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Runnymede Borough Council

Standards and Audit Committee – 3 October 2023

Summary Internal Controls Assurance (SICA) Report

2023/24

September 2023

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance 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 7th September 2023.

Future of Internal Audit (IA)- Digital drivers

Use of Data analytics by TIAA

2. TIAA is always adopting new ways of working and methodologies including innovative approaches for delivering internal audits. This is part of our continuous improvement programme which facilitates improvements in efficiency, effectiveness, and the quality of the work we deliver. We currently use data analytics as part of our work in relevant areas to test against full data sets, spot hidden risks, to target our testing and to provide 'proof in total' assurance; this adds credibility and value to the reports we produce. Data Analytics helps us to analyse large volumes of data to identify trends, patterns, and anomalies that may indicate potential risks or opportunities for improvement.

How will Artificial Intelligence (AI) enhance the delivery Internal Audit of the future?

3. We believe that the way internal audits are delivered will change significantly in the next 3 to 5 years through the use of AI, through the use of auditing tools which contribute towards a process of continuous audit assurance, a wider use of predictive analytics to allow auditors to provide reports that are far more forward looking, and robotic process automation which will help remove much of the manual data collection work, thereby allowing Internal Audit more time to provide value-added analysis. Another branch of AI, Natural Language Processing (NLP), has the potential of also enabling auditors to analyse text in a large number of documents.

4. In addition to the use of Data Analytics, TIAA is actively exploring, as part of our vision for the future, the use of AI, automation and other digital tools to streamline the audit process, inform planning, reduce manual effort, and enhance the quality of audit results. Automated data collection and analysis will help reduce the time required to complete audits and improve the accuracy and consistency of audit results. Innovative ways of using and integrating artificial Intelligence in the delivery of audits in response to the exponential growth in data, and how it is analysed and used in the context of Internal Audit, is part of TIAA's innovation strategy. We will also as part of our strategy be investigating more opportunities to not only use AI, but also to develop the capabilities to audit AI and the associated ethical considerations.

Audits completed since the last SICA report to the Audit Committee

5. The table below sets out details of audits finalised since the previous meeting of the Audit Committee.

Review	Evaluation	Key Dates			Number of Recommendations			
		Draft issued	Responses Received	Final issued	1	2	3	OEM
2022/23 Audits								
Housing Allocations and Homelessness	Reasonable	10.05.23	30.06.23	05.07.23	-	4	-	-
ICT – Service Desk	Reasonable	26.04.23	31.07.23	02.08.23	-	2	1	1
Key Revenues Controls	Substantial	20.03.23	10.07.23	10.07.23	-	-	2	-
2023/24 Audits								
None finalised at time of writing report								

6. The Executive Summaries and the Management Action Plans 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 2023/24 Annual Plan

7. Our progress against the Annual Plan for 2023/24 is set out in Appendix B.

Changes to the Annual Plan 2023/24

8. There are a number of areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2023/24. These are summarised below.

Review	Rationale
None	

Progress in actioning priority 1 & 2 recommendations

9. 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		
Housing Allocations and Homelessness	05.07.23	0	0	0	4	0	0
ICT – Service Desk	02.08.23	0	0	0	0	2	0

Root Cause Indicators

10. 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 (2022/23)	Qtr 4 (2022/23)	Qtr 1 (2023/24)	Qtr 2 (2023/24)	Medium term Direction of Travel	Audit Observation
Directed						
Governance Framework	20%	23%	14%		↘	
Risk Mitigation	-	-	-	11%	⇒	
Control Compliance	80%	77%	86%	89%	↗	Although there is a red arrow this indicator is still being monitored
Delivery						
Performance Monitoring	-	-	-		⇒	
Sustainability	-	-	-		⇒	
Resilience	-	-	-		⇒	

Frauds/Irregularities

11. We have not been advised of any frauds or irregularities in the period since the last SICA report was issued.

Other Matters

12.	We have issued a number of briefing notes and fraud digests, shown in Appendix D, since the previous SICA report. The actions taken by the Council are summarised below:

Client Briefing Alerts issued by TIAA

Briefing Note
Guidance issued by HMRC on tax avoidance schemes

Anti-Crime Alert
None reported since last Standards and Audit Committee

Responsibility/Disclaimer

13.	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 Standards and 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
Housing Allocations and Homelessness	Reasonable
ICT – Service Desk	Reasonable

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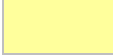
Progress against Annual Plan

