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## INTERNAL AUDIT ANNUAL REPORT 2021/22

### 1 PURPOSE OF REPORT

- 1.1 To provide the Chief Audit Executive's annual opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management and internal control during 2021/22

### 2 BACKGROUND

- 2.1 Rochford District Council is responsible for establishing and maintaining appropriate risk management processes, control systems and governance arrangements. Internal audit plays a vital role in providing independent risk-based and objective assurance and insight on how these arrangements are working. Internal Audit forms part of Rochford Council's assurance framework.
- 2.2 The Accounts and Audit Regulations 2015 require the Council to maintain an adequate and effective internal audit service in accordance with proper practices. For this purpose, proper practices are deemed to be the UK Public Sector Internal Audit Standards (PSIAS).
- 2.3 The UK PSIAS require that the Chief Audit Executive must give an annual internal audit opinion and provide a report that can be used by the Council to inform its Annual Governance Statement (AGS).
- 2.4 Whilst the work of Internal Audit is a key element in informing the AGS, there are also several other sources within the Council from which the Section 151 Officer and Members should gain assurance, for example, service assurance statements and reviews by external bodies including external audit.

### 3 INTERNAL AUDIT COVERAGE AND OUTPUT

- 3.1 The Audit Committee approved the 2021/22 Annual Audit Plan in March 2021. The Audit Committee has received progress updates on the delivery of the audit plan and the results of individual audits throughout the year. Sufficient work has been carried out to enable the CAE to provide an opinion on the Council's arrangements for governance, risk management and internal control in operation during 2021/22.
- 3.2 **Appendix 1** summarises the Internal Audit work completed in 2021/22 and the assurance opinions given. In summary, 25 audit engagements have been completed. 5 have been assessed as "Good", 12 as "Adequate", 2 as "Limited", 2 with a "Positive Direction of Travel", 2 where due to the nature of the engagement no opinion was assessed and 2 grant certifications for fund providers where testing confirmed compliance with the grant conditions.
- 3.3 Ten audit engagements, relating to 2021/22, have been completed since the Audit Committee of March 2022. Of these 1 was assessed as "Good", 4 were rated as "Adequate", 2 as "Limited" and 2 where a "Positive Direction of

Travel” assessment was made. There was one grant certification engagement with no matters arising. There were 10 new recommendations raised in respect of these audits. The opinion given and main points arising from these completed audit engagements is summarised at **Appendix 2**, with ‘light touch’ audits summarised at **Appendix 3**.

- 3.4 An explanation of the meaning of, and reason for, each assessment (opinion) is provided in **Appendix 5**. This appendix should be read in conjunction with **Appendix 6** setting out the recommendation categories.
- 3.5 10 recommendations were brought forward into 2021/22 and during the year 35 new recommendations were raised. 14 recommendations have been carried forward into 2022/23 reporting year.
- 3.6 Recommendations arising from completed audit engagements are shown in **Appendix 4**. This includes the current status of all recommendations that were ‘live’ at the date of the prior Audit Committee in March 2022 and recommendations raised since that date.

#### **4 CHIEF AUDIT EXECUTIVE OPINION**

- 4.1 My audit opinion is based upon, and restricted to, the work that has been performed during the year, including assessments of the:
- design and operation of the underpinning assurance framework and supporting processes, including reliance on other assurance providers where appropriate;
  - range of individual opinions arising from our risk-based audit assignments contained within the internal audit risk-based plan that has been reported throughout the year; and
  - the relative materiality of the areas reviewed and management’s progress in respect of addressing control weaknesses identified.
- 4.2 The opinion does not imply that Internal Audit has reviewed and commented on all risks and assurances relating to the Council. It should be stated that it is not expected that all Council activities will be subject to Internal Audit coverage in any one year.
- 4.3 The Council has migrated ICT operational systems to a cloud-based structure. The Council’s ICT contractor, Jisc, the Azure Cloud operator, Microsoft, and Capita Cloud hold appropriate data management and security accreditation.
- 4.4 Internal Audit’s work in relation to ICT during 2021/22 was based on security, access, and resilience. Such work was non-technical and has relied on physical records and discussion with relevant staff.
- 4.5 Two audit engagements from 2021/22 audit work received a “Limited” assurance opinion. These were Sundry Debt Management and Procurement.

The Reports for these engagements are detailed in **Appendix 2** and **3** respectively. It is important to note that whilst some areas were rated as 'limited', significant progress has been made to address the issues identified and giving due consideration to the control environment as a whole, these areas are not significant enough to affect the overall opinion given.

- 4.6 The procedures for procuring goods and services for values up to £10k did not fully comply with contract procedure rules in the timeliness of placing orders and providing evidence of best value. This is a recurring issue but there are positive signs of improvement from prior audit reviews and is significantly an evidential issue rather than not carrying out procedures in the latter aspect.
- 4.7 Sundry Debt Management procedures are not effective in respect of recovery of overdue invoices and work is required to develop a robust process.
- 4.8 No significant concerns were highlighted in respect of audits of the Council's key financial systems that are fundamental to the robustness of the Council's overall control environment.
- 4.9 I am satisfied that sufficient work has been undertaken during 2021/22 to draw a reasonable conclusion on the adequacy and effectiveness of the Council's arrangements. Based on the work performed during 2021/22 and other sources of assurance I am of the opinion that **adequate assurance** can be taken that the Council's risk management, internal control and governance processes, in operation during the year to 31 March 2022, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve arrangements to enhance the Council's governance framework.

## 5 COUNTER FRAUD ACTIVITY

- 5.1 Internal Audit work considers the risk of fraud in planning all individual audits and has supported service departments as part of a wider more strategic approach to counter fraud arrangements in risk identification and the development of controls to mitigate identified risks.
- 5.2 Work is underway on developing an up-to-date counter fraud strategy. As part of this process, a fraud risk register is being compiled. This is at an early draft stage with work also being undertaken to review the Council's anti-money laundering procedures in line with legislative changes.
- 5.3 Responsibility for investigation of non-benefit fraud; Local Council Tax Support (LCTS), Council Tax & Business Rates Discounts and Exemptions rests with the local authority and for Rochford District Council such work is undertaken by the Compliance Officer, Revenues and Benefits and officers in Business Rates. Both the National Fraud Initiative (NFI) and Pan Essex Data Hub provide the means for the Council to identify potential fraud through data matching, followed by subsequent investigation by the Compliance Officer.

