



Runnymede Borough Council

Standards and Audit Committee - 24 May 2023

# Summary Internal Controls Assurance (SICA) Report

**2022/23**

May 2023

# 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 9th May 2023.

## TIAA'S CONFORMANCE TO THE IIA STANDARDS AND CODES OF PRACTICE

2. TIAA Limited commissioned an External Quality Assessment (EQA) of its internal audit services in 2022. An EQA is required every five years, in line with the requirements of the International Professional Practices Framework (IPPF) and the Standards set by the Global Institute of Internal Auditors (IIA). The independent EQA considered our conformance with the IPPF and the Standards and also the Public Sector Internal Audit Standards (PSIAS), which govern internal audit in the public sector.

Our independent EQA was undertaken by a senior partner at Chiene + Tait, a long-established and high-quality accountancy firm headquartered in Edinburgh with offices in Scotland and London. The review assessed TIAA's internal audit methodology and delivery against the Core Principles, the Code of Ethics and the Standards. It took into account our comprehensive framework, our guiding policies, organisational culture, planning and delivery, investment in our people, tools and techniques and our quality assurance framework, including feedback from clients.

We are pleased to confirm that the independent EQA assessor was able to conclude that TIAA 'generally conforms to the requirements of the Public Sector Internal Audit Standards and the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF)'. 'Generally conforms' is the highest rating that can be achieved using the IIA's EQA assessment model. It was also noted that there were no areas of non-conformance or partial conformance with the Standards.

TIAA was also complimented on the standard of documentation provided which enabled them to form a positive conclusion.

## 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*

		Key Dates			Number of Recommendations			
Review	Evaluation	Draft issued	Responses Received	Final issued	1	2	3	OEM
<u>2021/22 Audits</u>								
ICT – Software Asset Management (awaiting management response)	Reasonable	08.12.22	Not yet received		-	4	1	1
ICT – Contract Management (awaiting management response)	Reasonable	20.12.22	Not yet received		-	3	1	-
<u>2022/23 Audits</u>								
Budgetary Control	Substantial	17.01.23	17.01.23	19.01.23	-	-	-	1

Capital Accounting and Asset Management	Substantial	02.03.23	06.03.23	09.03.23	-	-	-	-
Cash and Bank	Substantial	07.03.23	13.03.23	14.03.23	-	-	-	1
Commercial Rents	Reasonable	04.11.22	02.02.23	03.02.23	-	2	2	-
Data Protection and Information Governance	Reasonable	01.03.23	07.03.23	10.03.23	-	1	4	-
HR Absence Management	Reasonable	17.11.22	31.03.23	04.04.23	-	2	-	-
Key Financial Controls	Reasonable	13.02.23	17.02.23	20.02.23	-	-	4	2
Main Accounting	Substantial	03.03.23	06.03.23	09.03.23	-	-	-	-
Payroll	Reasonable	24.03.23	27.03.23	26.03.23	-	-	4	-
HR Recruitment	Follow up audit	21.04.23	28.04.23	02.05.23	-	-	-	-
Climate Change	Reasonable	03.05.23	10.05.23	11.05.23	-	1	-	1

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 2022/23 Annual Plan

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 - Cancel	Leisure Service is outsourced and will not be audited. Delete from 2022/23 audit plan
Safeguarding – new audit	Safeguarding is an additional audit for 2022/23 to replace the Leisure Contract audit and is a follow up audit.
Procurement - Cancel	Procurement have new staff and it would be prudent to cancel this audit from 2022/23 and include in the 2023/24 audit plan
Commercial Property - Cancel	This audit will now be undertaken in 2023/24
ICT – Virtual / Cloud based approach to DR - Cancel	This audit is cancelled

## 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		
Commercial Rents	3 Feb 2023				2		
Data Protection and Information Governance	10 Mar2023					1	
HR Absence Management	4 Apr 2023				2		
Climate Change	11 May 2023				1		

## 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	Qtr1 (2022/23)	Qtr 2 (2022/23)	Qtr 3 (2022/23)	Qtr 4 (2022/23)	Medium term Direction of Travel	Audit Observation
<b>Directed</b>						
Governance Framework	17%	37%	20%	23%	→	
Risk Mitigation	-	-	-	-	→	
Control Compliance	83%	63%	80%	77%	→	
<b>Delivery</b>						
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. See Appendix C.

