

Colchester Borough Council

Summary Internal Controls Assurance (SICA) Mid-Year Report **Internal Audit**

DRAFT

2020/21

December 2020

Summary Internal Controls Assurance

Introduction

1. This summary controls assurance mid-year report provides the Governance & 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 30 November 2020. The period covered by this summary controls assurance report was significantly impacted by the COVID 19 pandemic, with quarter one audits moving to later quarters. Whilst the mid-year report would normally cover the period to 30 September, due to the pandemic and audit coverage primarily over the last three quarters of the year, it was felt relevant to extend the mid-year period to 30 November 2020.

Internal Audit Planned Coverage, Output and Key Messages

- 2. The 2020/21 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 144 days having been delivered as at 30 November 2020. Our progress against the Annual Plan for 2020/21 is set out in Appendix A.
- 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 as set out in Appendix B.
- 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 2020

5. TIAA completed 10 audits in the period to 30 November 2020. 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 periodAssurance AssessmentsNumber of ReviewsSubstantial Assurance7Reasonable Assurance3Limited Assurance0No Assurance0

Summary of recommendations raised in the period

Urgent	Important	Routine	OEM
0	12	13	4

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.

6. The table below sets out details of audits completed.

			Key Dates					ons
Review	Evaluation	Draft issued	Responses Received	Final issued	1	2	3	OEM
CBC2102 Business Support Grants – Part 1	Substantial	27/08/2020	01/09/2020	04/09/2020	0	0	0	0
CBC2103 COVID-19 Deep Dive	Substantial	03/08/2020	01/09/020	04/09/2020	0	0	2	0
CBC2104 Housing	Substantial	24/09/2020	29/09/2020	08/10/2020	0	1	0	0
CBC2106 Corporate Health & Safety	Reasonable	02/10/2020	10/11/2020	12/11/2020	0	4	1	2
CBC2107 Contract Management	Reasonable	05/11/2020	23/11/2020	25/11/2020	0	2	5	1
CBC2109 Budget Monitoring and Reporting	Substantial	01/10/2020	06/10/2020	08/10/2020	0	0	1	1
CBC2111 CTAX and NNDR	Substantial	11/11/2020	-	-	0	0	1	0
CBC2112 Housing Benefit and CTS	Substantial	29/10/2020	30/10/2020	02/11/2020	0	0	1	0
CBC2113 Performance Management	Substantial	20/11/2020	20/11/2020	24/11/2020	0	0	1	0
CBC2131 Risk Management	Reasonable	12/11/2020	-	-	0	5	1	0

Audits completed

7. The Executive Summaries for each of the finalised reviews are included at Appendix B. The action plans for limited and no assurance reports are included with the summaries.

8. **COVID 19:** The progress against the planned work for the quarter has been disrupted by the COVID pandemic. In mid-March, when the potential scale and impact of COVID 19 was becoming evident it was agreed with Colchester Borough Council that the delivery of the internal audit service would be carried out remotely thereby minimising the need to physically access Colchester Borough Council's offices/premises and to hold face to face meetings.

Frauds/Irregularities

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

Performance and Quality Measures

10. 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

- 11. We have issued a number of briefing notes and fraud digests, shown in Appendix C, in the period.
- 12. We have reviewed recent guidance issued by the Internal Audit Standards Advisory Board (IASAB) in relation to internal auditing during the COVID-19 pandemic. The guidance aims to support heads of internal audit and individual internal auditors in continuing to meet their personal and professional responsibilities for conforming the UK Public Sector Internal Audit Standards (PSIAS). We can confirm continued conformance with the professional standards during this period.

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 history of this Mid-Year Report.