- 5.4 During 2021/22 the value of Council Tax identified as recoverable, as a result of Revenues & Benefits compliance work, from all sources including LCTS, was £189.8k, of which £138.2k related to identifying unbilled properties and withdrawal of discounts or exemption that no longer apply. The balance of £51.6k relates to overpaid LCTS and recharge of single person discount.
- 5.5 During the year, the value of identifiable gains in respect of business rates was £385.9k of which £251.2k related to unbilled properties. The rest related to undeclared changes or ineligible discounts. The total gain, net of allowable discounts or reliefs, is £275.2k.
- 5.6 Housing Benefit fraud continues to be investigated by the Department for Work & Pensions, but the Revenues & Benefits Team continues to identify and collect overpayments of Housing Benefit. Amounts identified for recovery by compliance work in respect of Housing Benefits was £15k as at year-end.
- 5.7 During the year the Council continued to process a wide range of Covid related payments for both residents and businesses. Effective application and approval processes were in place, including anti-fraud measures. Internal Audit's work on grant administration did not identify any significant issues.

## **6 EFFECTIVENESS OF INTERNAL AUDIT**

- 6.1 Internal audit within the public sector in the United Kingdom is governed by the Public Sector Internal Audit Standards (PSIAS), which have been in place since 1 April 2013 (revised 2017) and the code of ethics for internal auditors. The standards require periodic self-assessments and an assessment by an external person at least every five years.
- 6.2 An External Quality Assessment of the Council's Internal Audit function was completed in January 2018 to establish the degree of conformance with the Public Sector Internal Audit Standards (PSIAS). Internal Audit was assessed as Generally Conforms to the Standards. Since that time Internal Audit has continued to undertake annual self-assessments of its performance, revising working practices where appropriate. The CAE does not consider that there are any issues identified in the 2021/22 self-assessment that would result in non-conformance with PSIAS.

## **7 ISSUES FOR THE ANNUAL GOVERNANCE STATEMENT**

- 7.1 No issues, other than those already disclosed, have come to the attention of the Chief Audit Executive that need to be disclosed in the Annual Governance Statement.

## **8 RISK IMPLICATIONS**

- 8.1 Failure to operate a robust assurance process (which incorporates the internal audit function) increases the risk that weaknesses in the Council's governance, risk management and internal control framework may not be

promptly identified and remedied. Failure to do so may mean the Council does not achieve its vision and objectives.

**9 ENVIRONMENTAL IMPLICATIONS**

- 9.1 No decision is being made, the report is merely for noting and as such there are no environmental implications.

**10 RESOURCE IMPLICATIONS**

- 10.1 The current level and make up of in-house and other available third-party internal audit resource are considered sufficient at present.

**11 LEGAL IMPLICATIONS**

- 11.1 The Accounts and Audit Regulations 2015 (section 5) require the Council to undertake an effective programme of internal auditing to evaluate the effectiveness of its risk management, control, and governance processes, taking into account relevant public sector internal auditing standards or guidance.

**12 EQUALITY AND DIVERSITY IMPLICATIONS**

- 11.1 An Equality Impact Assessment has not been completed as no decision is being made.

**13 RECOMMENDATION**

It is proposed that the Committee **RESOLVES**

That the Chief Audit Executive's opinion on the overall adequacy and effectiveness of the Council systems of governance, risk management and internal control be noted.



Naomi Lucas  
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**Background Papers: -**

None.

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If you would like this report in large print, Braille or another language please contact 01702 318111.

**AUDIT COMMITTEE – 28 July 2022**

**COMPLETED AUDIT ENGAGEMENTS SUMMARY - APPENDIX 1**

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Complaints Report 2 – 2021/22	Failure to engage with stakeholders to understand and communicate what the Council should be trying to achieve.	Adequate	28/9/21	-	-	1	-
Treasury Management Report 3 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of its priorities  Failure to provide consistent value for money (VFM) across all services or obtain VFM in its procurement	Good	28/9/21	-	-	-	1
Cemetery Management Report 4 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of its priority outcomes	Adequate	28/9/21	-	-	1	3
Restart Grant Certification Audit 5- 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Good	28/9/21	-	-	-	-

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AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Housing Benefits Subsidy Report 6 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Planning & Building Control, PBC Technical Review Report 7 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	No Opinion Stated	15/12/21	-	-	-	-
Housing Benefits Report 8 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	-	2
Engagement with Residents and Other Stakeholders Report 9 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	1	1	-
Car Parking Report 10 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/12/21	-	-	3	-
Counter-fraud Arrangements Report 11 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/3/22	-	-	-	2



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AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Health & Safety Report 12 – 2021/22	There is a serious health & safety incident for which the Council is culpable	Adequate	15/3/22	-	-	4	-
Risk Management Report 13 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of priority outcomes	Adequate	15/3/22	-	-	2	-
Budget Setting & Monitoring Report 14 – 2021/22	Failure to produce and meet a balanced budget and MTFS that allow for the successful delivery of the Business Plan priorities or the Capital Programme	Good	15/3/22	-	-	-	-
Emergency Planning / Business Continuity Arrangements Report 15 – 2021/22	Failure to respond to, or provide, relevant services in the event of an incident or disaster	Adequate	28/7/22	-	-	2	-
Main Accounting Report 16 – 2021/22	Failure to ensure good governance of the Councils activities and delivery of its priorities	Good	15/3/22	-	-	-	2
Asset Management Report 17 – 2021/22	There is a serious health & safety incident for which the Council is culpable	Adequate	28/7/22	-	-	2	-

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AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
ICT Security Report 18- 2021/22	Failure to ensure ICT Estate supports achievement of the Business Plan.	Adequate	28/7/22	-	-	-	1
Staff Performance & Development Report 19 – 2021/22	The inability to recruit, retain, develop, and manage appropriately skilled staff to deliver the Council's priorities	Positive Direction of Travel	28/7/22	-	-	-	-
Performance Management Report 20 – 2021/22	Failure to deliver the objectives of the Council's Business Plan in terms of measurable outcomes	Positive Direction of Travel	28/7/22	-	-	-	-
GDPR Procedures: Data Breach and Subject Access Requests Report 21 – 2021/22	Failure to ensure compliance with the General Data Protection Regulations and unable to demonstrate consistent application of information standards, controls and statutory compliance	Adequate	28/7/22	-	-	-	1
Sundry Debt Management Report 22 – 2021/22	Failure to ensure good governance of the Council's activities and delivery of priority outcomes	Limited	28/7/22	-	-	1	3
Procuring Goods & Services Report 23 – 2021/22	Council could fail to provide consistent value for money (VFM) across all services or obtain VFM in its procurement	Limited	28/7/22	-	-	-	-

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AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Project Management Report 24 – 2021/22	Failure to innovate and develop new ways of meeting customer needs and expectations	Good	28/7/22	-	-	-	-

**OTHER WORK UNDERTAKEN**

AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Disabled Facility Grants 2020/21 Certification Audit 1 – 2021/22	Completion of testing a sample of DFG, awarded in 2020/21, for compliance with regulations on behalf of Essex County Council. There were no matters arising.	28/9/2021
Grant Certification re Homeless Prevention Top-up and Protect & Vaccinate Grants Audit 25 – 2021/22	Completion of testing of payments made in respect of these two grants to confirm compliance with the conditions of the Grant. There were no matters arising	28/7/2022

**COMPLETED AUDIT ENGAGEMENTS**

**EMERGENCY PLANNING / BUSINESS CONTINUITY ARRANGEMENTS  
REPORT 15 2021/22**

**Audit Objective**

To review the effectiveness of arrangements in place for dealing with an emergency that can impact residents directly or on the Council that can impact service provision.

