

Runnymede Borough Council

Summary Internal Controls Assurance (SICA) Report

25 May 2022 Standards and Audit Committee

2021/22

May 2022

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 Runnymede Borough Council as at 4th May 2022.

Emerging Governance, Risk and Internal Control Related Issues

2. In our recent 'Post-Lockdown Working Practices Briefing', we explored the results of our survey of clients to ascertain how organisations are planning to deliver some of their functions going forward. We asked a number of questions regarding Audit Committee meetings and their effectiveness since the pandemic started and gained thoughts on how these will take place once restrictions are eased.

The experience of remotely held Audit Committees meetings has been positive with the majority of respondents recording no change in or increased attendance, efficiency and engagement at meetings.

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
Data Quality	Substantial	30 November 2021	8 March 2022	10 March 2022	-	-	-	2
Key Financial Controls	Reasonable	21 December 2021	7 January 2022	11 January 2022	-	2	2	-
Key Revenue Controls	Substantial	24 January 2022	25 January 2022	26 January 2022	-	-	3	1
Payroll	Substantial	8 February 2022	16 February 2022	18 February 2022	-	-	2	-
Treasury Management	Substantial	22 March 2022	22 March 2022	23 March 2022	-	-	-	2

- The Management Action Plans, for priority 1 and 2 recommendations, 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 2021/22 Annual Plan

- Our progress against the Annual Plan for 2021/22 is set out in Appendix B.

Changes to the Annual Plan 2021/22

- The following audit changes have been made to the 2021/22 internal audit plan

Review	Rationale
Runnymede Travel Initiative	Audit cancelled as the Yellow Bus Service is no longer operational.
Depot	Audit cancelled as no progress has been made to the previous recommendations will include in 2022/23 audit plan. This was a follow up audit to the previous recommendations made.
Section 106/CIL	To transfer the 4 days from the cancelled Depot audit to the Section 106/CIL audit as the scope has increased to include the Community Infrastructure Levy (CIL) area of activity.
Commercial Property	Audit cancelled due to staffing issues with the client. The audit will be included in the 2022/23 audit plan.
Commercial Rents	Audit cancelled due to staffing issues with the client. The audit will be included in the 2022/23 audit plan.
HR Absence Management	Audit cancelled due to staffing issues with the client. The audit will be included in the 2022/23 audit plan.

Progress in actioning priority 1 & 2 recommendations

- 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. There have not been any audits finalised in the period since the last report to Committee where an audit finalised has any priority 1 or 2 recommendations.

Mitigating risk exposures identified by internal audit reviews

Review	Date	Priority 1			Priority 2		
None to report		-	-	-	-	-	-

Root Cause Indicators

8. The Root Cause Indicators (RCI) have been developed by TIAA to provide a strategic rolling direction of travel governance, risk and control assessment for Runnymede Borough Council. Each recommendation made is analysed to establish the underlying cause of the issue giving rise to the recommendation (RCI). The analysis needs to be considered over a sustained period, rather than on an individual quarter basis. Percentages, rather than actual number of reviews/recommendations made permits more effective identification of the direction of travel. A downward arrow signifies a positive reduction in risk in relation to the specific RCI.

RCI – Direction of Travel Assessment

Root Cause Indicator	Qtr 4 (2020/21)	Qtr 1 (2021/22)	Qtr 2 (2021/22)	Qtr 3/4 (2021/22)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	60%	-	71%	-		
Risk Mitigation	-	8%	-	-		
Control Compliance	40%	92%	29%	100%		
Delivery						
Performance Monitoring	-	-	-	-		
Financial Constraint	-	-	-	-		
Resilience	-	-	-	-		

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 D, since the previous SICA report.

Action taken by Runnymede BC in response to Alerts issued by TIAA

Briefing Note
Employing Someone from Outside the UK
Transforming Public Procurement: Government Response to Consultation
HMRC Review into VAT Charges on EVs
Increased Cyber Security Risks
Deadline for Withdrawal of Old Style £20 and £50 Notes
More than 75% of larger charities targeted by cyber criminals since last year
Fraud Alert
None in period

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.

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
Key Financial Controls	Reasonable Assurance


Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Risk Management	Q1	Draft report issued 29.09.21	Postponed from Q1 to Q2 at request of Head of Service.
Commercial Property	Q3	Audit Cancelled	Head of Service has requested for this to be postponed due to staffing issues. Audit to be cancelled from the 2021/22 audit plan and included in the 2022/23 audit plan
Data Quality	Q1	Final report issued 10.03.22	Postponed from Q1 at request of Head of Service.
Commercial Rents	Q3	Audit Cancelled	Head of Service has requested for this to be postponed due to staffing issues. Audit to be cancelled from the 2021/22 audit plan and included in the 2022/23 audit plan
Human Resources – Absence Management	Q2	Audit Cancelled	Head of Service has requested for this to be postponed due to staffing issues. Audit to be cancelled from the 2021/22 audit plan and included in the 2022/23 audit plan
Communications	Q2	Fieldwork in progress	Postponed from Q2 at request of Communications Manager.
Business Continuity	Q2	Draft report issued 10.03.22	Deferred from the 20/21 audit plan.
Key Revenues Controls	Q3		
Benefits and Council Tax Support	As above	Final report issued 26.01.22	
Non-Domestic Rates (NDR)	As above	Final report issued 26.01.22	
Council Tax	As above	Final report issued 26.01.22	
Key Financial Controls	Q3		
Accounts Payable (Creditors)	As above	Final report issued 11.01.22	
Accounts Receivable (Debtors)	As above	Final report issued 11.01.22	
Main Accounting (General Ledger)	Q3/4	Fieldwork in progress	

