tiaa

Colchester Borough Council

Summary Internal Controls Assurance (SICA) Report

2021/22

December 2021

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance midyear 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 Colchester Borough Council as at 30th November 2021. Whilst the midyear report would normally cover up to the end of September 2021, the report includes progress made to up end of November 2021.

Internal Audit Planned Coverage, Output and Key Messages

2. The 2021/22 Annual Audit Plan approved by the committee was for 300 days of internal audit coverage in the year. Good progress has been made, with a total of 148 days having been delivered as at 30 November 2021. Our progress against the Annual Plan for 2021/22 is set out in Appendix B.

3. The plan consists of a mix of assurance and appraisal reviews, with reports being generated for all audits carried out. This report outlines a summary of the audits, with more detailed information regarding the assurance reports, as set out in Appendix A.

4. Progress is being made to implement and verify outstanding recommendations, as the year progresses this will require further management input.

Audits completed between 1 April and 30 November 2021

5. TIAA completed 10 audits in the period to 30 November 2021 with three audits in progress. The audits were designed to ascertain the extent to which the internal controls in the system are adequate to ensure that activities and procedures are operating to achieve Colchester Borough Council's objectives. For each assurance review an assessment of the combined effectiveness of the controls in mitigating the key risks was provided.

Summary of audits completed in the period

Assurance Assessments	Number of Reviews
Substantial Assurance	8
Reasonable Assurance	1
Limited Assurance	0
No Assurance	0

Summary of recommendations raised in the period

Urgent	Important	Routine	OEM
0	2	4	2

The Culture recovery fund audit does not require an assurance therefore not included in the table

The areas on which the assurance assessments have been provided can only provide reasonable and not absolute assurance against misstatement or loss and their effectiveness is reduced if the internal audit recommendations made during the year have not been fully implemented.

Audits completed since the last SICA report to the Audit Committee

6.   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
Working with Volunteers and Police (Partnership services and Community safety)	Substantial	25/06/2021	29/06/2021	07/07/2021	0	0	0	0
Land Charges	Substantial	02/08/2021	02/08/2021	04/08/2021	0	0	0	0
Performance Management (including staff training)	Reasonable	19/07/2021	28/07/2021	03/08/2021	0	2	0	0
Tendring Colchester Borders Project	Substantial	15/10/2021	-	-	0	0	0	0
Homelessness – Impact of COVID	Substantial	06/10/2021	26/10/2021	28/10/2021	0	0	1	0
COVID Discretionary Grant	Substantial	02/08/2021	-	-	0	0	0	0
COVID Management review	Substantial	29/10/2021	-	-	0	0	0	0
Council Tax and NNDR	Substantial	16/11/2021	-	-	0	0	3	0
Budgetary Control - Income stream not realised	Substantial	12/11/2021	19/11/2021	22/11/2021	0	0	0	2
The Culture Recovery Grant: Saving and Sustaining	n/a	12/10/2021	14/10/2021	18/10/2021	n/a			

7.   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. **It should be noted that two audits have been rescheduled by the Council leads; Procurement from Quarter 1 to Quarter 3/4 and Key Financial systems audit from Quarter 3 to Quarter 4.**

Progress against the 2021/22 Annual Plan

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

Changes to the Annual Plan 2021/22

9. There a number of areas where internal audit work is recommended to enable an unqualified Head of Audit Opinion to be provided for 2021/22. These are summarised below.

COVID assurance review work

Review	Rationale
The Culture Recovery Grant: Saving and Sustaining	To determine if the grant monies were used for the intended purposes of the Saving and Sustaining project with adequate records maintained in support of this.

Frauds/Irregularities

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

Performance and Quality Measures

11. The following performance targets were used to measure the performance of internal audit in delivering the audit.

Performance Measure	Target	Attained
Completion of Planned Audits	100%	100%
Audits Completed in Time Allocation	100%	100%
Final report issued within 10 working days of receipt of responses	95%	100%
Compliance with Public Sector Internal Audit Standards	100%	100%

Other Matters

12. We have issued a number of briefing notes, shown in Appendix C, since the previous SICA report.

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.