Date Report issued:

7 December 2020

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Progress against Annual Plan

System	Planned Quarter	Days	Current Status	Assurance Level
CBC2102 Business Support Grants – Part 1	2	8	Final Report issued	Substantial
CBC2103 COVID-19 Deep Dive	2	12	Final Report issued	Substantial
CBC2104 Housing	2	7	Final Report issued	Substantial
CBC2106 Corporate Health and Safety	2	10	Draft Report issued	Reasonable
CBC2107 Contract Management	2	10	Final Report issued	Reasonable
CBC2108 Licensing	2	12	Draft Report Prepared – Debrief 7/12/20	
CBC2109 Budget Monitoring and Reporting	2	12	Final Report issued	Substantial
CBC2111 CTAX and NNDR	2	14	Draft Report issued	Substantial
CBC2112 Housing Benefits and CTS	2	18	Final Report issued	Substantial
CBC2113 Performance Management	3	10	Final Report issued	Substantial
CBC2131 Risk Management	3	5	Draft Report issued	Reasonable
CBC2114 Planning and Development	3	12	In progress	
CBC2115 Key Financial Controls	3	10	Scheduled	
CBC2128 Management of Property	3	6	In progress	
CBC2110 Housing Rents	4	6	Scheduled	
CBC2116 HR and Payroll	4	14	Scheduled	

System	Planned Quarter	Days	Current Status	Assurance Level
CBC2117 Business Continuity	4	14	Scheduled	
CBC2118 Accounts Receivable and Cash Collection	4	12	Scheduled	
CBC2119 Site Cash ups	4	2	To be scheduled	
CBC2120 Single Data Sets	4	5	To be scheduled	
CBC2121 Museums	4	10	To be scheduled	
CBC2122 Parking Services	4	10	To be scheduled	
CBC2123 Leisure World	4	10	To be scheduled	
CBC2125 Business Support Grant Processes – Part 2	4	6	твс	
CBC2126 CCHL / CBC Contract Management	4	8	To be scheduled	
CBC2127 CCH Allocated Days 15 less 12	4	3	твс	
CBC2101 IT Network Resilience	4	12	To be scheduled	
CBC2105 IT Service Desk	4	10	To be scheduled	

KEY:

To be commenced

Site work commenced

Draft report issued

Final report issued

Executive Summaries

The following Executive Summaries and Management Action Plans are included in this Appendix. Full copies of the reports are available to the Governance & Audit Committee on request. Where a review has a 'Limited' or 'No' Assurance assessment the full report will be presented to the Governance & Audit Committee.

Executive Summary – Business Support Grants – Part 1



Urgent

0

Important

0

The aim of the audit was to review the Council's administration of the Government's
business support grant schemes to ensure they have been paid to eligible businesses, paid
promptly and for the correct amounts.

Colchester Borough Council	
Summary Internal Controls Assurance (SICA)	

