
INTERNAL AUDIT ANNUAL REPORT 2019/20

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 2019/20

2 BACKGROUND

- 2.1 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.
- 2.2 The UK Public Sector Internal Audit Standards 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).
- 2.3 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 Assistant Director, Resources and Members should gain assurance, for example, service assurance statements and other reviews by external bodies, including external audit.

3 INTERNAL AUDIT COVERAGE AND OUTPUT

- 3.1 The Audit Committee approved the 2019/20 audit plan in May 2019. The Audit Committee has received progress updates on the delivery of the audit plan and the results of individual audits throughout the year. Members were advised of changes to the Plan in March 2020, as to those audits that would be deferred to 2020/21 or would no longer be undertaken as a result of changes to working practices across the Council. The revised Plan has not limited the CAE's ability to provide an opinion on the Council's arrangements for governance, risk management and internal control in operation during 2019/20; sufficient work has been completed during this time.
- 3.2 **Appendix 1** summarises the Internal Audit work completed in 2019/20 and the assurance opinions given. A total of **5** audit engagements, relating to 2019/20, have been completed since the Audit Committee of March 2020; two were rated as 'Good', and three 'Adequate'. 11 new recommendations have been raised. The opinion given and main points arising from these completed audit engagements is summarised at **Appendix 2**.
- 3.3 23 recommendations were brought forward into 2019/20 and during the year a further 38 recommendations were raised, with 16 carried forward to 2020/21.

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 continued to implement a major project to migrate operational systems to a cloud-based structure and this is progressing to a conclusion. The Council's ICT contractor, Eduserv, and the Azure Cloud operator, Microsoft, hold appropriate data management and security accreditation.
- 4.4 Internal Audit's work in relation to ICT during 2019/20 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 A resilience issue came to light in 2018/19 relating to the local ICT infrastructure. This was subject to a full review during 2019/20 and work was scheduled to rectify the deficiencies, but the Covid-19 restrictions resulted in this work being deferred until circumstances change. See ICT Security Report contained within Appendix 2 for details.
- 4.6 One audit review from 2019/20 audit work received a "Limited" assurance opinion. This was the Sundry Debt Management Audit, which was reported to this Committee in March 2020. This is balanced against a further 19 reviews that received an adequate or good rating. There were 4 light touch reviews where no assessment is made, but recommendations may still have been made to address control issues. No other 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.
- 4.7 I am satisfied that sufficient work has been undertaken during 2019/20 to draw a reasonable conclusion on the adequacy and effectiveness of the

Council's arrangements. Based on the work performed during 2019/20 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 2020, generally accord with proper practice and are fundamentally sound, although there are opportunities to improve the 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 money laundering procedures in line with legislative changes
- 5.3 Responsibility for investigation of non benefit fraud; Local Council Tax Support (LCTS), Council Tax and 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 2019/20 cashable savings of approximately £146k have been achieved as a direct result of identifying unbilled properties and withdrawal of discounts or exemption that no longer apply in relation to Council Tax. Further cashable savings of £652k have been achieved as a result of identification of business properties that were previously not on the rating list or had additional space or modifications without notifying the Council or the Valuation Office Agency to seek a subsequent revaluation, and from withdrawal of small business rate relief.
- 5.5 Housing Benefit fraud is investigated by the Department for Work & Pensions, but leads are passed to that organisation by the Compliance Officer, although 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 £36.9k for 2019/20.

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 2016 and 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 2019/20 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 RESOURCE IMPLICATIONS

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

10 LEGAL IMPLICATIONS

- 10.1 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.

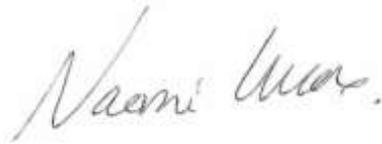
11 EQUALITY AND DIVERSITY IMPLICATIONS

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

12 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

Assistant Director, Resources

Background Papers: -

None.

For further information please contact Mike Porter (Chief Audit Executive) or Jim Kevany (Principal Auditor) on:

Phone: 01702 546366 Ext 3213

Email: mike.porter@rochford.gov.uk

Phone 01702 318075

Email james.kevany@rochford.gov.uk

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

COMPLETED AUDIT ENGAGEMENTS SUMMARY – APPENDIX 1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Abandoned Vehicles Report 1 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Good	26/11/2019	-	1	-	-
Revenues & Benefits System Parameter Testing Report 2 - 2019/20	Council data is lost, disclosed, or misused to detriment of individuals or organisations as a result of inadequate protection.	Light touch review. assessment not given	26/11/2019	-	-	-	-
Well Homes Assistance Grants Report 3 – 2019/20	Failure to innovate and develop new ways of meeting customer needs and expectations. Failure to ensure good governance of the Councils activities and delivery of its priorities.	Good	26/11/2019	-	-	2	-
Housing Allocations Report 5 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Adequate	26/11/2019	-	1	3	-
Social Media Report 6 – 2019/20	Failure to engage with stakeholders to understand and communicate what the	Adequate	26/11/2019	-	-	2	1

