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Dacorum Borough Council

Summary Internal Controls Assurance (SICA) Report

November 2024

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 between 10th September 2024 and 27th November 2024.

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2. The new Internal Audit Code of Practice, which sets out fundamental principles for running a strong and effective internal audit function. For the first time, it presents a unified Code that encompasses the financial services, private, and third sectors.

    The Code reflects the final recommendations of the Independent Internal Audit Code of Practice Review Committee and has received full endorsement by the Chartered IIA's Council. The Global Standards urge boards and Audit Committees across the financial, private and third sectors to adopt and implement the Code's principles, embarking on their path to full compliance. Embracing these principles will maximise the value of internal audit and unlock the full potential of the profession.

    The purpose of the Code

    The principles which follow are aimed at enhancing the overall impact and effectiveness of internal audit within organisations operating in the UK and Ireland. They are regarded as a benchmark of good practice against which organisations should assess their internal audit function.

    Who is it for?

    The intended audience for the Code of Practice (the 'Code') includes members of board audit and risk committees, chief audit executives, non-executive directors, senior management, and, where appropriate, regulatory bodies. The Code is intended to be applied by all organisations in the financial services, private and third sectors with an internal audit function and a board audit committee of independent non-executive directors or their equivalent. This Code may prove useful for internal audit in the public sector, but it is not drafted with the public sector specifically in mind. Public sector internal audit functions should continue to follow the Public Sector Internal Audit Standards.

    How should it be applied?

    The Code should be applied in conjunction with the International Professional Practices Framework and the Global Internal Audit Standards. The Code builds on these Standards and seeks to increase the impact and effectiveness of internal audit. The Code is principles-based. It is expected that the principles are applied proportionately, in line with the nature, scope and complexity of the organisation. Internal audit functions should apply the Code in the context of internal audit regulatory standards applicable to the organisation.

    See Appendix D for further information and available resources

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
Capital Programme	Substantial	6th November 2024	8th November 2024	13th November 2024	0	0	2	0
Community Engagement	Reasonable	10th October 2024	21st October 2024	22nd October 2024	0	0	3	0
Key Financial Controls	Substantial	26th June 2024	9th September 2024	16th September 2024	0	0	0	1
Fleet Management Strategy	Reasonable	2nd September 2024	4th September 2024	11th September	0	0	3	0
Business Continuity	Reasonable	23rd June 2024	11th September 2024	17th September 2024	0	2	2	0

4.   The Executive Summaries 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 2024/2025 Annual Plan

5.   Our progress against the Annual Plan for 2024/25 is set out in Appendix B.

6.   Follow Up will be reported with a detailed follow up schedule going to the 12th February 2025 Audit Committee to allow for final resolution of any concerning recommendations ahead of the year end.

Changes to the Annual Plan 2024/25

7.   There have been no changes to the audit plan.

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.

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 a number of briefing notes and fraud digests, shown in Appendix C, since the previous SICA report.

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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.

Appendix A: Executive Summaries

The following Executive Summaries are included in this Appendix. Full copies of the reports are provided to the Audit Committee.

Review	Key Findings
Capital Programme	**KEY STRATEGIC FINDINGS:** • High level and frequent monitoring of the capital programme is in place including reports to senior leadership, Capital Board, Committee and Council. • One project has required retendering due to contractor administration, however prior due diligence was evidenced and the situation was fully reported and escalated when required. • Supporting documentation was evidenced and was in line with policy requirements. **GOOD PRACTICE IDENTIFIED:** • The Council has prepared for upcoming legislation changes in relation to procurement, has assessed the impact this will have on the capital programme and communicated this to relevant staff. • An array of trackers is in use for various stages projects, for actions that arise from meetings and for policy document reviews.
Community Engagement	**KEY STRATEGIC FINDINGS:** The systems of Internal Control relating to Community Engagement were considered to be generally adequate and operating effectively but some improvements are required. The recommendations made do not fully inform the assurance level given since management have already identified the following: • The Community Strategy Action Plan and Dacorum Borough Council Toolkit are due to be updated in quarter 4 of the 24/25 Financial Year. • A service restructure is due to be undertaken during the 2024/25 Financial year. The new proposed structure has been agreed by the Strategic Senior Leadership Team. **Additional improvements highlighted as part of the recommendations were:** • Consultation Checklist/Consultation briefs to be completed as per the Toolkit requirement. • An overall Community Engagement report to be presented to the Strategic Senior Leadership Team. • KPI relating to Community Engagement to be formulated/developed.