Routine

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Operational

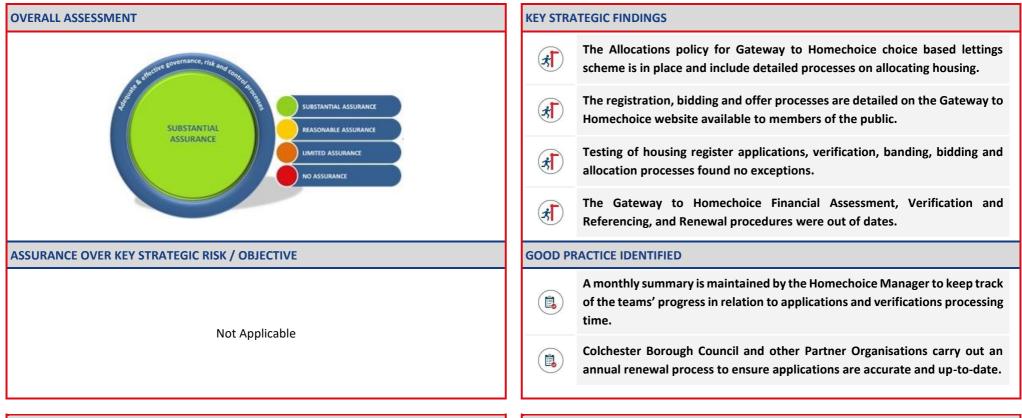


Executive Summary – COVID-19 Deep Dive

OVERALL ASSESSMENT	KEY STRATEGIC FINDINGS					
SUBSTANTIAL ASSURANCE SUBSTANTIAL ASSURANCE UMITED ASSURANCE NO ASSURANCE		Weekly checks of new suppliers and amendments to suppliers have completed and recorded on a consistent basis during the period Apr 2020.				
		Instances were identified of overtime claims being submitted and app for multiple periods in one claim, instead of being recorded against the actually worked.				
		OD PRACTICE IDEI				
ASSURANCE OVER KEY STRATEGIC RISK / OBJECTIVE	GOO	OD PRACTICE IDEI	NIFIED			
Inconversions nouments are made by Council as a result of controls not being maintained	(il has enabled the majo gnificant changes to pay			
Inappropriate payments are made by Council as a result of controls not being maintained during the Covid-19 pandemic.						
SCOPE	АСТ					
This review was a proactive review to identify payments made which may not have been made in accordance with Financial Regulations and/or provide Value For Money for the organisation.		Urgent	Important	Routine	Operational	
		0	0	2	0	

Executive Summary – Housing

SCOPE

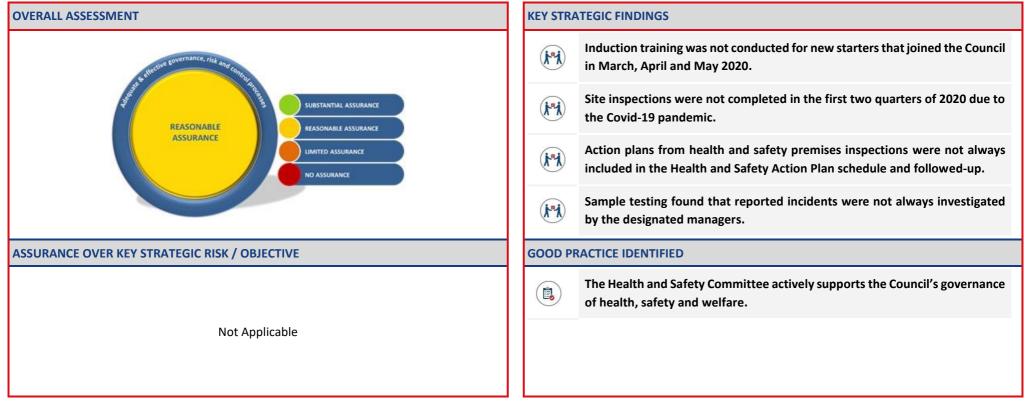


The review considered the joint arrangements between Colchester Borough Council (CBC) and Colchester Borough Homes (CBH) for the management and oversight of the Housing Register. The review also assessed the policies and procedure on housing register, housing register applications and verification processes, renewal, acceptance and rejection of applications, bidding, and shortlisting of applicants.

ACTION POINTS			
Urgent	Important	Routine	Operational
0	1	0	0



Executive Summary – Corporate Health & Safety



SCOPE

The objective of the audit was to review the systems and controls in place within Corporate Health and Safety in the Council, to help confirm that these are operating adequately, effectively and efficiently. The review assessed roles and responsibilities of the Health and Safety committee and Corporate Health and Safety Officer, written guidance on health and safety, health and safety management system, programme of regular inspections for all Council offices, and reporting of health and safety incidences.