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
	Council should be trying to achieve						
Payroll Report 7 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Good	26/11/2019	-	-	3	-
Income Receipting & Banking Report 8 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Adequate	26/11/2019	-	1	-	-
Council Tax Report 9 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Good	26/11/2019	-	-	-	-
Business Rates Report 10 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Good	26/11/2019	-	-	-	-
Sundry Debt Management Report 11 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priorities	Limited	10/3/2020	-	1	4	2

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
General Data Protection Regulations Report 12 – 2019/20	<p>Failure to ensure compliance with the General Data Protection Regulations (GDPR) and unable to demonstrate consistent application of information standards, controls, and statutory compliance.</p> <p>Council held data is lost, disclosed, or misused to the detriment of individuals or organisations as a result of inadequate protection.</p>	Adequate	10/3/2020	-	-	-	-
Risk Management Report 13 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of priority outcomes	Adequate	10/3/2020	-	-	-	-
Emergency Planning Report 14 – 2019/20	Failure to respond to, or provide, relevant services in the event of an incident or disaster	Good	10/3/2020	-	-	-	-
Environmental Health Report 15 – 2019/20	There is a serious food, environmental or other incident for which the Council is culpable	Adequate	28/7/2020	-	-	1	3

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Health & Safety Report 16 – 2019/20	There is a serious health & safety incident for which the council is culpable	Adequate	10/3/2020	-	-	3	1
Grounds Maintenance Contract Report 17 – 2019/20	Failure to obtain consistent value for money (VFM) across all services or to obtain VFM in its procurement	Adequate	10/3/2020	-	-	2	-
Project Management Report 18 – 2019/20	Failure to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes	Light touch review; assessment not given	10/3/2020	-	-	-	-
Performance Management Report 19 – 2019/20	Failure to deliver the objectives of the Council’s Business Plan in terms of measurable outcomes	Light touch review; assessment not given	10/3/2020	-	-	-	-
Counter Fraud Report 20 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of priority outcomes	Adequate	10/3/2020	-	-	-	-
Asset Management Report 21 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes	Adequate	28/7/2020	-	-	4	1

AUDIT COMMITTEE – 28 July 2020

Item 8

AUDIT ENGAGEMENT	CORE ELEMENT OF PLAN	ASSURANCE RATING	REPORTED TO AUDIT COMMITTEE	RECOMMENDATION CATEGORY			
				C	S	M	L
Service Provision to Other Authorities Report 22 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of priority outcomes.	Good	28/7/2020	-	-	-	-
Discretionary Housing Payments Report 23 – 2019/20	Failure to ensure good governance of the Council’s activities and delivery of priority outcomes.	Good	28/7/2020	-	-	-	-
ICT Security Report 24 – 2019/20	Failure to ensure Rochford’s ICT Estate supports achievement of Business Objectives. Council held data is lost, disclosed, or misused to detriment of individuals as result of inadequate protection	Adequate	28/7/2020	-	1	-	1

OTHER WORK UNDERTAKEN		
AUDIT AREA	NATURE OF WORK	REPORTED TO AUDIT COMMITTEE
Housing Benefit Subsidy Report 4 – 2019/20	<p>An in-depth review of transactions made in respect of 40 housing benefit cases from 2018/19. These were selected by and on behalf of BDO, the external auditor appointed for this function. This is a major piece of work taking in excess of 30 audit days and feeds into BDO's own work on Grant Certification.</p> <p>As a result, no Audit Opinion is given.</p>	26/11/2019

APPENDIX 2

2019/20 AUDIT ENGAGEMENTS COMPLETED SINCE MARCH 2020 AUDIT COMMITTEE

ENVIRONMENTAL HEALTH REPORT 15 – 2019/20

Audit objective

To assess whether key issues identified as significant or moderate risk in the Environmental Health Audit of 2017/18 have been adequately addressed and are operating effectively.

