE', and red for 'NO ASSURANCE'.

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

N/A

KEY STRATEGIC FINDINGS

- There is a need to introduce a regular review of access permissions within Information at Work (I@W).
- There is a need to formally document I@W superuser roles and responsibilities.
- There is a recognised need to complete a Disaster Recovery test exercise to provide assurance around the ability to recover the I@W system.
- There is a recognised need to document RTO's/ RPO's for the I@W application, work was ongoing around this at the time of the audit.

GOOD PRACTICE IDENTIFIED

- Starter and leaver check sheets are in use and a SQL script is run on a daily basis to ensure that any leaver accounts are disabled.
- Backups of I@W are made and replicated to a secondary site, with the success of backups checked on a daily basis.

SCOPE

The review assessed: Application Management and Governance; System Security; Interface Controls and Processing; Data Input and Output; Change Control; System Resilience and Recovery; and Support Arrangements.

ACTION POINTS

Urgent	Important	Routine	Operational
0	1	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)
4	Directed	There is a recognised need to complete a Disaster Recovery (DR) test exercise to provide assurance around the ability to recover the I@W system in the event of a DR event. It is recommended that disaster recovery arrangements are tested on at least an annual basis and that test results should be documented as part of a formal test report. It was advised at the time of audit that management are planning to arrange a tabletop DR test exercise which will provide assurance around the DR process.	Disaster recovery arrangements be tested on an annual basis. Test results be documented as part of a formal test report which details test objectives, outcomes, and lessons learned. This can then be used in updating and improving the DR plan and supporting documents.	2	<i>A DR restoration of the servers that make up the I@W infrastructure was completed.</i>	<i>Completed Jan 2023</i>	<i>ICT Operations Team Leader</i>
1	Directed	Though some activity to review user accounts is performed on an ad-hoc basis there is a need to introduce a regular review of access permissions within I@W. A regular exercise to review the user profiles would help ensure that role profiles remain appropriate and aligned to current business needs.	A regular, at least annual, review exercise be undertaken to review user profiles to ensure roles remain appropriate.	3	<i>A Team has been created in MS Teams containing all I@W super users as members. Each of these members have been assigned a task to completed every three months to review the accounts within their respective file systems.</i>	<i>Completed Jan 2023</i>	<i>ICT Operations Team Leader</i>
2	Directed	It was noted that there is a need to formally document I@W superuser roles and responsibilities. At the time of the audit the ICT Corporate Applications team was in the process of identifying additional superusers to aid in the administration and management of I@W queries.	Management to document I@W superuser roles and responsibilities and ensure these are made available to new and existing superusers.	3	<i>The roles and responsibilities have been reviewed and are documented on the Information@Work intranet site.</i>	<i>Completed Jan 2023</i>	<i>ICT Operations Team Leader</i>

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
3	Directed	<p>It was noted that there are no documented RTOs (recovery time objective)/ RPOs (recovery point objective) currently in place for the I@W application. At that time of audit an exercise was ongoing to define specific RTOs and RPOs for Council systems and services and ensure that these are given the correct level of priority from a BCP (business continuity plan)/DR perspective. The lack of specific RTOs for particular key applications/systems increases the risk that these systems may not be recoverable within an acceptable timescale in the event of a DR scenario, and that backup arrangements have been determined based on the ICT team's assessment of criticality rather than having been based on the requirements of the operational teams.</p>	<p>ICT to liaise with key Council management and stakeholders within the business to ensure documented recovery requirements for the I@W system are defined and agreed.</p>	3	<p><i>RTOs and RPOs for all systems are documented within the ICT SLA document.</i></p>	<p><i>Completed Jan 2023</i></p>	<p><i>ICT Operations Team Leader</i></p>

Operational - Effectiveness Matter (OEM) Action Plan


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

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
No operational effectiveness matters were identified.				

Commercial Rents

OVERALL ASSESSMENT







ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Commercial rents are being appropriately managed.



SCOPE

Commercial Rents are becoming a major income stream for the Council and an annual audit is required to provide assurance that all rents are collected in accordance with the rental/lease agreement. The review focussed on the processes for ensuring that all commercial rents are appropriately recorded, the database of commercial properties is accurate and up to date, and testing of a number of commercial properties to confirm that rents are paid in accordance with their agreement.

KEY STRATEGIC FINDINGS

-  The Strategic Asset Review has progressed.
-  Sample testing confirmed the Council’s commercial property processes are operating satisfactorily and rents have been paid in accordance with formal legal agreements. The agreements reviewed were correctly recorded.
-  Proactive management and monitoring of rental agreements is undertaken monthly, including rent due, expiries and aged debt.
-  KPI performance shows a continued stable asset base, 11% of rental arrears and actual income received against forecast improved to -8.3% from -16.8% from April to May 2023. Legal recovery powers can resume, following a temporary pause under the Coronavirus Act.