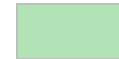
System	Planned Quarter	Current Status	Comments
Payroll	Q3	Final report issued 18.02.2022	
Treasury Management	Q3/4	Final report issued 23.03.22	
Customer Services	Q1	Fieldwork in progress	
ICT – Software Asset Management	Q3	Fieldwork in progress	
ICT – Contract Management	Q3	Fieldwork in progress	
Freedom of Information	Q1	Draft report issued 22.03.22	Postponed at the request of the Information Governance Officer.
Depot	Q3	Cancelled	Audit to be cancelled from 2021/22. It was advised by the Depot Manager that there have been no further developments since the previous audit due to unfilled vacancies (nearly 1/3 of the staff) within the office staff at the depot. Due to the limited amount of staff available to run and deliver the daily operations all the staff time has been devoted to ensuring the operations are run and delivered in continually difficult times. The Depot will be subject to a full follow up review as part of the 2022/23 audit plan.
Runnymede Travel Initiative	Q1	Cancelled	Audit cancelled as the Yellow Bus Service is no longer operational.
Planning Enforcement	Q2	Fieldwork in progress	Postponed at the request of the Development Manager due to a change of management personnel.
Housing Rents	Q3/4	Draft report issued 29.03.22	
Housing Health and Safety	Q2	Final report issued 22.09.21	
Housing Repair and Maintenance	Q2	Final report issued 08.12.21	
Housing Enforcement	Q2	Fieldwork in progress	Postponed at the request of the Housing Services Manager.
Sheltered Accommodation	Q1	Fieldwork in progress	
Housing Section 106 and CIL	Q1	Fieldwork in progress	Postponed at the request of the previous Development Manager due to a change of management personnel. Following the introduction of CIL the scope has now been expanded to incorporate this area.
Follow up of recommendations	Q1,2,3,4		Progress reports provided to each Standards and Audit Committee.

KEY:

 To be commenced

 Site work commenced

 Draft report issued

 Final report issued

Priority 1 and 2 Recommendations - Progress update

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
Key Financial Controls							
1	Directed	In accordance with Financial Procedures, any new suppliers are required to complete a standard new supplier form to enable the Council to set them up on the finance system and to pay them by BACS. Additional proof of bank account details is also required, for example a valid cheque (with cancelled written across it), pre-printed paying in slip or a recent bank statement, in order to reduce instances of fraud. A sample of 10 new suppliers set up during 21/22 were selected for testing. It was confirmed in each case that all information had been accurately recorded on the system as per the supporting evidence. However, in four cases it was noted that additional evidence relating to bank details had not been provided prior to the supplier being set up for payment.	Appropriate additional evidence of bank details be requested from all new suppliers in accordance with Financial Procedures.	2	<i>The Payments team have been reminded that supporting documentation must be supplied prior to setting up new suppliers in line with the procedures and to reduce fraudulent opportunities.</i>	<i>Done (07/01/22)</i>	<i>Senior Exchequer Services Officer (Payments)</i>



Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
2	Directed	Sample testing was carried in in relation to 10 sundry debt write-offs. It was confirmed in each case that appropriate evidence was available to support the write-off. It was further confirmed that all had been authorised by an individual with the requisite authority, although in five cases it was noted that the write-off was actioned on the system prior to the formal authorisation being obtained. A similar finding was raised in the previous year's audit report, therefore the recommendation has been reiterated.	Ensure that write-offs are only actioned once all relevant approvals are obtained.	2	<p><i>Home working has been a challenge for the section, due to the predominantly paper based system of authorisations.</i></p> <p><i>Staff have been reminded to action write offs only when the correct authorisations are in place.</i></p>	Done	Senior Exchequer Services Officer (Income)

Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, Control and Counter Fraud 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 Fraud Alerts issued in the last three months which may be of relevance to Runnymede BC 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
CBN 22002	Employing Someone from Outside the UK		Information Only
CBN 22003	Transforming Public Procurement: Government Response to Consultation		Information Only
CBN 22006	HMRC Review into VAT Charges on EVs		Action Required Not Urgent Organisations are advised to ensure that the appropriate HMRC compliant arrangements are in place.
CBN 22010	Increased Cyber Security Risks		Action Required - Urgent Organisations are advised to review their key operational Cybersecurity arrangements and take appropriate remedial action.

CBN Ref	Subject	Status	TIAA Comments
CBN 22014	Deadline for Withdrawal of Old Style £20 and £50 Notes		<p>This is for information purposes. All staff within affected service lines such as cashiers, retail assistants and other should be made aware of the process for handling withdrawn notes. All relevant notes held should be banked before 30th September 2022.</p>
CBN 22015	More than 75% of larger charities targeted by cyber criminals since last year		<p>Action Required</p> <p>Audit Committees and Boards are recommended to seek assurance that IT security remains on the agenda, and to seek assurances checked that systems are patched, monitored, and backed up. IT Disaster Recovery plans should be regularly reviewed to keep up to date, and subject to table-top exercise testing, ideally using a malware incident scenario such as the NCSC’s “Exercise in a box”.</p>

Summary of recent Fraud Alerts

Ref	Subject	Status	TIAA Comments
	None to report in this period		