ACTION POINTS			
Urgent	Important	Routine	Operational
0	4	1	2



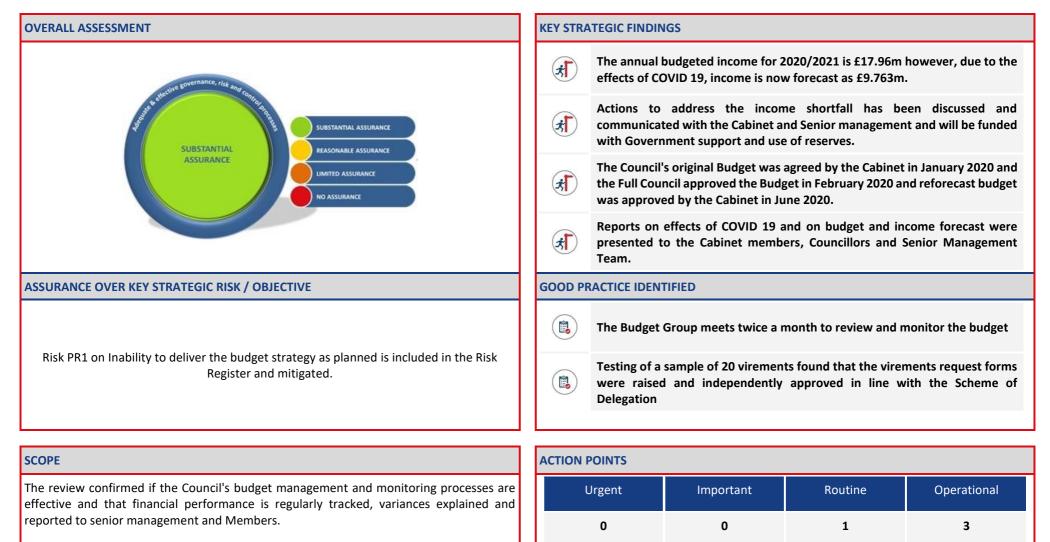
Executive Summary – Contract Management



The audit aimed to review the systems and processes in place for procuring, managing as monitoring contracts.

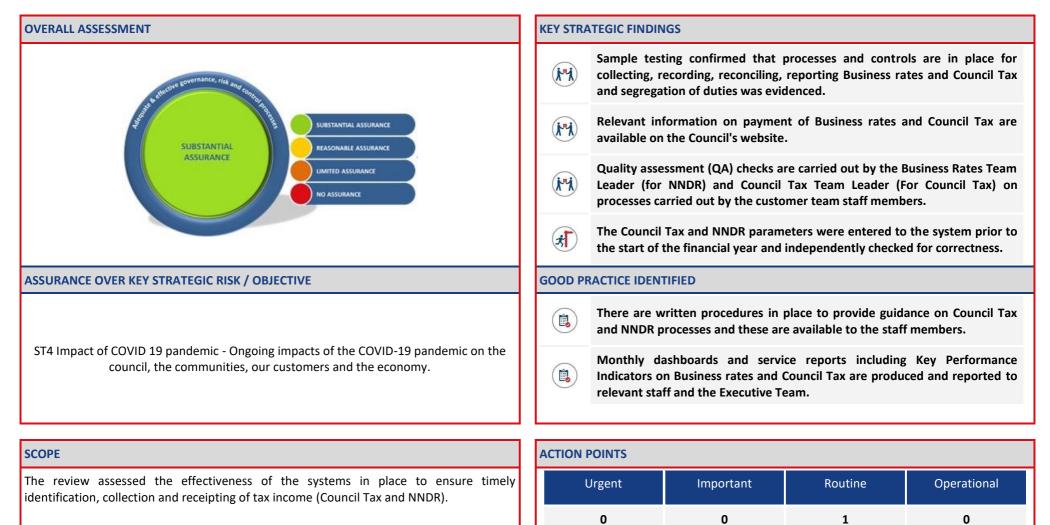
ACTION POINTS			
Urgent	Important	Routine	Operational
0	2	5	1