**Business Plan Link**

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

**Business Plan Objective:** Relevant to all objectives

**Corporate Risk:** We fail to respond to, or provide, relevant services in the event of an incident or disaster.

**Reason for inclusion in the Annual Audit Plan**

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

**Prior Audit Work**

Last Audit and Assessment; 2019/20 – Good. Emergency Planning Only

**Audit Opinion**

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

**The level of assurance assessed for this audit is – ADEQUATE**

## AUDIT COMMITTEE – 28 July 2022

### Risks tested and outcomes

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
<ul style="list-style-type: none"><li>• Failure to plan appropriately for an emergency situation.</li><li>• Failure to comply with the Civil Contingencies Act 2004</li></ul>	<b>Adequate</b>	None
Failure to respond to an emergency situation in the expected manner	<b>Adequate</b>	2 - moderate priority
There are ineffective business continuity plans in place to respond to an incident that can impact of provision of Council Services	<b>Adequate</b>	None See narrative below
Failure to deliver key services in the event of a contractor unable to continue to operate	<b>Adequate</b>	None
Risk Assessments are not in place, not relevant or are not up to date	<b>Adequate</b>	None

### Executive Summary

For large scale emergencies, the Council's approach remains in line with planning and procedures of the Essex Resilience Forum (ERF), of which the Council is an active participant. There are ongoing meetings and training exercises to consider potential emerging risks and how to manage those and to consider if approaches to deal with known risks are up to date. This is an embedded, reactive process that meets the current requirements of the Civil Contingencies Act. This forum will evolve over the next few years as planned changes to legislation designed to develop a more preventative approach and enhance community resilience are introduced. These changes are already under consideration by the ERF. There is very detailed information and links to other organisations about a range of emergency situations on the Council's website.

An area of concern is that the Council does not have sufficient trained volunteers to mobilise in an emergency, particularly out of office hours. This could impact on an initial response in, for example, establishing the layout and administrative functions at an emergency rest centre or providing experienced support in boosting the number of staff that may be required to maintain an appropriate level of communications. This does not mean that the Council could not meet its responsibilities as staff can be mobilised, under terms and conditions of employment, to deal with emergency circumstances. A recommendation has been made.

The Council has an out of hours contact arrangement with an independent property services company. They are provided with a detailed script that lists a range of

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scenarios that residents may raise. This script provides contacts of “On Call” officers, contact details for officers where the nature of the call can be dealt with during working hours or other agencies or organisations that can assist where responsibility does not rest with Rochford District Council. There are some areas in the current version of the script that require an update.

An unexpected benefit of the Covid pandemic was the necessary development of agile working, with staff successfully working outside of the office environment with Rochford issued IT kit. Loss of Council premises in an incident now has much less impact than it would have had prior to 2020. Within agile working and, since that initial phase of lockdown, the telephony system is now internet based, enabling better communication with residents and the ICT delivery platform is significantly more stable.

All services have business continuity plans, which are due a planned refresh, with emphasis on maintaining access to critical IT systems rather than the kit / telephony-based plans in place.

Procedures are in place, in the event of an incident occurring, to activate an information cell to gather intelligence and to provide sufficient information to the Leadership Team to assess and prioritise a response.

Outline plans are in place to manage partial or complete loss of service from key contractors. To support this aspect, work is getting underway to maintain up to date contract risk registers as part of contract management. The Councils IT applications are all cloud based or externally hosted and the providers of these services have plans in place to restart / restore within published timescales.

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### **ASSET MANAGEMENT** **REPORT 17 2021/22**

#### **Audit Objective**

To assess whether controls and procedures in place for managing the Council's building assets are operating effectively.

#### **Business Plan Link**

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

**Business Plan Objective:** Being Financially Sustainable

**Corporate Risk:**

Failure to ensure good governance of the Council's activities and delivery of its priority outcomes

There is a serious health & safety incident for which the Council is culpable

#### **Reason for inclusion in the Annual Audit Plan**

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

#### **Prior Audit Work**

Last Audit and Assessment: 2019/20 - Adequate

#### **Audit Opinion**

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

**The level of assurance assessed for this audit is – Adequate**

#### **Risks tested and outcomes**

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
Development and maintenance of an effective asset register is not progressed	<b>Not Tested</b>	This is an ongoing work in progress.

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		See narrative
Effective procedures for effective management of fire risk assessments, fire safety, and other inspections, statutory or otherwise, are not in place.	<b>Adequate</b>	None
Effective measures to inspect and monitor the building fabric of operational, void, or other buildings owned by the Council to maintain assets in line with best practice and insurable interests are not in place.	<b>Limited</b>	1 Moderate
Management of health & safety, and methods of operation for contractors working on Council assets are not in place or are not effective	<b>Adequate</b>	1 Moderate
The service risk register, and associated risk assessments are not in place, not relevant or are not up to date	<b>Adequate</b>	None

### **Executive Summary**

The Asset Management Team has been heavily involved, throughout the pandemic period, in ongoing work to maintain Covid safety in the Council's premises, including configuring offices to meet changing social distancing and hygiene requirements and to enable a safe return to the office environment, including the creation of a new Touchdown Area in South Street in December 2021. Two members of the Team left in May 2021. In addition, the Team has supported NHS services in establishing testing and vaccination venues.

The development of a single Asset Register is an outstanding action point arising from prior audit work. Progress has been made but a business case, under the Connect Project framework, has been approved to fund a dedicated resource to drive this work forward, using existing software to its full capacity.

The record keeping for building fabric inspections is not fully effective, for both operational and void properties. During testing there was anecdotal and some written evidence that inspections had been carried out, but anecdotal evidence may not be accepted in the event of an insurable claim or a Health & Safety Executive injury investigation relating to a specific property, which would require definitive evidence. Where appropriate, responsive works were said to have been carried out but as with inspections there is a central record in Asset Management, but this is not fully updated. A paper-based Inspection record system is being implemented, scanning records into the Property database. In future it is anticipated that a suitable software package is implemented to update inspections electronically. Inspections will be carried out in line with pre-set frequencies, a manual recording system will be fully



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introduced and managed effectively. At the time of testing recruitment processes had started to bring the Team back to full establishment.

Statutory inspections appear up to date with regular maintenance of fire safety equipment. A new fire-safety related contract is to be tendered imminently, and this will include revised fire risk assessments. The ongoing monitoring for asbestos condition had slipped and has recently restarted. Overall, the asbestos risk in Council properties is low. Training for officers to reach competent person status in a range of in-house inspections is planned in the near future, with one officer to attend asbestos competency training in the Spring. Members of the Leadership Team are trained to Responsible Person status for these types of functions.