Release of Report

14. The table below sets out the date of this Mid-Year Report.

Date Report issued:	2nd December 2021

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.

Executive Summary – Working with Volunteers and Police

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

ST4 - Ongoing impacts of the COVID-19 pandemic on the council, the communities, our customers and the economy.

SCOPE

A review of the adequacy of internal controls in place at the Council to ensure effectiveness of working arrangements with volunteers and the Police, partnership services and arrangements in place for community safety.

KEY STRATEGIC FINDINGS

In line with the requirements of the Crime and Disorder Act 1998, there is a Community Safety annual partnership plan in place for 2021/22.

The annual partnership plan includes the partnership's priorities and projects/initiatives to achieve each of the priorities.

Sample testing of 15 initiatives selected from the 2020/21 annual partnership plan confirmed that completed initiatives have been removed from the plan and ongoing initiatives have been carried forward into the current plan.

There are is a policy in place for volunteers recruited by the Museum service.

GOOD PRACTICE IDENTIFIED

Safeguarding awareness training is provided to volunteers locally recruited by the Museum Services.

The Community Safety Delivery Board oversees the functions of the Safer Colchester Partnership, the One Colchester Strategic Group, while the Crime and Disorder Committee review and scrutinise decisions made, or other actions taken and make recommendations to the Cabinet.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary – Land Charges

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE
REASONABLE ASSURANCE
LIMITED ASSURANCE
NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

CO2 CBC Function - The expectation remains that the Council will step in to deliver services when other providers either fail or reduce service provision.

KEY STRATEGIC FINDINGS

An up to date and easy to understand flow chart for the land charges process is in place.

The Council has an up to date local land charges register.

Correct fees were obtained and recorded for the sample of 30 land charges tested and documents to support all 30 Land charges tested are in place.

Effective processes and controls are in place to ensure that Land charges are processed on time and correctly.

GOOD PRACTICE IDENTIFIED

Colchester Borough Council reported a very good turnaround time of an average of 4 days compared with other councils reporting an average of about 10 - 20 days.

SCOPE

The review assessed the adequacy of the internal controls in place at the Council to ensure effectiveness of controls around Land Charges and searches.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary – Performance Management and Staff Training

OVERALL ASSESSMENT

REASONABLE ASSURANCE

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

SP5 - Staff wellbeing or motivation declines with an impact on service delivery and resilience. *(Taken from last year's risk register. Still waiting for the current year's risk register)*

SCOPE

The review assessed the adequacy of the internal controls in place at the Council to ensure effectiveness of controls around Performance Management, staff appraisals and training.

KEY STRATEGIC FINDINGS

The Council's Cabinet approved the Corporate KPI Targets for 2021-2022 on 10th March 2021.

There is a staff appraisal system in place and sample testing of 15 appraisals confirmed that mid-year and year-end appraisals were done.

The staff appraisal process is devolved to managers and not centrally monitored by HR.

Compliance with statutory and mandatory staff training is not centrally overseen by HR.

GOOD PRACTICE IDENTIFIED

Corporate performance indicators with targets are in place and performance is measured against the targets on a periodic basis.

The Scrutiny panel and Cabinet members are presented with the performance report on a quarterly basis as noted in the reporting timetable.