*Client Briefing Alerts issued by TIAA*

Briefing Note
CBN 23002 - Government Sets Out Plans to Protect Public Places from Terrorist Attacks.
Fraud Alert
None issued since last report to Committee

**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.

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# 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
Commercial Rents	Reasonable
Data Protection and Information Governance	Reasonable
HR Absence Management	Reasonable
Climate Change	Reasonable

## Progress against Annual Plan – 2022/23

System	Planned Quarter	Current Status	Comments
Commercial Property	1	Deferred to 2023/24	Audit Cancelled
Commercial Rents	1	Final report issued 03.02.23	
HR - Absence Management	1	Final report issued 04.04.23	
Housing Allocations and Homelessness	1	Draft report issued 09.05.23	
Leisure Contract	1	Cancelled	Removed from the Plan
Community Grants	1	Draft report issued 21.04.23	Postponed at the request of the Head of Service
Governance – Gifts and Hospitality	1	Final report issued 06.01.23	
Data Protection & Information Governance	2	Final report issued 10.03.23	
ICT – Service Desk	2	Draft report issued 21.04.23	
ICT – Virtual / Cloud based approach to DR	2	Cancelled	Audit Cancelled
Housing Health and Safety	2	Final report issued 05.12.22	
HR - Recruitment	2	Final report issued 02.05.23	
Depot (including Trade Waste)	2	Final report issued 02.11.22	Follow up review of previous audit recommendations
Car Parking	2	Draft report issued 11.05.23	
Payroll	3	Final report issued 27.03.23	
Budgetary Control	3	Final report issued 19.01.23	

Key Revenues Controls: -Housing Benefits and Council Tax Support -Business Rates -Council Tax	3	Draft report issued 20.03.23	
Key Financial Controls: -Accounts Payable (Creditors) -Accounts Receivable (Debtors)	3	Final report issued 20.02.23	
Procurement/Contracts	4	Deferred to 2023/24	Audit Cancelled
Climate Change	4	Final report issued 11.05.23	
Income – Cash & Bank	4	Final report issued 14.03.23	
Main Accounting (General Ledger)	4	Final report issued 09.03.23	
Capital Accounting and Asset Management	4	Final report issued 09.03.23	
Housing Rents	4	Draft report issued 03.05.23	
Safeguarding – Follow up	4	Final report issued 16.01.23	Additional audit to plan – a follow up review
Follow Up	1 - 4		Progress reports provided to each Standards and Audit Committee.

# KEY:

	To be commenced		Site work commenced		Draft report issued		Final report issued
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## 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
<b>Commercial Rents</b>						
Relevant Financial Vetting information be held on the Concerto Case Management System.	2	Agreed	31/07/23	Corporate Head of Assets and Regeneration		
Relevant information relating to a vacant property including the date of the most recent inspection be maintained on the Concerto Case Management System.	2	Agreed	31/07/23	Corporate Head of Assets and Regeneration		
<b>Data Protection</b>						
Corporate Retention and Disposal Schedule be reviewed at the earliest opportunity to ensure this is accurate and up to date.	2	We will commence a project to get all departments to update their relevant entries.	01/09/23	Information Governance Officer		

## HR – Absence Management

In all relevant cases as per the Sickness Management Policy the statement of fitness for work be provided	2	Managers are regularly chased to provide the fitness for work statements which they receive from employees who are off sick. HR will continue to do so. However, we will send a reminder email out to them on this.	Reminder will be sent out by 15/02/23	All Managers		
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## Climate Change

Ensure that action plans supporting the Climate Change Strategy address each element of the Climate Change vision / objectives.	2	Early work on the development of a Climate Change Action Plan for the Borough is underway with an early briefing being given to Service Chairs on 25 <sup>th</sup> April, the Climate Change Study part 1 (carbon emissions baseline) due to be finalised in May, and a substantial public consultation which will feed into the development of the Action Plan scheduled to commence on 1 <sup>st</sup> June.	Work underway. Final Climate Change Action Plan for the Borough timetabled to be adopted in 2024.	Georgina Pacey-Planning Policy and Strategy Manager		
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### 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.
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### 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
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## 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	Action Required:
CBN 23002	Government Sets Out Plans to Protect Public Places from Terrorist Attacks	<p><u>HIGH</u></p> 	<p><b>Action Required:</b></p> <p>Organisations should ensure they are aware of the new regulations regarding public safety and to review their existing emergency plans frequently.</p>