Executive Summary – Budget Monitoring



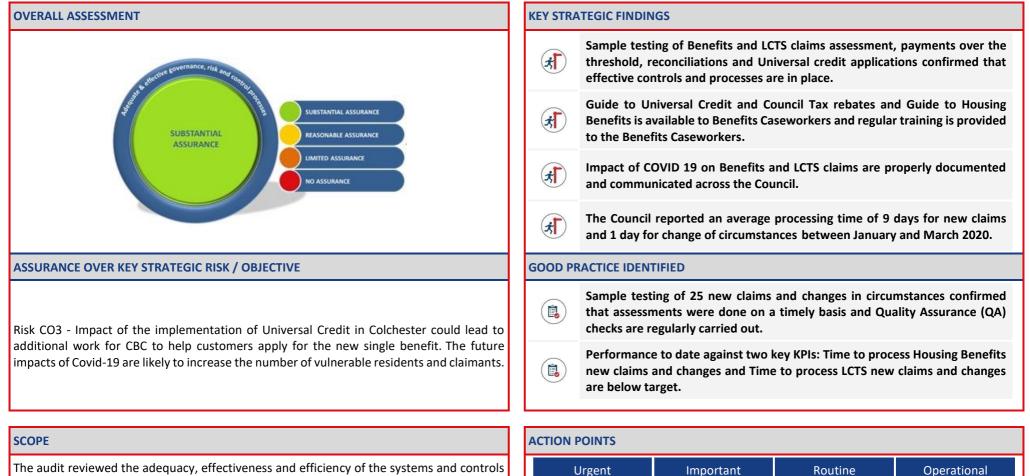


Executive Summary – CTAX and NNDR





Executive Summary – Housing Benefit and CTS



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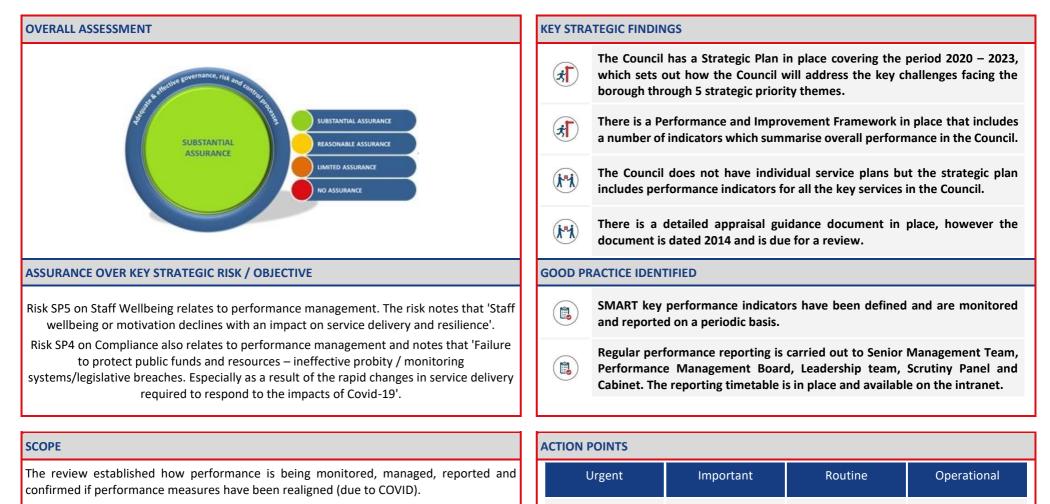
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in place over Housing Benefit and LCTS.

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Executive Summary – Performance Management