In addition, members of the Asset Management Team are to undertake CSCS training to enable effective visits to contract works or construction sites in the future.

Portable appliance safety testing has been completed for in-house electrical equipment in January 2022. It is acknowledged that portable staff ICT equipment needs checking and a process for testing this equipment is under development to carry out checks on a rolling basis as staff return to the office.

From discussions and limited access to records, control over contractors appears to be in place but as stated, the record keeping is not effectively maintained, with records relating to Method Statements and Risk Assessments held in different folders, with some not available to all Asset Team Members. Measures appear to be in place for members of the Team to carry out site inspection to ensure contractors are safely adhering to their stated work methodology. A central record, acting as a checklist to ensure all requirements are addressed with an organised file system is required to provide assurance should evidence be needed.

The service area risk register is fundamentally fit for purpose with minor amendments required to address out of date controls and incorporate emerging controls and procedures. As at date of testing the review cycle was up to date.

## AUDIT COMMITTEE – 28 July 2022

### ICT Security Report 18 2021/22

#### Audit Objective

A non-technical overview to assess actions to raise awareness of risks and preparedness to withstand attacks of varying nature.

#### Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

**Business Plan Objective:** Being financially sustainable  
**Corporate Risk:** Failure to ensure ICT Estate supports achievement of the Business Plan.

#### Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

#### Prior Audit Work

Last Audit and Assessment; 2020-21- Adequate

#### Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 6. The basis for assessing the priority status of recommendations arising is set out in the table on page 7.

**The level of assurance assessed for this audit is – Adequate**

#### Risks tested and outcomes

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
Policies and Procedures for use of ICT are not up to date or effective	Adequate	None
Staff and Members are not aware of the risks and nature of potential cyber attacks	Adequate	None
There are ineffective controls over who has access to the RDC network and how access is made	Adequate	1 low

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Back up routines for RDC data are not effective	Adequate	Limited Testing None
Firewalls and malware protection systems are not effective	Adequate	Limited Testing None
Data security of RDC or third-party organisations where RDC data is domiciled is not effective	Adequate	Limited Testing
RDC or contractor business continuity/resumption arrangements are not robust	Adequate	Limited Testing None

### **Executive Summary**

This audit is a non-technical review based on discussions with key ICT staff and reference to data available relating to security of the Councils ICT Network. As some areas have not been technically tested, it is not appropriate to assess these aspects above an adequate rating.

There are a range of policies and procedures available regarding ICT security. They are generally fit for purpose however the majority of the documents were last updated in 2013 so should be amended to include any changes in the way the Council works. The ICT team are aware and there is scope to review the documents in collaboration with Brentwood Council. There is an Agile Working Policy that was agreed in February 2021. This includes health and safety and security of data and hardware when outside of Council offices. This policy essentially supersedes some of the existing policies in place regarding use of RDC kit outside of the office.

The potential for a ransomware threat was discussed with the ICT manager and it was determined that the Council has the required level of security in place to minimise an attack. Firewalls are actively monitored and kept up to date. Cloud based data management, and secure systems such as Office 365 have been implemented and all staff are issued with laptops that are installed and regularly updated with industry standard malware protection. Access to the Councils Network and applications follow a secure process both when working in the office and at home. Infected or lost devices can be locked and wiped remotely, minimising the risk of network compromise. Data is regularly backed up by the Councils contractor, Jisc. Disaster recovery service level agreements and target response and resolution times are in place for the Council's cloud providers and hosted systems.

The ICT team are pro-active in promoting fraud awareness to all staff via e-mails and intranet blogs. During the most recent phishing exercise in November 2021 only one member of staff, out of 169, opened a link on the external e-mail and entered data. This person was identified and reminded of their responsibilities in connection with ICT security. This is a significant improvement on the previous exercise in October 2020 where 10% of staff entered data. It is important to maintain this level of awareness through continued dialogue and phishing exercises.

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Auto time-out out has increased from 10 to 60 minutes to switch on screen locks that require user's passwords to switch off, in line with Microsoft's cloud-based service Policy. There is likely to be a considerable increase in staff returning to the office over the coming months and this time frame should be monitored in case a reduction is needed. In addition, periodic reminders should be issued to staff to remind them of the importance of engaging screen locks when leaving their ICT devices unattended in accordance with ICT policies.

A review of the websites of Jisc, cloud providers or operational system hosts confirm they all hold at least the ISO27001 security accreditation, with Microsoft, our main cloud provider, holding two further ISO accreditations.

The Council remains non-compliant with the Public Sector Network (PSN) standard, however, is following all guidance from the National Cyber Security Centre (NCSC) and ensuring that necessary security measures are in place. Government guidance supersedes the PSN requirements, and is to move to use the internet, in particular the use of cloud data management and secure systems such as O365, a policy which the Council is fully compliant with.

The ICT team maintain a good level of control over who can access the Councils systems. A review by Internal Audit (IA) resulted in 8 users (from a total of 192) being promptly deleted by ICT after confirmation that the officers had left the Council.

A penetration test was carried out by Jisc in September 2021 which provided a technical picture of ICT security. The results were positive, and a number of recommendations have been raised. An Action Plan is in place which the ICT and Web Team are proactively working through.

## AUDIT COMMITTEE – 28 July 2022

### SUNDRY DEBT MANAGEMENT REPORT 22 – 2021/22

#### Audit Objective

To assess whether the key controls in the debtors function are adequately designed and effectively applied.

#### Business Plan Link

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

**Business Plan Objective;** *Being Financially Sustainable*

**Corporate Risk;** *Failure to ensure good governance of the Councils activities and delivery of priority outcomes.*

#### Reason for inclusion in the Annual Audit Plan

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

#### Prior Audit Work

Last Audit and Assessment; *2019-20 Limited*

#### Audit Opinion

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 7. The basis for assessing the priority status of recommendations arising is set out in the table on page 8.

**The level of assurance assessed for this audit is – Limited**

#### Risks tested and outcomes

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
Invoice Requests are not promptly or correctly raised for all chargeable activity	Adequate	None
VAT is not raised or raised incorrectly	Adequate	2 Low

## AUDIT COMMITTEE – 28 July 2022

Debts are not pursued or are pursued in a manner not in keeping with the Corporate Debt and Write Off Policy	Limited	None
Debts are written off inappropriately	Adequate	None
Credit Notes are applied inappropriately	Adequate	None
Credit balances are not actioned effectively	Limited	1 Moderate
Data is not effectively controlled	Adequate	1 Low
Risk Assessments are not in place, not relevant or are not up to date	Adequate	None

### **Executive Summary**

Invoices are raised correctly; however from the sample tested, delays were seen in issuing 20% of periodical invoices which are raised either monthly, quarterly, or annually, as detailed on the Periodical Spreadsheet. This was in part because a review of some historical periodical charges was undertaken before invoices were issued in 2021/22; measures are in place to ensure this is completed in a timely manner going forward. Procedures are also being introduced as part of the Asset Register review to ensure that future changes in respect of periodic invoices are addressed.