ACTION POINTS

Urgent	Important	Routine	Operational
0	2	0	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	Completed mid-year and year end appraisals are held by the line managers and appraisal records/copies of appraisals are not held by the HR team.	A Record of appraisals completed by the services in the Council be held by HR to ensure that all appraisals have been carried out by the relevant managers and to follow up managers who are yet to complete the process.	2	*Agreed – we are in the process of reviewing our appraisal system and ideally moving the forms onto a Microsoft Power App. If this can be done, then the appraisal forms can be collated by the HR Team and followed up with managers if not completed.* *If we do not move the appraisals onto a Power App then we will need to put an alternative process in place to monitor completions.*	*Dec 2021*	*Strategic People and Performance Manager*
2	Directed	GDPR eLearning training was completed by staff members in 2018 and 2020. 507 staff members completed the GDPR training in 2018 while 704 staff completed the training in 2020. 226 staff members did not complete the training in 2018 and while 291 staff did not complete the training in 2020. However, majority of the staff completed the eLearning in 2018 and 2020. From a review of the new system, it was confirmed that 174 staff members have undergone the Safeguarding eLearning training. The Council has a total of 1383 staff members (excluding CBH and the Holding companies).	HR to follow up on managers to ensure that all staff members within their teams have completed the relevant statutory and mandatory training courses.	2	*Agreed – We are planning to create and roll out to staff a Power App which will allow Managers to lookup which MyLearning courses their staff have completed.* *In addition, all our e-learning courses have a questionnaire/quiz at the end, which in turn will enable the HR Team to monitor and report on staff who have not completed the course.*	*October 2021*	*Strategic People and Performance Manager*

Executive Summary – Tendring Colchester Borders Garden Project

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Project risks and controls to mitigate the risks are included in the project risk register

KEY STRATEGIC FINDINGS

The Tendring Colchester Borders Garden Community was approved as part of Section 1 of the Local Plan adopted by Full Council on 1st February 2021, following a recommendation from the Local Plan Committee.

Sample testing of 20 expenditure relating to the project confirmed that all the expenditure were approved in line with the approval processes agreed at the Steering group.

There is a high level programme plan in place for the project and project milestones are on target to be achieved.

Key members of Colchester Borough Council are members of the relevant groups and review of minutes of group meetings confirmed regular attendance and involvement of the members.

GOOD PRACTICE IDENTIFIED

The project is overseen by the Steering group and it was confirmed that the group met on a regular basis to manage the project.

The Member group and the Planning working group also met on a regular basis to discuss and make decisions on the project.

SCOPE

The Tendring project is a joint project by three Councils; Colchester Borough Council (CBC), Essex County Council (ECC) and Tendring District Council (TDC). The audit reviewed the involvement of CBC in the project contract management and ascertain control over expenditure on the project by CBC.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary – Homelessness (Impact of COVID)

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE
REASONABLE ASSURANCE
LIMITED ASSURANCE
NO ASSURANCE

SUBSTANTIAL ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

N/A

KEY STRATEGIC FINDINGS

Process notes and guidance documents on Homelessness are in place, however these are not dated and do not include names of authors and reviewers.

The Homeless and rough sleeping strategy is available on the Council's website and covers April 2020 to March 2025.

Testing of a sample of 20 processed homeless cases, selected across the Advice and assistance, Prevention duty, Relief duty and Full duty stages found no exception.

Monthly Housing management budget statement is prepared by the finance team and sent to the Head of Housing Options.

GOOD PRACTICE IDENTIFIED

Detailed information on Homelessness is available to members of the public on CBC and CBH websites

A record of Homelessness indicators is maintained to measure and monitor Homeless activities however, these are not statutorily required.

SCOPE

The audit reviewed the processes and controls in place with respect to Homelessness and assessed the impact of COVID on Homelessness.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	1	0

Assurance - Key Findings and Management Action Plan (MAP)

Rec.	Risk Area	Finding	Recommendation	Priority	Management Comments	Implementation Timetable (dd/mm/yy)	Responsible Officer (Job Title)
1	Directed	There is no legal requirement for Homelessness policies. However, there are process notes and guidance documents in place. Example include the process notes for Homelessness assessment (Second stage assessment by the Housing Solution officer), Duty to refer procedure, Process for completion of Emergencies Crib sheet, Initial assessment Crib sheet, Homeless flowchart based on Housing Act 1996 and the Local connection criteria document. These documents are not dated and the names of the authors and reviewers are not written in the documents.	The review dates, names of staff who reviewed the procedure documents, date of next review and evidence of approval/review be included in the documents.	3	*All processes will be reviewed, updated with review officer details, date and next review date by the end of the Financial year by the Team Leaders. To be signed off by the relevant manager. This will be carried out alongside the Annual website review to continue to ensure that process match the information available to the public.*	*31/03/22*	*T.Brushett*