Review	Key Findings
	GOOD PRACTICE IDENTIFIED: • The consultation toolkit was developed with the Local Government Association Guide: New Conversations, LGA Guide to Engagement.
Assurance Review of Key Financial Controls	**KEY STRATEGIC FINDINGS:** • There are robust system of internal controls operating effectively to ensure that risks are managed, and process objectives achieved. • Adequate policies and procedures relating to Debtors and Creditors have been documented. However, the Corporate Debt Policy has yet to be finalised. • In relation to Debtors for the sample selected the debt had been adequately followed up and regular reports are produced and reviewed by The Head Financial Services and where relevant monitoring meetings are held with the relevant service area. • In relation to Creditors majority of the invoices are being paid on time (Within 30 days). **GOOD PRACTICE IDENTIFIED:** • In general, The Finance Team contribute with a paperless office, electronic processes, and hybrid working to limit travel.
Review of Fleet Management Strategy	**KEY STRATEGIC FINDINGS:** • This audit reviewed fleet management control processes and identified several areas that require improvement, specifically in governance, risk management, and performance monitoring. • The council has not defined the use of KPI's within the operational transport policy, despite the policy outlining several areas of informal measurement. • The Council's Operational Transport Policy and related procedures 2021/2022 does not specify a review date or frequency. **GOOD PRACTICE IDENTIFIED:** • The Council has good document retention surrounding MOTS and other fleet management documents. • Access to the Tranman vehicle management system aligns with expected job rolls.
Assurance Review of Business Continuity	**The systems of internal controls is generally adequate and operating effectively.** Multiple scenarios are trained and tested each year. Best practice is shared through the Hertfordshire Local resilience Forum. In addition, all key resilience documents are hosted on the Resilience Direct portal that all key staff and partners can access using their secure log in. A full test should be conducted relating to the Business Continuity Plan, Resilience Policy and Corporate Emergency Plan through an agreed testing programme. • A review of the Business Continuity training should be undertaken, and an appropriate training programme implemented.

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Review	Key Findings
	• Key performance indicators relating to Business Continuity should be developed/formulated. **GOOD PRACTICE IDENTIFIED:** • A Resilience Board is to be established to co-ordinate day-to-day DBC resilience arrangements. Reporting to the Senior Leadership Team (SLT) and that the policy will be reviewed at least annually by the Resilience Board and Senior leadership Team and following, exercises, lessons learnt, legislation changes or adoption of best practice.

Appendix B: Progress against Annual Plan (i) 2024/25

System	Planned Quarter 24/25	Current Status	Comments
Financial Resilience	1		**Draft 4th October**
Key Financial Controls	1		**Final 16th September 2024**
Community Engagement	1		**Final 22nd October 2024**
Business Continuity	1		**Final 18th September 2024**
Housing Regulatory Compliance and Building Safety	1		**Reported to September AC**
Fleet Management Strategy	2		**Final 11th September 2024**
Private Sector Housing	2		**Draft 7th November, management requested longer time to review the report due to Annual Leave (returned from leave on 18th November).**
Capital Programme	2		**Final 13th November 2024**
Income – Cash and Bank	3	Scoping Meeting 3/7/24 Preliminary meeting 28/11/2024	
Tenancy Management and Enforcement	3	Preliminary meeting occurred 16/10/24,	Awaiting confirmation of start date from Oliver Jackson (will be Jan 2025).
Leaseholders- review of Section 20 process	3	Preliminary meeting set up for the 08/1/25	
MTFS	3	Preliminary Meeting rescheduled 2nd December 2024	

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Risk Management Framework	3	Preliminary Meeting 19/10/24	
Housing Transformation and Improvement Programme (HTIP)	4	Deferred until September at client request, scoping meeting 13/09/2024	Awaiting confirmation of Start date from Mary Flemming.
Recruitment and Training	4	Testing in progress	
Project Management	4	Preliminary meeting arranged for the 15/1/2025	
Licensing	4	Awaiting response to request for opening meeting.	Awaiting response to request for opening meeting from Mark Brooks.

