Internal Audit

FINAL

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Runnymede Borough Council

Summary Internal Controls Assurance (SICA) Report

20 September 2022 – Standards and Audit Committee

2022/23
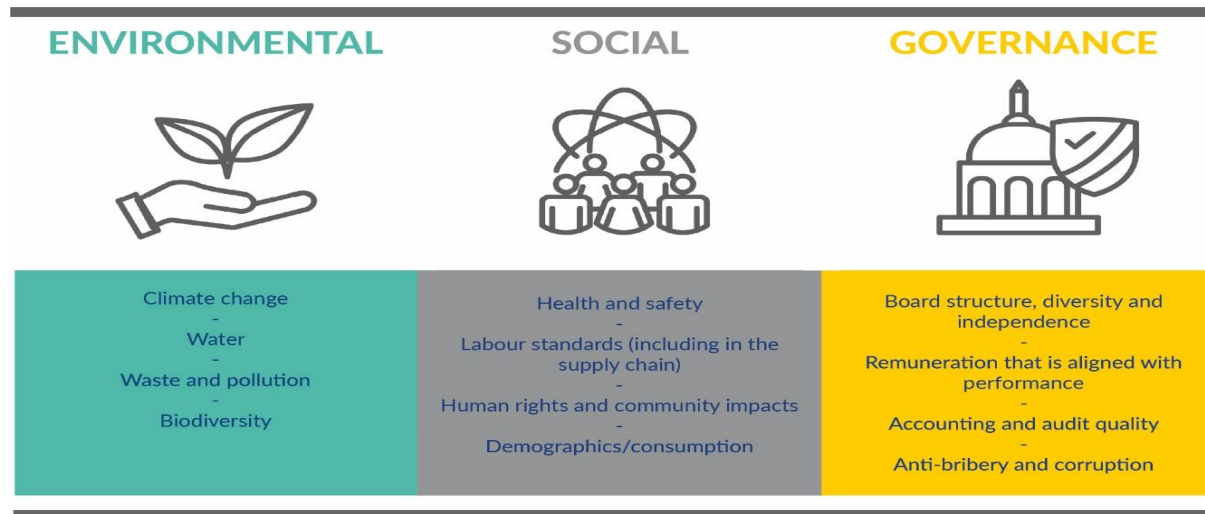
September 2022

Summary Internal Controls Assurance

Introduction

1. This summary internal controls assurance (SICA) report provides the Standards and 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 2nd September 2022.

Emerging Governance, Risk and Internal Control Related Issue

2. Sustainability is becoming an ever more important consideration for organisations with the efforts of all sectors to reduce their emissions on a much bigger scale being integral to ensuring that global warming stays within the 1.5°C limit highlighted by the IPCC report and adopted by COP26. The increasing importance of Environmental, Social and Governance (ESG) objectives, as well as the introduction of reporting frameworks, both voluntary and mandatory, highlights the need for organisations to demonstrate greater transparency for their stakeholders. The need for strategic direction and the existence of risks and opportunities within ESG means that the Standards and Audit Committee's role is integral in setting the ESG agenda.

ENVIRONMENTAL	SOCIAL	GOVERNANCE
Climate change - Water - Waste and pollution - Biodiversity	Health and safety - Labour standards (including in the supply chain) - Human rights and community impacts - Demographics/consumption	Board structure, diversity and independence - Remuneration that is aligned with performance - Accounting and audit quality - Anti-bribery and corruption

Audits completed since the last SICA report to the Standards and 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
Freedom of Information	Substantial	22.03.22	26.05.22	27.05.22	-	-	2	-
Housing Rents	Substantial	29.03.22	19.05.22	19.05.22	-	-	1	-
Housing Enforcement	Substantial	21.07.22	02.08.22	04.08.22	-	-	1	2
Planning Enforcement	Reasonable	22.06.22	29.06.22	30.06.22	-	1	2	1
Housing Section 106 and CIL	Substantial	03.08.22	08.08.22	16.08.22	-	-	1	2
Risk Management	Reasonable	29.09.21	30.08.22	31.08.22	-	3	1	-
Business Continuity	Substantial	10.03.22	30.08.22	31.08.22	-	-	2	-

