



Internal Audit

DRAFT

Dacorum Borough Council

Draft Internal Audit Annual Report

2023/24

July 2024

Internal Audit Annual Report

Introduction

This is the 2023/24 Annual Report by TIAA on the internal control environment at Dacorum Borough Council. The annual internal audit report summaries the outcomes of the reviews we have carried out on the organisation’s framework of governance, risk management and control.

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).

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.

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 Dacorum Borough Council from its various sources of assurance.

Internal Audit Planned Coverage and Output

The 2023/24 Annual Audit Plan was approved by the Audit Committee

The planned work that has been carried out against the plan and the status of work not completed is set out at Annex B.

Assurance

TIAA carried out eleven reviews of which none were advisory reviews. The eight assurance reviews 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 Dacorum Borough Council’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	2023/24 Number of Reviews	2022/23 Number of Reviews
Substantial Assurance	4	6
Reasonable Assurance	7	9
Limited Assurance	0	1
No Assurance	0	0
Advisory	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 2023/24.

Urgent	Important	Routine
0	15 (23)	24 (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' assurance.' Recommendations were made to further strengthen the control environment in these areas and the management responses indicated that the recommendations have been accepted.

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	4	5
Risk Mitigation	0	1	4
Compliance	0	2	5
Delivery			
Performance Monitoring	0	2	3
Sustainability	0	1	3
Resilience	0	2	5

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
3

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%	88%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	100%	95%
Compliance with Public Sector Internal Audit Standards	100%	100%

Release of Report

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

Date Report issued:	July 2024
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Head of Internal Audit Opinion (HoIA) on the Effectiveness of the System of Internal Control for the Year Ended 31 March 2024

The purpose of my annual HoIA Opinion is to contribute to the assurances available to the Accountable Officer and the Board which underpin the Board's own assessment of the effectiveness of the organisation's system of internal control. This Opinion will in turn assist the Board in the completion of its Annual Governance Statement (AGS).

My opinion is set out as follows:

1. Overall opinion;
 2. Basis for the opinion;
 3. Matters that have had an impact on the opinion; and
 4. Commentary.
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1. My overall opinion is that **Reasonable** assurance can be given that there is a generally sound system of internal control, designed to meet the organisation's objectives, and that controls are generally being applied consistently. However, some weakness in the design and/or inconsistent application of controls, put the achievement of particular objectives at risk.
 2. The basis for forming my opinion is as follows:
 - i. An assessment of the design and operation of the underpinning Assurance Framework and supporting processes; and
 - ii. An assessment of the range of individual opinions arising from risk-based audit assignments, contained within internal audit risk-based plans that have been reported throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in respect of addressing control weaknesses.
 3. There are no matters to bring to your attention which have had an impact on the Head of Internal Audit Opinion
 4. Commentary – see Annex B for a summary of completed internal audit work.

Actual against planned Internal Audit Work 2023/24

System	Report Status	Substantial Assurance	Reasonable Assurance	Limited Assurance	No Assurance	Advisory Review	Comment
MTFS	Final	✓					
Commercial Rents	Final	✓					
Garage Rents	Final		✓				
H&S - Corp	Final		✓				
Risk Management Framework	Final		✓				
Community Grants	Final		✓				
Key Financial Controls	Final		✓				
HRA H&S	Final		✓				
Waste Management	Final		✓				
Budgetary Control	Final	✓					
Housing Rents	Final	✓					
Leisure Contract	Draft		✓ (Indicative)				
Climate Change	Draft						
Performance Management	Draft	N/A	✓ (Indicative)				
Overtime and Additional Allowances	Discussion Draft		✓ (Indicative)				
Housing Allocations	Draft		✓ (Indicative)				
Planning Enforcement	In progress						
Planned and Preventative Estate Maintenance	In progress						

Housing Transformation Improvement Programme (HTIP)	Postponed						Postponed at the request of management
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