KEY:

To be commenced	Site work commenced	Draft report issued	Final report issued

Appendix C: Briefings on Developments in Governance, Risk and Control

TIAA produce regular briefing notes to summarise new developments in Governance, Risk, Control, Counter Fraud and Security Management 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 briefings issued in the last three months which may be of relevance to Docorum Borough Council is given below:

Summary of recent Client Briefings and Alerts

Briefing Type	Subject	Web Link	TIAA Comments
Data Protection Alert	New Digital Information and Smart Data Bill	New Digital Information and Smart Data Bill - TIAA	The UK government is introducing a Digital Information and Smart Data Bill (DISD), distinct from the previous government's failed Data Protection and Digital Information Bill in several ways. Learn more about this new bill and the actions to take to keep your data protected.
Client Briefing	The Economic Crime and Corporate Transparency Act 2023	The Economic Crime and Corporate Transparency Act 2023 - TIAA	Learn about the Economic Crime and Corporate Transparency Act 2023, aimed at boosting the UK's efforts to combat economic crime and improve corporate transparency. Discover the Act's key points and requirements.
Client Briefing	Cyber Security Threats	Cyber Security Threats - TIAA	The National Cyber Security Centre (NCSC) has published an alert of a significant risk to IT systems and infrastructure. Attackers are exploiting vulnerable Small Office and Home Office (SoHo) devices at organisations to leverage attacks. Typically, SoHo devices (broadband routers etc) do not feature the advance security protection of enterprise level IT systems, thus making them an easy target.

Briefing Type	Subject	Web Link	TIAA Comments
Security Alert	Suspect found guilty of hospital terror plot	[Suspect found guilty of hospital terror plot - TIAA](#)	We detail the alarming story of a suspect found guilty of a hospital terror plot.
Security Alert	Violent incidents at GP practices	[Violent incidents at GP practices - TIAA](#)	There has been a concerning rise in the number of violent incidents occurring at GP practices over the last two years, bringing the NHS crisis sharply into focus.

Appendix D: Updates to Global Internal Audit Standards

In January 2024, the Institute of Internal Auditors released the long-awaited changes to the industry's Standards that will have far-reaching impact on the year(s) ahead.

The standards will be adopted by 9th January 2025.

There are some significant changes that will provide internal audit functions with a refreshed framework and clearer requirements.

Key Innovations and Enhancements

Among the significant new requirements include:
- Establishment of an internal audit strategy.
- Heightened governance and oversight by the board and senior management.
- Enhanced reporting including ratings/rankings considerations.
- External quality assessments to be conducted by a team that includes at least one CIA.
- Technology considerations for the internal audit function's evolving needs.

Elevating the mandate and stature of Internal Audit

- Defining IA's purpose – business stakeholders should understand and be able to articulate the value of internal auditing and the mandate must be included in the internal audit charter.
- Separating independence and objectivity – Clear definitions
- Enhancing stakeholder coordination
- Building trust – Developing an approach to building relationships with key stakeholders and promote effective communication across all stakeholder groups

Maximising use of Technology

- Enabling technology as a key resource
- Using technology in audit operations – including audit planning, human and technology resource allocation

- Technology use in audit delivery – using technology to test more effectively and efficiently, for example using applications to test full populations instead of a sample (Increased costs)

Delivering more valuable results

- Promoting continuous improvement – responsible for measuring the performance of the IA function and ensuring it continuously improves
- Enhancing and elevating engagement level – A formal requirement of engagement reporting, including rating or ranking of audit findings, formulating recommendations, obtaining management's action plans and developing an engagement conclusion
- Performing external quality assessments (EQAs) – The board of directors must review EQA results, and the assessment team must include at least one individual with an active certified internal auditor (CIA) designation

Structure of standards into 5 domains containing principles and standards. The key domain for Audit Committee members is Domain 3.

Domain 1 – Purposes of internal auditing and adding value
Domain 2 - Ethics and professionalism -behavioural expectations.
Domain 3 – Governing the IA Function (Relationship between IA and Board (Committee) and responsibilities)
Domain 4 – Managing the IA function
Domain 5 – Performing IA services – expectation on engagement