A monthly reconciliation is carried out to confirm the system debtors total is accurate. However the debt recovery process is not yet fully embedded across the organisation, following a change of responsibilities for this function, with limited evidence of outstanding debts being actively pursued in 2021/22. Although the debt policy states that the decision for pursuing debts sits with the relevant service area that the income relates to; further work is required to agree and implement how the corporate debt function should advise and support service areas with this process; this is being addressed through the establishment of a Service Level Agreement between the corporate debt function and service areas, which sets out the relevant roles and responsibilities and documents the processes to be undertaken by each party.

The total outstanding debt as at beginning of May 2022 is £439,577 of which £331,570 is outstanding by over 90 days. This amount represents many lower value debts in the region of £2000 to £5000. The financial ledger system upgrade includes functionality to automate elements of the debt recovery function and provide information to service areas in a more easily understandable format; work to configure this is in the early stages of implementation and will take some time to fully embed. This element of the debtor's function is included in the Annual Audit Plan for 2022/23 to allow Internal Audit to follow up on progress, and so no recommendations are being made to address this area at this time.

At the time of testing, there were 40 credit balances recorded against customer invoices, totalling £1,445. Of these balances, 29 (73%) have been in place prior to

## **AUDIT COMMITTEE – 28 July 2022**

2021. The balances are not significant however they do not appear to have been investigated to identify how they occurred.

Credit notes and write offs that are generated are done so following valid reason and are correctly authorised. Only two debts were written off in 2021/22 however this number is likely to increase once the debt recovery process is re- established.

VAT is raised correctly however it is not always clear from invoice instructions whether VAT is payable, and this can cause delays in raising invoices. The Invoice Request Form is currently being updated and this issue will be addressed as part of the review, to ensure VAT requirements are made clearer, however consideration should also be given to training for non-financial staff in respect of VAT requirements.

The Privacy Notice for Finance was not published on the Councils website at the time of testing; however this has now been addressed. The Information Asset Register also requires a review considering changes to staffing and the debt recovery processes.

These findings are similar to those in the previous Debtors Audit in 2019/20, however new procedures are in the early stages of implementation to address the areas of deficiencies.

## **AUDIT COMMITTEE – 28 July 2022**

### **PROJECT MANAGEMENT REPORT 24 – 2021/22**

#### **Audit Objective**

To provide an overview of measures in place to progress projects in relation to agreed timescales, the robustness of project management, and the effectiveness of project activity in delivering outcomes.

#### **Business Plan Link**

This audit contributes to the assurance available regarding the following Business Plan objectives and associate risks identified in the Corporate Risk Register

- |                                 |   |
|---------------------------------|---|
| <b>Business Plan Objective;</b> | <ul style="list-style-type: none"><li>• Being financially self-sufficient</li><li>• Maximise our assets</li></ul>   |
| <b>Corporate Risk;</b>          | <ul style="list-style-type: none"><li>• We fail to deliver the objectives of the Council's Business Plan in terms of measurable outcomes</li><li>• Failure to ensure good governance of the Council's activities and delivery of its priorities</li><li>• We fail to innovate and develop new ways of meeting customer needs and expectations</li></ul> |

#### **Reason for inclusion in the Annual Audit Plan**

This audit is a planned, standard assurance review identified through the annual assessment of the Council's activities

#### **Prior Audit Work**

Last Audit and Assessment; 2019/20 - Direction of Travel Review.  
No assessment made

#### **Audit Opinion**

The Audit Opinion is based on how well controls and procedures have been designed, and how effectively they are employed in mitigating the keys risks under consideration as detailed in the following section of this report. Detail on the basis for choosing each assurance level is set out on page 4.

**The level of assurance assessed for this audit is – Good**

#### **Risks tested and outcomes**



## AUDIT COMMITTEE – 28 July 2022

<b>Risk Area Tested</b>	<b>Assurance Level</b>	<b>Number and priority of recommendations made</b>
There is no effective Project Initiation Document (PID), Outline Business Case / detailed project plan	Good	None
Proposed projects are not appropriately assessed for the potential impact on the Council's Business Plan	Good	None
There is ineffective management / overview of project progression to maintain compliance with project timetable	Good	None
Risk assessments are incomplete at PID or are not updated as projects progress to reflect relevant or changing circumstances	Good	None

### **Executive Summary**

Testing for this audit engagement related to 5 projects, the Asset Development Project and 4 Connect cultural and transformation programme, Invest to Save projects. The latter relate to development of a Customer Relationship Management system (CRM), an upgrade to the Committee Management Information System (CMIS), migration to Microsoft SharePoint and OneDrive to streamline IT operations, and the provision of a resource to create a one-stop Asset Register, for operational and financial purposes. This review is focussed on project management, from creation of the business case to the current live position of all the projects.

The Asset Development Project is mature and has been subject to detailed planning and ongoing robust scrutiny from the outset at both Member and Officer level.

All of the Connect projects have a common format in respect of the formal business cases that received various levels of challenge before being presented to and approved by The Executive. This process shows how the projects are aligned to the Business Plan 2020-23. A detailed risk assessment was completed at the outset of each project, forming part of the business case. There is regular monitoring of projects with a monthly highlight report being produced for each project sponsor. These reports show a Red / Amber / Green project status as appropriate. Milestones achieved are identified and any adjustments to the project plan in respect of implementation dates, changes in risk or variances in proposed costs are detailed. Progress on projects is reported to Portfolio Holders and the Leadership Team.

**STAFF PERFORMANCE AND DEVELOPMENT**  
**REPORT 19 – 2021/22**

**ASSESSMENT – POSITIVE DIRECTION OF TRAVEL**

Staff Performance and Development is included in the 2021/22 under the objective, “To assess whether there is a robust and consistently applied framework to manage staff performance and ensure staff receive required training.”

The Council is committed to supporting staff development as a key component to underpin the Business Plan. A Staff Development Programme is in place as part of the overall Connect cultural and transformation programme. Since the launch of the programme several training sessions have been provided to enhance digital and managerial skills. Several sessions have also been made available to support staff in health & wellbeing skills. Induction training, for new staff, is well embedded and there are a range of corporate e-learning modules covering key areas. The Council supports staff in maintaining Continuous Professional Development, to maintain professional standards in roles that require it.

Currently there is no central training plan, although a corporate training policy for Health & Safety has recently been developed. It is logical to assume that there will be a harmonisation of HR policies and procedures relating to training and development as part of the Brentwood / Rochford arrangements.

During 2021/22 a revised staff appraisal system was rolled out, with its first full quarter being that of January to March 22. A supporting Appraisal Policy was launched in August 2021. This system is designed as a rolling scheme of objective setting and six-monthly reviews of achievement across the year to maintain impetus, with no year-end assessment. These reviews are supported by regular one-to-one meetings. Objectives, specific to each individual officer, are to be based upon service delivery, within the Business Plan and for personal development. Training in the new system was rolled out to managers and staff. There will be occasions where a member of staff does not reach the expected level of performance and an Improving Performance Policy, together with a supporting Managers’ Toolkit was rolled out in November 2021.