Executive Summary – COVID Discretionary Grant

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

ST4 - Ongoing, and recovery, impacts of the COVID-19 pandemic on the council, the communities, our customers and the economy. The uncertainty of planning for future service delivery alongside the threat of further infection waves and restrictions.

SCOPE

The audit reviewed the controls in place on application, review, approval, payment and recovery of COVID discretionary grants.

KEY STRATEGIC FINDINGS

The guidance documents provided by the Department for Business, Energy and Industrial Strategy are used by the Council to administer and monitor the COVID grants.

Grant payment is based on Rent/Rateable Value (RV) of applying businesses as noted in the Council's guidance document.

Sample testing of 20 COVID discretionary grant payment confirmed that checks were carried out by the Business rates team and relevant documents were obtained and reviewed prior to awarding the grants.

11 of 17 eligible businesses tested were paid grants based on the rent/RV criteria however, six businesses had lower rent/RV but were paid grants higher than the levels noted in the policy on a discretionary basis.

GOOD PRACTICE IDENTIFIED

Recovery of grants from businesses have commenced and ten businesses identified to have received grants erroneously were sent invoices in October 2020 to recover the grants received.

A review of the Council's website confirmed that information of COVID grants is available to members of the public.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary – COVID Management Review

OVERALL ASSESSMENT

SUBSTANTIAL ASSURANCE
REASONABLE ASSURANCE
LIMITED ASSURANCE
NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk ST4 - Ongoing, and recovery, impacts of the COVID-19 pandemic on the council, the communities, our customers and the economy. The uncertainty of planning for future service delivery alongside the threat of further infection waves and restrictions.

SCOPE

The review assessed the adequacy of the internal controls in place at the Council for the management COVID 19. The audit focussed on plans to manage the pandemic and recovery plans to address the ongoing impact to services, including impact on residents, impact on the local economy and progress in delivery of recovery plans and projects.

KEY STRATEGIC FINDINGS

The Council has a Covid-19 Recovery Programme in place which sets out the emerging framework and approach taken by the Council to facilitate recovery from the Pandemic.

As at end of August 2021, the recovery programme activities are now classified as Business as usual (BAU) or Strategic plan Action plan (SPAP) and uploaded to Power BI for continual implementation and monitoring.

Progress made on the recovery programme activities as noted on Power BI are discussed by the Senior Management Team.

Risk on the ongoing impact and recovery from COVID 19 is included in the Council's risk register.

GOOD PRACTICE IDENTIFIED

The Recovery plan is divided into four areas; Economy, Community, Customer and Council and each cell area is owned by an Assistant Director with sponsorship by Executive Management Team.

Lessons learnt in the process of implementing the recovery programme are documented in the Recovery programme closure report.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	0

Executive Summary

OVERALL ASSESSMENT

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE

Risk PR1 on Inability to deliver the budget strategy as planned is included in the Risk Register and mitigated

SCOPE

The review aimed to provide assurance over the effectiveness of the budgetary monitoring processes within the Council.

KEY STRATEGIC FINDINGS

The Council's original Budget was agreed by the Cabinet in January 2021 and the Full Council approved the Budget in February 2021.

As at period 6 (end of September), the General Fund showed underspend in expenditure of £400k and a surplus income of £996k resulting in a net underspend of £1,396k.

Finance Business partners are allocated to budget holders by services and support from the Finance Business Partners is readily available to budget holders.

The budget is reviewed and monitored by the Performance Management and Delivery Board monthly and by the Governance and Audit Committee on a quarterly basis.