4. The Management Action Plans, where there are priority 1 or 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 and 2022/23 Annual Plans

5. Our progress against the Annual Plan for 2021/22 and 2022/23 is set out in Appendix B.

Changes to the Annual Plan 2022/23

6. The following changes have been made to the 2022/23 internal audit plan.

Review	Rationale
HR – Absence Management	Following a protracted process this review was eventually cancelled at the end of 2021/22 and is now included into the 2022/23 plan – 6 additional days. This audit is now in progress as part of the 2022/23 audit plan.

Progress in actioning priority 1 & 2 recommendations

7.　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.

Mitigating risk exposures identified by internal audit reviews

Review	Date	Priority 1			Priority 2		
Planning Enforcement		0	0	0	0	1	0
Risk Management		0	0	0	0	3	0

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 2 (2021/22)	Qtr 3 (2021/22)	Qtr 4 (2021/22)	Qtr 1 (2022/23)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	71%			17%	↘	
Risk Mitigation					→	
Control Compliance	29%		100%	83%	↘	
Delivery						
Performance Monitoring					→	
Sustainability					→	
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 the following client briefing notes or fraud alerts, since the previous SICA report.

Client Briefing Alerts issued by TIAA

Briefing Note
Internal Audit: Untapped Potential
UK Government reveals new Data Protection Rules
ICO sets out revised approach to public sector enforcement
Rise in Environmental, Social and Governance and supply chain fraud

Fraud Alert
Misappropriation of Fuel Fraud Alert

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 Standards and Audit Committee and therefore is not included in this Appendix.

Review	Evaluation
Planning Enforcement	Reasonable
Risk Management	Reasonable

Progress against Annual Plan – 2021/22

System	Planned Quarter	Current Status	Comments
Risk Management	Q1	Final report issued 31.08.22	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	Draft report issued 01.09.22	Postponed from Q2 at request of Communications Manager.
Business Continuity	Q2	Final report issued 31.08.22	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	Draft report to be issued before meeting	

Payroll	**Q3**	**Final report issued 18.02.2022**	
Treasury Management	**Q3/4**	**Final report issued 23.03.22**	
Customer Services	**Q1**	**Draft report to be issued before meeting**	
ICT – Software Asset Management	**Q3**	**Draft report to be issued before meeting**	
ICT – Contract Management	**Q3**	**Draft report to be issued before meeting**	
Freedom of Information	**Q1**	**Final report issued 27.05.22**	**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**	**Final report issued 30.06.22**	**Postponed at the request of the Development Manager due to a change of management personnel.**
Housing Rents	**Q3/4**	**Final report issued 19.05.22**	
Housing Health and Safety	**Q2**	**Final report issued 21.09.21**	
Housing Repair and Maintenance	**Q2**	**Final report issued 08.12.21**	
Housing Enforcement	**Q2**	**Final report issued 04.08.22**	**Postponed at the request of the Housing Services Manager.**
Sheltered Accommodation	**Q1**	**Draft report to be issued before meeting**	
Housing Section 106 and CIL	**Q1**	**Final report issued 16.08.22**	**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.**

Progress against Annual Plan – 2022/23

System	Planned Quarter	Current Status	Comments
Commercial Property	1	**Fieldwork in progress**	
Commercial Rents	1	**Fieldwork in progress**	
HR: Absence Management	1	**Fieldwork in progress**	
Housing Allocations and Homelessness	1	**Fieldwork in progress**	
Leisure Contract	1		
Community Grants	1		**Scheduled to commence in September 2022**
Governance – Gifts and Hospitality	1	**Fieldwork in progress**	
Data Protection & Information Governance	2	**Fieldwork in progress**	
ICT – Service Desk	2		
ICT – Virtual / Cloud based approach to DR	2		
Housing Health and Safety	2	**Fieldwork in progress**	
Recruitment	2		
Depot (including Trade Waste)	2		
Car Parking	2	**Fieldwork in progress**	
Payroll	3		
Budgetary Control	3		
Key Revenues Controls: -Housing Benefits and Council Tax Support -Business Rates -Council Tax	3		