An area that needs to be developed is an overview of the process to ensure that the policy is complied with in respect of frequency of objective setting, reviews, and one-to-one meetings.

It is too early in the lifespan of the revised processes to assess its effectiveness, but the approach taken over the last year appears appropriate and has a positive direction of travel. This is a key function and has been included in the 2022/23 Annual Audit Plan to monitor progress.

## **AUDIT COMMITTEE – 28 July 2022**

### **PERFORMANCE MANAGEMENT REPORT 20-2021/22**

#### **ASSESSMENT – POSITIVE DIRECTION OF TRAVEL**

Performance Management is included in the 2021/22 Audit Plan under the objective, “To assess the arrangements for measuring and reporting performance and development of measures against which progress of the Business Plan 2020/2023 can be assessed”.

The Business Plan sets out objectives and a series of outcomes of where the Council wants to be by 2023. These outcomes are relevant to the future of the Council and its residents but are difficult to quantify and historically have not been reported in a meaningful manner. Of the four objectives, “Being Financially Sustainable,” is the easier to evidence with effective budgetary control and forward financial planning. Financial management is reported quarterly to the Council’s Executive and these reports are available publicly through the Council’s website. These are very technical in detail.

Service areas have delivery plans, and these can contain relevant performance data for Members and Officers to evidence how effective the service is operationally, but not directly providing supporting evidence for outcome reporting.

A detailed financial report is produced at the point of the annual accounts being signed off after external audit has concluded their work. The report, for 2020/21, included a summary of outcomes seen throughout the year and performance data from service areas. This document carries high level statutory information and runs to 115 pages. Due to resource issues the external audit process did not conclude for 2020/21 until February 2022, so the information was substantially historic at time of publication.

For 2021/22 an additional annual review report is to be published, significantly based on the Business Plan objectives and what was achieved during the year. This annual review will have a closer link to the municipal year and produces information in a much more user-friendly manner.

The Business Plan period is 2020-2023 and, accordingly, work will be started to refresh the Plan, which could enable a means to identify key outcome measures to enable a definition of achievement of the Plan or where improvement attention may need to be directed. Performance reporting, directly related to the Business Plan, has improved since the last Internal Audit review in 2020/21 and this is an area that will continue to develop.

## **AUDIT COMMITTEE – 28 July 2022**

### **GDPR PROCEDURES – DATA BREACH AND SUBJECT ACCESS REQUESTS REPORT 21 -2021/22**

#### **Assessed- Adequate**

A review of General Data Protections Regulation (GDPR) procedures were included in the Audit Plan for 2021-22, the purpose of which was to assess the adequacy and effectiveness of arrangements with regard to Data Breaches and Subject Access Requests (SAR).

The Information Management Policy was last updated in February 2022 and is available on the Councils website. This document includes detailed procedures for dealing with data breaches. Reliance is placed on service areas to report potential data breaches to the Data Protection Officer (DPO) who then assesses the risk level and whether the breach should be escalated to the Information Commissioners Officer (ICO), the criteria of which is defined in the Policy.

A review of the Data Breach Log found seven reported data breaches in 2021/22. All were assessed by the DPO as low risk of harm and low risk of damage to the data subjects' rights and freedoms. All assessments appear reasonable.

The only date that is recorded on the Log is when the DPO is informed of the data breach. The date of the actual breach and dates of final decisions and any remedial actions are not recorded. Therefore, it is not easy to determine the timeline for dealing with data breaches. Inclusion of these dates would improve transparency and provide assurance that breaches are being dealt with in a timely manner. This was raised as a recommendation during the previous audit in 2020/21 but has not been implemented.

Under the GDPR, an individual has the right to request details of all personal information that an organisation holds on them, by way of a Subject Access Request. Details on how to make a SAR are included in the Councils Data Protection Policy (2018), which is available on the Councils website, along with an application form that must be completed as part of the request.

Procedures are in place to ensure that SARs are dealt with within one calendar month. The data subject must provide proof of their I.D, or if a third party is acting on behalf of the data subject, consent must be supplied.

There were five requests for information made in 2021/22, however a formal application form was not completed in four of these cases and therefore the Council did not proceed with processing these, since ID or verification is needed to ensure the Council is responding to the data subject. In the one case where the application form had been completed, this was done so in line with procedures and the data subject was responded to within one calendar month.

Under the Data Protection Act, there are circumstances which allow for the disclosure of data subjects' personal information to a third party where there is a legal basis to do so, namely with other authorities, agencies, or legal representatives. Internal procedures are in place for such requests which are dealt

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with departmentally and recorded on a Corporate Log that is saved centrally. There have been 59 incoming requests made in 2021/22. A small sample were reviewed, and there were no matters arising. All requests appear reasonable and are dealt with appropriately.

Recommendation			
1	<p>The Data Breach Log does not provide visible details of the time taken from identifying a data breach to its resolution.</p> <p>This would provide evidence that breaches are dealt with in a timely manner.</p>	<p>Low Priority</p> <p>The Data Breach Log will be amended to include the actual date of breach and the dates of remedial action and conclusion of investigation</p>	<p>Agreed: Yes Responsible Officer: Angela Law Target Date: 31/05/22</p>

## AUDIT COMMITTEE – 28 July 2022

### PROCUREMENT FOLLOW UP REPORT 23 – 2021/22

#### **Assessed- Limited**

During 2020/21 Internal Audit assessed procurement arrangements of up to £10k as '**limited**' due to failures to adhere to contract procedures in evidencing best value when placing orders for goods and services, and failure to raise orders prior to actual payment for those goods and services, which could result in management being unable to identify committed budget expenditure.

These issues related to orders under the value of £10k. Separate procedures apply above these thresholds and there were no issues identified during the Internal Audit in 2019/20.

The purpose of this audit was to review the current position to determine whether there had been an improvement. A sample of 20 orders from across the financial year were selected. The sample covered 11 service areas with 3 orders below £500 and 17 between that and the £10k threshold, where more than one quote should be obtained to ensure best value.

Of the 17 sampled, 11 had no recorded quotes supporting the order, 1 had one quote where more than one quote was required, and 5 had more than one quote. Further enquires of the relevant service areas by audit identified that relevant quotes or evidence had been obtained but had not been loaded to the system in line with procedures. If these orders were excluded the deficiency rate was in fact only 2 out of the 17 (12%). This appears to be a significant improvement on prior years. The goods and services appeared to be relevant for the purposes they were purchased however failure to evidence best value could mean that the Council is paying more than it should for goods and services or that orders are being placed with favoured contractors rather than searching for other suppliers that could potentially provide better value. It should be pointed out that this is not evident from the sample tested but still remains a risk.