GOOD PRACTICE IDENTIFIED

The effects of COVID 19 is factored into the 21/22 budget as the Cost pressures due to COVID 19 of £4.129m is also built into the budget.

ACTION POINTS

Urgent	Important	Routine	Operational
0	0	0	2

Operational - Effectiveness Matter (OEM) Action Plan

Ref	Risk Area	Finding	Suggested Action	Management Comments
1	Directed	The Council has Financial Procedure Rules and Standing Orders however there is no formally documented procedure or guidance in place for Budgetary Controls and Budget monitoring. The Business partners provide regular support to the budget holders and new budget holders are informally trained by the Business partners who are also available for regular support to the budget holders.	The Council to consider documenting the Budgetary control and budget monitoring processes in a guidance document and make the document available to budget holder via the intranet.	*The timing and resourcing of this will be considered as part of the ongoing financial management of the Councils finances.*
2	Directed	There is no formal budget monitoring timetable in place however the monthly financial processes close on 7th of every month and the budget holders have up to a week before the 7th to submit budget forecasts to the business partners. The Finance Manager noted that this informal guideline is well established and known in the Council and there have been no issue with compliance with the deadline.	The Council to consider documenting the budget monitoring timetable and sharing it with the budget holders.	*The timing and resourcing of this will be considered as part of the ongoing financial management of the Councils finances.*

Progress against Annual Plan

System	Planned Quarter	Current Status	Comments
Working with Volunteers and Police	1	Final report	
Land Charges	1	Final report	
Performance Management and Staff Training	1	Final report	
Homelessness (Impact of COVID)	2	Final report	
Budgetary Control - Income stream not realised	3	Final report	
The Culture Recovery Grant: Saving and Sustaining	n/a	Final report	Not in plan. Contingency days used for the audit.
Tendring Colchester Borders Project	2	Draft report	
COVID Discretionary Grant	2	Draft report	
COVID Management review	2	Draft report	
Council Tax and NNDR	3	Draft report	
Staff Wellbeing and Sickness Absence	3	Ongoing	
Housing Benefit and Council Tax Support	3	Ongoing	
IT Virtual environment (New way of working)	1	Ongoing	Delays from Council in providing documents
Procurement	2	To be Scheduled	Rescheduled to Quarter 3/4
Mobile Device Management	2	To be Scheduled	Delays from the Council
Key Financial Systems	3	Scheduled	Rescheduled to Quarter 4
Corporate Governance and Democratic (including Policies)	4	To be Scheduled	

System	Planned Quarter	Current Status	Comments
Waste Management	4	To be Scheduled	
Climate Emergency	4	To be Scheduled	
Leisure World	4	To be Scheduled	
Contract Management	4	To be Scheduled	
Allocation for CCHL	4	To be Scheduled	
Contingency	1-4	To be Scheduled	
Allocation for CCHL	4	To be Scheduled	
Follow-up	1-4	Ongoing	
Annual Planning	1	Completed	
Annual Report	4	End of year	
Audit Management	1-4	Ongoing	

KEY:

	To be commenced		Site work commenced		Draft report issued		Final report issued

Briefings on developments in Governance, Risk and Control

TIAA produces regular briefing notes to summarise new developments in Governance, Risk, and Control 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 issued in the last three months which may be of relevance to Colchester 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
CBN21022	NCSC Device Security Guidance		**Action Required** All organisations are recommended to complete a health check to demonstrate that the holistic management of connected IT devices meet with current best practice. Audit committees and boards are recommended to seek assurance by either internal checks, or independent audit and review.
CBN21023	Public Procurement Update July 2021		**No Action Required** To note.
CBN21030	VMWare Vulnerabilities		**Action Required** All organisations running the VMWare virtualisation software need to install the latest version as soon as practicable to address the vulnerability.
CBN21044	Guidance to Prevent use of Vehicles as Weapons in Terror Attacks		**Action required where applicable** Audit Committees and Boards/Governing Bodies are advised to assess their arrangements in light of the risks if applicable and take appropriate remedial action.