Key Financial Controls: -Accounts Payable (Creditors) -Accounts Receivable (Debtors)	**3**		
Procurement/Contracts	**4**		
Climate Change	**4**		
Income – Cash & Bank	**4**		
Main Accounting (General Ledger)	**4**		
Capital Accounting and Asset Management	**4**		
Housing Rents	**4**		
Follow Up	**1 - 4**		

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
Planning Enforcement						
Enforcement Charter be revisited, in particular around the target number of days for an initial investigation to be undertaken, to ensure these are realistic and reflect actual working practices.	2	*The Enforcement Charter is programmed for review and prioritisation targets will be set to accurately reflect working practices.*	*31/12/22*	*Jonathan Murray*		

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Risk Management						
The Risk Management Strategy to be finalised and ratified appropriately.	2	*This action remains outstanding. Due to changes in personnel and division of duties between roles, the draft Strategy needs to be reviewed and updated to ensure it aligns with current structure and processes and remains relevant, before presenting to Standards & Audit Committee for consideration.*	*24/01/23*	*Assistant Chief Executive*		

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Risk Management to be adequately monitored and reported to the Standards and Audit Committee in accordance with the draft Risk Management Strategy.	2	*This action remains outstanding.* *The Council's self-assessment against Cipfa's Financial Management Code (reported to Committee in January 2022) highlighted the need for regular reporting of Risk to the Standards and Audit Committee and this has also been assessed as a priority improvement in the Annual Governance Statement 2021/22, for action during 2022/23. Ideally, reporting would commence with consideration of the Strategy which is not yet finalised. Regular reporting should commence from the adoption of the Strategy.*	*Dependent on adoption of Strategy.* *24/01/23*	*Assistant Chief Executive*		
Action to be taken to ensure that mandatory Risk Management Training is completed by all new employees.	2	*E-mails are sent out as standard to new staff about all the on-line courses they need to complete but it is the responsibility of their immediate line manager who is responsible for their induction and discussing regularly as part of their induction and probation that they have completed all the on-line courses. The line manager has to sign off on the induction checklist that the employee has completed all their on-line courses of which this is one. Action has been agreed to re-enforce via SLT that this is the line manager's responsibility. The Recruitment and Retention Manager will send out quarterly reminders to SLT with a listing of who has not completed the training.*	*31/10/22*	*All Corporate Heads of Service*		

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.

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

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
June 2022	Misappropriation of Fuel Fraud Alert:		**Action Required** The risk of opportunistic fraud and/or theft of fuel paid for by the business has dramatically increased in the last few weeks. Reminding all staff that there is zero tolerance of misappropriation of fuel paid for by the business would be a timely deterrent to employees who might otherwise be tempted. Organisations should also seek to obtain assurance over the robustness of their current fuel expenditure controls.
July 2022	Internal Audit: Untapped Potential		**Action Required** Audit Committees and Boards / Governing Bodies are advised to note the report.
August 2022	UK Government reveals new Data Protection Rules		**Action Required: For Information Only** Audit Committees and Boards / Governing Bodies are advised to familiarise themselves with the response document in line with current Data Protection practices

CBN Ref	Subject	Status	TIAA Comments
August 2022	ICO sets out revised approach to public sector enforcement		**Action Required: For Information Only** Audit Committees and Boards / Governing Bodies are advised to note this information.
August 2022	Rise in Environmental, Social and Governance and supply chain fraud		**Action Required: For Information Only** Audit Committees and Boards / Governing Bodies are advised to note the outcome of the survey.