Of the 20 orders sampled, 7 (35%) were not raised until after an invoice had been received for the goods or services. Raising an order on the Procurement system after an invoice has been received means that the committed amount is not accurately reflected on the available budget for that particular cost centre until the order has been raised. However, the average value of the orders that were raised late in the sample is £2,270 and so does not have a significant impact on overall budget monitoring. Effective budget monitoring practices are also in place as concluded during the 2021/22 internal audit and there are procedures in place to ensure that invoices are not paid without an order in place. There were also a further 2 occasions where the invoice was still outstanding when the goods and services had been received for some time (July and December 2021). This was raised by Internal Audit with the relevant service areas to request the invoice from their suppliers.

As part of the audit review, aggregated spend was also considered to determine whether there should be a formal contract in place, rather than ad-hoc orders. In 1

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out of the 20 cases, the total value of orders placed with the supplier in 2021/22 had exceeded the threshold to warrant a formal contract. This fact had already been identified by the Senior Procurement Officer, and a contract was awarded following a recent tender process.

The Contract Procedure Rules (CPR) are currently undergoing a significant review alongside Financial Procedures and the Constitution, and the above areas of deficiencies are being addressed when bringing the CPR's up to date. There are also plans to include expectations regarding aggregated spend in the CPR's.

Whilst there have been improvements, the failure to record relevant evidence in line with procedures, coupled with timeliness of raising orders means that the **'limited'** assurance remains for the time being.

Progress of Audit Recommendations

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
17 2017/18	Procurement	3a	M	Contract Procedure Rules and Procurement Guidance will be updated (a)	<p>Agreed Implementation Date 31/3/19 CPR review ongoing. Revised end date 31/12/19. Work in progress with many elements progressed but unable to complete, partially in respect of EU arrangements. Revised end date 31/03/20 Revised end date to bring in line with Constitution review and Financial Regulations review, 31/3/21 Constitution update to be reviewed and rescoped. <b>Revised implementation date 31/3/22</b></p> <p><b>Update February 2022</b> The CPR and Procurement will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have a joined-up approach will enable efficiencies across both Councils. <b>Revised implementation date 31/12/22</b></p>
11 2018/19	Budget Setting and Monitoring	2	M	RDC Financial Regulations will be reviewed to include appropriate controls of transfers to and from Reserves as stated in the Medium-Term Financial Strategy. To be	<p>Agreed implementation date 31/03/20. Financial regulations to be reviewed as part of overall constitution. Revised end date 31/03/21. Constitution update to be reviewed and rescoped. Revised implementation date 31/3/22</p>



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Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				considered as part of overall review of Financial Regs during 2019/20.	<p><b>Update February 2022</b> The CPR and Procurement will be reviewed and partnership working with BBC allows for increased staff resilience and capacity. To have a joined-up approach will enable efficiencies across both Councils.</p> <p><b>Revised implementation date 31/12/22</b></p>
4 2021/22	Cemetery Management	1	M	An inspection regime that will carry out “force testing” of potentially dangerous headstones or memorials, will be initiated in line with the Institute of Cemeteries & Crematorium Management policy of 2019.	<p>Agreed Implementation date 28/2/22</p> <p>Implemented</p> <p style="text-align: right;"><b>DELETE</b></p>
2 2021/22	Complaint Handling	1	M	<p>Internal and External Complaints Procedures will be updated to include the following areas:</p> <ul style="list-style-type: none"> <li>- What constitutes a complaint</li> <li>- How to deal with and report incoming complaints to Customer Services</li> <li>- The importance of formally responding, and communicating in a standard format, informing the customer of the escalation process should they remain unsatisfied.</li> <li>- Reporting to Customer Services on lessons learnt and how processes have been improved as a</li> </ul>	<p>Agreed implementation date 31/10/21.</p> <p>Due to a long-term sick period, it was not possible to implement by due date. We are aware that work is progressing. Revised end date 31/01/22.</p> <p>Final changes are in proposed version are being made and revised procedures will be presented to the Leadership Team, at its quarterly business meeting in April, for approval. Revised end date 30/4/22.</p> <p>Procedures are to form part of the Customer Charter review which is likely to be reviewed later in the year in collaboration with Brentwood.</p> <p><b>Revised implementation date 31/12/22</b></p>

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Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				result of a complaint, where appropriate Out of date procedures on the intranet will be removed.	
8 2021/22	Housing Benefits	1	L	The record of staff declarations will be reviewed to ensure that all current, and future staff with access to Academy have a completed declaration.	Agreed implementation date 28/2/22 This became linked to a project to meet DWP requirements for staff with Academy access to have a DBS check. The checks have been completed and a revised declaration has been created, but not yet rolled out. Priority being given to implementation of revised CTS scheme and annual billing. Revised end date 16/4/22  Revised declaration has been rolled out. Implemented  <b>DELETE</b>
9 2021/22	Engagement with Residents and Stakeholders	1	S	An overarching corporate engagement and consultation approach for external engagement and consultation activity will be formalised. It is acknowledged that this may be a project-based approach and the recommendation is intended to develop the initiation of the project.	Agreed implementation date 31/3/22. This work will be included within the Corporate Communications Strategy that will form part of the Transformation Project. It is likely to be developed as part of joint arrangements with Brentwood. <b>Revised implementation date 31/12/22.</b>
9 2021/22	Engagement with Residents and Stakeholders	2	M	Detailed consideration will be given to the acquisition of a suitable engagement tool to support both the consultation itself and subsequent reporting of outcomes.	Agreed implementation date 31/3/22. This work will be included within the Corporate Communications Strategy that will form part of the Transformation Project. It is likely to be developed as part of joint arrangements with Brentwood. <b>Revised implementation date 31/12/22</b>

**AUDIT COMMITTEE – 28 July 2022**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
11 2021/22	Counter-fraud Arrangements	1	L	The Whistle-blowing Policy will be updated in order that the revised structure of the Council be reflected and named officers are up to date	Agreed implementation date 31/3/22. Awaiting confirmation of contact details. Revised end date 31/05/22. Implemented <b>DELETE</b>
12 2021/22	Health & Safety	1	M	Consideration will be given to seeking relevant training to enable those with property maintenance and site management responsibility to obtain competent person accreditation.	Implemented <b>DELETE</b>
12 2021/22	Health & Safety	4	M	The role and roster of trained fire marshals will be re-configured to reflect the current circumstance relating to office occupancy.	Agreed implementation date 30/4/22. Review has taken place. Fire marshals are due to undertake training and notice boards require updating. <b>Revised implementation end date 31/07/22.</b>
13 2021/22	Risk Management	1	M	A full restart of active risk registers for contracts will commence with an effective assessment and review process put in place.	Agreed implementation date 31/7/22
13 2021/22	Risk Management	2	M	Consideration will be given to seeking appropriate guidance with a view to revise the likelihood / impact matrix structure, to enable a more precise residual risk score.	Agreed implementation date 30/11/22
15 2021/22	Emergency Planning & Business Continuity	1	M	The approach for acquiring sufficient trained volunteers to initiate an emergency response and provide communications support will be reconsidered and implemented	To be a development of procedures as part of joint arrangements with Brentwood. Will be reviewed as part of on-call measures with an expectation this to be addressed by end of October. Agreed implementation date 31/10/22