GOOD PRACTICE IDENTIFIED

-  A wide range of KPIs relating to commercial property and rents are measured and monitored monthly.
-  High commercial rental occupancy has been achieved, at 96% for May 2023.

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>For one case sampled the first rental invoice had been raised late, in mid-April for rent due in advance from 1st February 2023 according to the agreement.</p> <p>This was reviewed by the Customer Accounts team and the auditor was informed that delays related to the processing and communication of this new agreement, the completion certificate, and staff availability.</p>	Formal invoicing timescales be worked to as closely as possible to help facilitate the timely receipt of rental income due to the Council.	3	<i>This was very much an exception due to a delay in the time taken by the Legal Dept to issue documentation to the Customer Account Team who in turn were delayed due to staff absence (leave). As an action, Property Services & Customer Accounts will meet on quarterly basis to compare case completions to minimise risk of a re-occurrence.</i>	October 2023	Estates Valuation Manager & Finance Lead Officer.

Operational - Effectiveness Matter (OEM) Action Plan

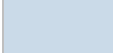
Ref	Risk Area	Finding	Suggested Action	Management Comments
1.1	GF	<p>Dacorum property and asset management website links to an Asset Management strategy from 2016 which includes a number of statements such as</p> <p>In many instances, the Group Manager Commercial Assets lacks a clear internal asset owner with whom he can discuss relative prioritisation of future plans and resourcing</p> <p>And</p> <p>The Council will also clarify responsibilities where different services interface, such as between Page 26 of 38 Asset Management Strategy Version 2 2016 Page 26 of 38 Environmental Services and the property team over parks and open spaces.</p>	<p>Management to review the appropriateness of the 2016 Asset Management strategy and consider reviewing it and also consider whether the stated weaknesses/actions have been fully addressed.</p>	<p><i>A new Strategic Asset review is being commissioned and will be completed this financial year, which will then formulate the basis for a reviewed Asset Management Strategy.</i></p>


Progress against Annual Plan


System	Planned Quarter	Current Status	Comments
MTFS	1	Fieldwork Completed	
H&S	1	Fieldwork Completed	
HRA H&S	1	Site work commenced	Postponed until October at the request of management
General Fund H&S - Cancelled	2	Cancelled	Amalgamated with other H&S reviews
Overtime and Additional Allowances	2	To be commenced	
Risk Management Framework	2	Site work in progress	
Commercial Rents	2	Final	Final
Garage Rents	2	Site work in progress	
Building Safety Bill Compliance - Cancelled	2	Cancelled	Amalgamated with other H&S reviews
Community Grants	2	Site work in progress	In Progress
Leisure Contract	3	Site work in progress	In Progress
Waste Management	3	To be commenced	
Performance Management	3	To be commenced	
Planning Enforcement	3	To be commenced	
Key Financial Controls	3	Site work commenced	In Progress
Housing rents	3	To be commenced	
Budgetary Control	3	Site work commenced	In Progress
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
22/23 202122 Place Strategy HGP JD - Hemel Place						
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	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. 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.	30/04/2023 Revised 31/12/2023	Programme Director, Hemel Garden Communities	07/09 KPIs still under development.	
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.	2	<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 Revised 31/12/2023	Hemel Place Strategy, Programme Manager	08/09/23 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.	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
<p><i>The MoU be finalised and signed by all parties as a matter of urgency. The MoU should outline each Partner's roles and responsibilities.</i></p>	2	<p><i>he 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></p>	<p><i>17/03/2023 Revised 31/10/2023</i></p>	<p><i>Programme Director, Hemel Garden Communities</i></p>	<p><i>07/09 The MOU is under consideration by all partners involved in HGC.</i></p>	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
21/22 Safeguarding & Prevention						
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 <i>Revised</i> 31/12/2023	Sue Warren, Lead Officer, Safeguarding	08/09/23 <i>Changes have been made to the policy as per the recommendation. There is further work to be done on the policy to make it fit for purpose and fully reflective of current safeguarding best practice. The new Head of Safe Communities is working on a thorough review of the policy prior to taking the document through the Council's approval process.</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.	30/09/2021 Revised 31/12/2023	Information Security Team Leader	Update 08/09/23 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 are expected to 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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Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Anti-Crime which may have an impact on our clients. These are shared with clients and made available through our Online Client Portal. A summary list of those CBNs and Anti-Crime Alerts issued in the last three months which may be of relevance to Dacorum Borough Council is given below. Copies of any CBNs are available on request from your local TIAA team.

Summary of recent Client Briefing Notes (CBNs)

CBN Ref	Subject	Status	TIAA Comments
23009	HMRC Guidance on Tax avoidance Schemes		<p>Action Required:</p> <p>Raise the profile of tax avoidance across networks and communication channels Support HMRC by sharing the following link with stakeholders to help raise awareness among workers in the health and social care sectors, and to warn them of the risks of getting involved in tax avoidance.</p>