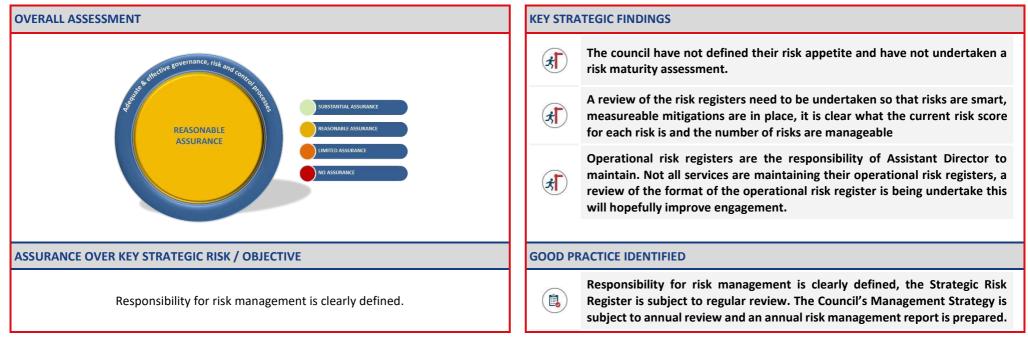
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Executive Summary – Risk Management



SCOPE	ACTION POINTS				
The objective of the audit was to review the systems and controls in place for Risk Management.		Urgent	Important	Routine	Operational
Ŭ		0	5	1	0

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 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
CBN - 20004	Tips for Virtual Meetings and Video Conferencing during the COVID-19 Pandemic		No Action Required This briefing note has been provided for information only.
CBN - 20005	Housing Regulator Stresses the Importance of Effective Cyber Security Arrangements		Action Required Housing associations should continually obtain assurance that they have adequate controls in place to mitigate against the threat of cybercrime, particularly during current times when there is a heightened risk of fraud and changes in the way that people are working. This should include the areas of staff behaviours and awareness.
CBN – 20021	Risk of Redacted Information being Unredacted		Action Required Organisations should ensure they have provided clear instructions to staff on how to safely and securely redact information, such that the redaction cannot subsequently be removed. Consideration should be given to obtaining an accredited third-party redaction tool for Microsoft Word and Excel.
CBN - 20006	Cyber Threats using the COVID-19 Pandemic		Action Required Audit Committees and Boards/Governing Bodies are advised to seek assurance from digital / IT teams that a comprehensive programme of protection measures are in place to protect technology, and to raise user awareness.
CBN – 20023	Need for a Social Media and Electronic Communications Policy		Action Required Not Urgent Audit Committees and Boards are advised to review their policies, including those relating to GDPR, communications, marketing, disciplinary, code of conduct, and to ensure that they are in line with the recommendations contained within the articles. Consideration should also be given to having a separate Social Media and Electronic Communication Policy.

CBN Ref	Subject	Status	TIAA Comments
CBN -20025	Risks Associated with Cloud Computing		Action Required Audit Committees and Boards/Governing Bodies are advised to seek assurance from their Data Protection Officer and IT on the status of where data is stored and what risk mitigation measures have been employed. Where no due diligence has been performed prior to cloud service use, retrospective assurance should be sought.
CBN -20029	Data Protection Guidance for Collecting Customer Information		Urgent Action Required Organisations should ensure they have appropriate policies and procedures in place to meet their obligations for contact tracing and the protection of customer and visitor details.

Summary of recent Fraud Alerts

Ref	Subject	Status	TIAA Comments
0000	False Invoice Fraud – Increased Exposure		No Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist or to the NHS CFA on 0800 028 4060
0000	Mandate Fraud – Increased Exposure		Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist or to the NHS CFA on 0800 028 406
0000	Payroll Mandate Fraud – Increased Exposure		Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you or your organisation has fallen victim to fraud you should report it to your Local Counter Fraud Specialist or to the NHS CFA on 0800 028 4060.



Ref	Subject	Status	TIAA Comments
0000	COVID-19 Related Scams		Action Required This alert provides information and advice to staff about fraud and economic crime that may occur during the COVID-19 emergency, and the risks associated with it. If you have been scammed, report it to Action Fraud: www.actionfraud.police.uk or 0300 123 2040. Also, contact your bank if you have lost money. Action Fraud also provide advice on how to shop safely online: https://www.actionfraud. police.uk/shoponlinesafely The NCSC provide advice on how to protect your devices from the latest threats: https://www.ncsc.gov.uk/guidance/securing-your-devices