**AUDIT COMMITTEE – 28 July 2022**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
15 2021/22	Emergency Planning & Business Continuity	2	M	The names and contact details of officers specified in the guidance provided to the out of hours response contractor will be reviewed and updated to ensure it is accurate. In addition, consideration will be given to provide an alternative point of contact where just one officer is named in the guidance.	Agreed implementation date 31/5/22 Implemented  <b>DELETE</b>
16 2021/22	Asset Management	1	M	The property inspection regime will be fully reinstated in 2022/23, with detailed recording, and management control checks carried out on a regular basis to confirm completion.	Agreed Implementation Date 31/5/22 Resources continue to be an issue and the recommendation is not expected to be implemented until a valid resource is in place in August. <b>Revised implementation date 31/08/22</b>
16 2021/22	Asset Management	2	M	A centralised checklist for monitoring contract works on Council premises will be updated by the Officer responsible for the contractor instructed to carry out works. Documentation is to be updated and reviewed at regular Team Meetings.  All required pre-works documentation and inspection requirements are to be considered, and an effective digital means of filing specifications and outcomes of contract work will be	Agreed Implementation Date 31/5/22 Resources continue to be an issue and the recommendation is not expected to be implemented until a valid resource is in place in August. <b>Revised implementation date 31/08/22</b>

**AUDIT COMMITTEE – 28 July 2022**

Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				kept updated within the existing property filing system	
18 2021/22	ICT Security	1	L	A review will be carried out to ensure that the current period before auto-engagement of screen lock is effective. In addition, periodic reminders will be issued to staff to remind them of the importance of engaging screen locks when leaving their ICT devices unattended in accordance with ICT policies.	Implemented  <b>DELETE</b>
21 2021/22	GDPR Procedures-Data Breach and Subject Access Requests	1	L	The Data Breach Log will be amended to include the actual date of breach and the dates of remedial action and conclusion of investigation	Agreed implementation date 31/5/22 Implemented  <b>DELETE</b>
22 2021/22	Sundry Debt Management	1	L	Invoice request form will clearly capture the VAT status.	Agreed implementation date 31/7/22
22 2021/22	Sundry Debt Management	2	L	Consideration will be given to training to non-financial staff in respect of VAT arrangements when raising invoice requests.	Agreed implementation date 31/7/22
22 2021/22	Sundry Debt Management	3	M	Procedures for dealing with credit balances will be reviewed to	Agreed implementation date 31/7/22

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Report No	Report Title	Rec No	Rec Cat	Recommendation	Implementation progress
				determine the reason for a credit balance and arrange refunds / re-allocation that may be required.	
22 2021/22	Sundry Debt Management	4	L	The Privacy Notice for the Finance Service will be finalised and published on the Councils website. The Information Asset Register will also be updated, considering the owner of the data, and changes to the debt recovery process.	Immediate implementation Implemented  <b>DELETE</b>

<b>BASIS FOR AUDIT OPINION</b>		
<b>Assurance level</b>	<b>Internal Audit’s opinion is based on <u>one or more</u> of the following conclusions applying: -</b>	<b>Basis for choosing assurance level</b>
<b>Good</b>	<ul style="list-style-type: none"> <li>• The activity’s key controls are comprehensive, well designed and applied consistently and effectively manage the significant risks.</li> <li>• Management can demonstrate they understand their significant risks and they are proactively managed to an acceptable level.</li> <li>• Past performance information shows required outcomes are clearly defined and consistently met.</li> </ul>	Recommendations are ‘low’ rating. Any ‘moderate’ recommendations will need to be mitigated by consistently strong controls in other areas of the activity.
<b>Adequate</b>	<ul style="list-style-type: none"> <li>• Most of the activity’s key controls are in place, well designed and applied consistently and effectively manage the significant risks.</li> <li>• Management can demonstrate they understand their significant risks and they are generally and proactively managed to an acceptable level.</li> <li>• Past performance information shows required outcomes are clearly defined and generally met.</li> </ul>	Recommendations are ‘moderate’ or “Low” rating. Any ‘significant’ rated recommendations will need to be mitigated by consistently strong controls in other areas of the activity. A ‘critical’ rated recommendation will prevent this level of assurance.
<b>Limited</b>	<ul style="list-style-type: none"> <li>• The activity’s key controls are absent or not well designed or inconsistently applied meaning significant risks.</li> <li>• Management cannot demonstrate they understand and manage their significant risks to acceptable levels.</li> <li>• Past performance information shows required outcomes are not clearly defined and or consistently not met.</li> </ul>	Recommendations are ‘significant’ or a large number of ‘moderate’ recommendations. Any ‘critical’ recommendations need to be mitigated by consistently strong controls in other areas of the activity.
<b>None</b>	<ul style="list-style-type: none"> <li>• The activity’s key controls are absent or not well designed or inconsistently applied in all key areas.</li> <li>• Management cannot demonstrate they have identified or manage their significant risks</li> <li>• Required outcomes are not clearly defined and or consistently not met.</li> </ul>	Recommendations are ‘critical’ without any mitigating strong controls in other areas of the activity.

RECOMMENDATION CATEGORIES		
<b>C</b>	<b>CRITICAL</b>	<p>The identified control weakness could lead to a <b>critical impact</b> on the activity's ability to manage the risks to achieving its key objectives. The control weakness means the associated risk <b>highly likely</b> to occur or have occurred.</p> <p>There are <b>no compensating controls</b> to possibly mitigate the level of risk.</p>
<b>S</b>	<b>SIGNIFICANT</b>	<p>The identified control weakness could have a <b>significant impact</b> on the activity's ability to manage the risks to achieve its key objectives. The control weakness means the associated risk is <b>likely to occur</b> or have occurred.</p> <p>There are <b>few effective compensating controls</b>. Where there are compensating controls, these are more likely to be detective (after the event) controls which may be insufficient to manage the impact. The difference between 'critical' and 'significant' is a lower impact and or lower probability of occurrence and or that there are some compensating controls in place.</p>
<b>M</b>	<b>MODERATE</b>	<p>The identified control weakness could have a <b>moderate impact</b> on the activity's ability to manage the risk to achieving its key objectives. The control weakness <b>does not undermine the activity's overall ability</b> to manage the associated risk (as there may be compensating controls) but could reduce the quality or effectiveness of some processes and or outcomes.</p>
<b>L</b>	<b>LOW</b>	<p>The identified control weakness is <b>not significant</b>, and recommendations are made in general to improve current arrangements.</p> <p>Note – these recommendations will not be followed up.</p>