System	Planned Quarter	Current Status	Comments	Priority
Data Quality	1	Audit in progress		High
Recruitment	1	Audit in progress		High
Governance - Corporate	1	Draft report issued 26 July 2023		High
Procurement/Contracts	2		Timing of audit to be exchanged with Payroll. Start date 22 January 2024	High
Risk Management	2		Start date 12 September 2023	Medium
Housing Repair and Maintenance	2	Draft report issued 14 August 2023		High
Depot	2	Audit in progress		High
Commercial Property	2		Start date 24 October 2023	High
Community Grants	3		Start date 15 December 2023	Medium
ICT – Virtual Cloud Based Approach to DR	3		Start date TBA	Medium
ICT Audit Follow up of previous recommendations	3		Start date TBA	Medium
Key Revenues Controls	3		Start date 13 November 2023	High
Key Financial Controls	3		Start date 4 December 2023	High
Main Accounting	3		Start date 8 January 2024	Low
Payroll	3		Audit to be brought forward to avoid operational issues. Start date 14 November 2023	Medium
Treasury Management	3		Start date 19 February 2024	Low
Meals at Home	3		Start date 3 October 2023	Medium

Safeguarding	**3**		**Start date 3 October 2023**	**High**
Follow-up	**1-4**		**Each S & A Committee**	

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
Housing Allocations and Homelessness						
Staff be reminded that all relevant supporting documentation must be maintained on the journal / shared drive.	2	_Locata does not have a document management system and the only way of saving documents is within the journal. Files size is limited and so some documents are held in folders which are only accessible by those with authorisation managed by Digital Services_ _Procedure being out in place for a note to be placed on the journal with the location of the documents on the shared drive as a temporary measure._ _The Allocations team are in the process of moving the service from Locata to NEC Housing. This will mean that all documents from Applicants should be uploaded to their personal online account. There is an interface between NEC Housing and the Document Management System ._	_07/07/23_	_Head of Housing Solutions_ _Housing Solutions Manager (Allocations & Sustainment)_		

Staff be reminded of the steps required to produce homelessness letters, with training carried out as necessary, to ensure that all relevant letters are sent to the applicant.	2	*There has been a significant change in management within the Housing Solutions team with only 1.5 Housing Solutions Officers in post who did not start within the last 6 months. The Housing Solutions Manager role was vacant from May to March so the Head of Service was managing strategically and all the direct reports within the homelessness section.*	*Completed*	*Head of Housing Solutions* *Housing Solutions Manager (Homelessness)*	
		Team in post have now been through external legal training so should be aware of their responsibilities.	*Completed*		
		The Housing Solutions Manager meets with each of the officers once a month to go through their entire caseload and ensure it has been effectively managed and all correspondence is issued correctly. *Spot checks are carried out on a bi-weekly basis.*	*Completed*		
		The Locata system will not flag if a case has not been issued with the correct letter but a system report identifies cases at each stage which enables checks to be made on the letters. *All procedures are being received and reissued to staff.* *In phase 3 of the upgrade of our IT system this service will move from Locata to an NEC system and it is intended that we will have additional checks in place*	*Completed* *By 01/04/24*	*Head of Housing Solutions*	

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Staff be reminded, and any relevant training be carried out, to ensure that letters to applicants include all relevant information as per the standard form letters.	2	*All letters are being reviewed to be completed by 10th July 2023*	*10/07/23*	*Head of Housing Solutions* *Housing Solutions Manager (Homelessness)*		
Ensure that all main duty sign offs are completed promptly, with all supporting evidence saved down to the journal so that there is a full audit trail.	2	*The Senior Housing Solutions Officer is in post and checks and signs off all final duty letters .* *A procedure is in place for this X:\FunHousingNeeds\Homelessnes s\Procedures\Work in progress - Terri\Procedure 1 Accepting the main housing duty (Accepted Cases).docx*	*Completed*	*Head of Housing Solutions* *Housing Solutions Manager (Homelessness)*		

ICT – Service Desk

Recommendation	Priority	Management Comments	Implementation Timetable	Responsible Officer	Action taken to date (and any extant risk exposure)	Risk Mitigated
Re-establish regular 6 monthly reviews and updates of the risk register as per the established procedure.	2	*Agreed.*	*31/03/24*	*Corporate Head of CS,DS & C*		
Technical reviews and associated approvals of change requests be established.	2	*Agreed.*	*31/03/24*	*Head of Digital Security, Infrastructure and Operations*		

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 Anti-Crime 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 Anti-Crime Alerts issued in the last three months which may be of relevance to Runnymede Borough Council 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 23009	Guidance issued by HMRC on tax avoidance schemes		**Action Required** Raise the profile of tax avoidance across networks and communication channels

Summary of recent Anti-Crime Alerts

Ref	Subject	Status	TIAA Comments
	None issued since last S & A Committee		