



Runnymede Borough Council

Summary Internal Controls Assurance (SICA) Report

22 November 2022 – Standards and Audit Committee

2022/23

November 2022

Summary Internal Controls Assurance

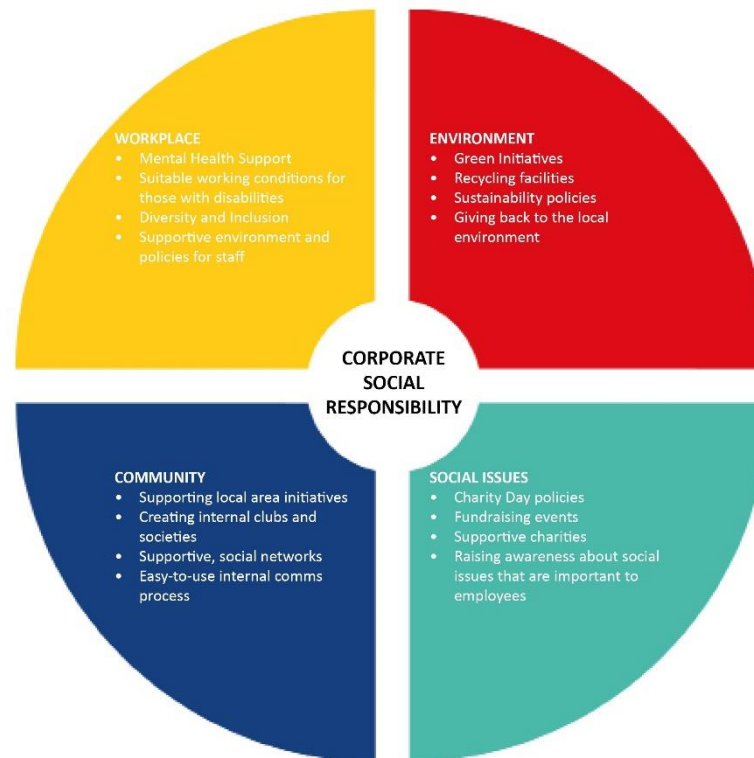
Introduction

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 November 2022.

Emerging Governance, Risk and Internal Control Related Issue

2. Corporate social responsibility (CSR) refers to the self-imposed responsibility of businesses to society in areas such as the environment, the economy, employee well-being, and competition ethics. Many businesses use internal CSR regulation as a form of moral compass to positively influence the ethical development of their business.

Traditionally, CSR was viewed as something only large businesses practiced. In the past, simply having a CSR intention in place was already enough for a business to be recognised as socially responsible, even if the idea of social responsibility did not influence the business model or the production processes. In today’s market however, businesses of all sizes are increasingly held responsible for their social and environmental impact by their customers. And because every business is part of a value/supply chain consisting of other businesses, when they advocate for sustainability, ethical practices, and generosity, this creates a positive ripple effect on all stakeholders.



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 |
| 2021/22 Audits | | | | | | | | |
| Communications | Substantial | 01.09.22 | 15.09.22 | 15.09.22 | - | - | - | - |
| Main Accounting | Substantial | 30.09.22 | 30.09.22 | 30.09.22 | - | - | - | - |
| Customer Services | Reasonable | 05.10.22 | 05.10.22 | 07.10.22 | - | - | - | - |
| ICT – Software Asset Management | | | | | | | | |
| ICT – Contract Management | | | | | | | | |
| Sheltered Accommodation | Reasonable | 14.09.22 | 18.10.22 | 19.10.22 | - | 1 | 4 | - |
| | | | | | | | | |

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 2022/23 is set out in Appendix A.

Changes to the Annual Plan 2022/23

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

| Review | Rationale |
|---------------------------|--|
| Leisure Contract - Cancel | Leisure contract not ready to be audited. Delete from 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 B.

Mitigating risk exposures identified by internal audit reviews

| Review | Date | Priority 1 | | | Priority 2 | | |
|-------------------------|----------|------------|---|---|------------|---|---|
| Sheltered Accommodation | 19.10.22 | 0 | 0 | 0 | 0 | 1 | 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 3 (2021/22) | Qtr 4 (2021/22) | Qtr 1 (2022/23) | Qtr 2 (2022/23) | Medium term Direction of Travel | Audit Observation |
|------------------------|-----------------|-----------------|-----------------|-----------------|---------------------------------|-------------------|
| Directed | | | | | | |
| Governance Framework | - | - | 17% | 37% | | |
| Risk Mitigation | - | - | - | - | | |
| Control Compliance | - | 100% | 83% | 63% | | |
| 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 the following client briefing notes or fraud alerts, since the previous SICA report. See Appendix C.

Client Briefing Alerts issued by TIAA

| Briefing Note |
|---|
| Government Response – Consultation on extending National Fraud Initiative data matching to new purposes |
| Five-year local authority audit procurement results announced |
| |
| Fraud Alert |
| None issued 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 Standards and Audit Committee and therefore is not included in this Appendix.

| Review | Evaluation |
|-------------------------|------------|
| Sheltered Accommodation | Reasonable |
| | |

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 | Cancelled | Cancelled – no Leisure contract |
| Community Grants | 1 | | Commenced in September but has been postponed by two/three months at the request of the client |
| 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 | Final report issued 1 November 2022 | Follow up review of previous audit recommendations |
| Car Parking | 2 | Fieldwork in progress | |
| Payroll | 3 | Fieldwork in progress | |
| Budgetary Control | 3 | Fieldwork in progress | |

| | | | |
|--|-------|-----------------------|--|
| Key Revenues Controls: -Housing Benefits and Council Tax Support -Business Rates -Council Tax | 3 | Fieldwork in progress | |
| Key Financial Controls: -Accounts Payable (Creditors) -Accounts Receivable (Debtors) | 3 | Fieldwork in progress | |
| Procurement/Contracts | 4 | | |
| Climate Change | 4 | | |
| Income – Cash & Bank | 4 | Fieldwork in progress | |
| 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 |
|--|----------|---|--------------------------|------------------------|---|----------------|
| Sheltered Accommodation | | | | | | |
| Management to liaise with Finance to ensure that all payments received are appropriately recorded on the Finance system, with the correct VAT treatment. | | <i>All payments are being entered onto a green with the correct cost code required to be located on the Finance system.</i> | <i>Implemented</i> | <i>Senior Manager</i> | <i>IRL</i> | |
| | | <i>All VAT for IRL recorded correctly through the income management system.</i> | <i>Implemented</i> | <i>Senior Manager</i> | <i>IRL</i> | |
| | | <i>The incorrect entry was shown on the total finance ledger the income management system.</i> | | <i>Manager Finance</i> | | |

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 |
|-----------|---|--|--|
| CBN 22030 | Government Response – Consultation on extending National Fraud Initiative data matching to new purposes |  | No Action Required: For information only to Audit Committees and Boards/Governing Bodies. |
| CBN 22031 | Five-year local authority audit procurement results announced |  | Action Required: Non urgent Audit Committees and Boards / Governing Bodies are advised to familiarise themselves with the new guidance |