To confirm that data protection and risk assessments are effectively managed

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective Early Intervention

Corporate risks

- There is a serious food, environmental or other incident for which the Council is culpable
- Data is lost, disclosed, or misused to the detriment of individuals or organisations

Reason for inclusion in the annual audit plan

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

Audit Opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate ✓	Limited	None
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We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Audit Recommendations arising from 2017/18 Audit work have not been implemented	Adequate	2 Low (nos. 1&2)

Risk area	Assurance Level	No. of Recommendations
There is a serious food, environment, or other incident for which the Council is culpable	Adequate	1 Low (no. 3)
Data is not effectively controlled	Good	None
Risk Assessments are not in place, not relevant or are not up to date	Adequate	1 Moderate (no.4)

Executive Summary

The level of assurance as a result of this Audit reflects the progress that has been made since the 2017/18 review when a number of recommendations were made to improve the service.

The Enforcement Policy for People & Communities was reviewed and agreed by the Review Committee in September 2019. The Policy demonstrates a consistent approach in line with its obligations. It is yet to be published on the Councils website and this will be done imminently. Environmental Health (EH) Service Plans are also in place that clearly identify priorities for the year.

Previous audit work identified that the Council was unable to meet its obligations for prompt inspections of food premises due to capacity issues within the EH and Customer Services teams. Staffing resources have recently improved however the EH service is not yet up to date with their inspection programme for both new and existing premises. The Service is aware, and plans are in place to ensure the Council meets its target for intervention by the end of the financial year. However, there is a risk that food premises are operating when they do not meet required standards. A specific risk should be included on the Service Area Risk Register relating to staff capacity and non-performance of critical tasks.

Sample testing confirmed that food hygiene scores are accurately reflected on the Food Standards Agency (FSA) website. Food complaints and service requests from customers appear to be progressed within a reasonable timeframe, according to the nature and urgency of the case. However, progress and resolutions are not always recorded on Council systems in a timely manner.

There have been issues when extracting and securing data from Council IT systems for the purposes of reporting to the Food Standards Agency. However manual solutions are in place to address these issues and contingency arrangements regarding specialist guidance is available but there may be a cost attached if used.

Standard Operating Procedures (SOP's) are in place. Internal Audit recognise that some of these are overdue for review; however, they are generally fit for purpose in line with procedures and regulations, with the exception of SOP12 (Food Complaints Policy) where written procedures do not reflect actual practice and require a review. Other food related SOP's will be reviewed following the outcome of Britain's exit from the EU.

The Council's approach to air quality management is well established and justified. Internal and countywide controls are in place to ensure that locations of significance are identified for monitoring. Some aspects of air quality information on the Council's website is outdated and these pages require an update.

Data is effectively stored. Sensitive Information is kept electronically, and paper copies are destroyed once they have been scanned to the system. A Privacy Notice is in place on the Council Website for the EH service.

**ASSET MANAGEMENT
REPORT 21 – 2019/20**

Audit objective

To assess whether key issues identified as significant or moderate risk in the Asset Management Audit of 2017/18 and the Insurance Administration Audit of 2018/19 have been adequately addressed and are operating effectively.

To confirm that data protection and risk assessments are effectively managed

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective

- Maximise our assets

Corporate risk

- There is a serious health & safety incident for which the Council is culpable
- Failure to ensure good governance of the Council’s activities and delivery of its priority outcomes

Reason for inclusion in the annual audit plan

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

Audit Opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
	✓		

We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Audit Recommendations arising from 2017/18 and 2018/19 Audit work have not been implemented	Adequate	4 Moderate (Nos. 1-4)

Risk area	Assurance Level	No. of Recommendations
Data is not effectively controlled	Adequate	None
Risk Assessments are not in place, not relevant or are not up to date	Adequate	1 Low (No. 5)

Executive Summary

A great deal of work has been carried out within the Asset Management Team since the Insurance Audit in late 2018/19, which was assessed as “Limited Assurance”.

Work is ongoing in respect of a recommendation from that earlier audit to maintain a single asset register and this will continue to be reported to the Audit Committee until implemented.

During the year there have been changes in the Asset Management Team staff and roles, with further planned changes, which should see the team effectively resourced and structured.

An inspection regime, for operational and non-operational property assets has been created and a full cycle of inspections has taken place in 2019. These are backed up by Fire Risk Assessments, service contracts for fire-safety equipment and systems, a full asbestos register and regular checking for legionella bacteria. Work identified in these external checks has been risk-assessed and completed as required. Record keeping relating to these areas has improved greatly. Fire evacuation drills have taken place at least once in each operational location in the last 12 months.

There is a regular inspection recorded in respect of 57 South Street, which has a much more stringent inspection requirement, by the insurance company, due to its vacant status. This was not being evidenced as carried out during the prior audit review.

Fire alarm checks should be carried out weekly. Examination of the check records for Rochford sites shows that this is not the case, with less than 50% carried out, with significant number of the missed checks occurring during the summer period in 2019.

The Council’s cleaning contractor maintains a record of chemicals used and these are stored in locked cabinets that are suitably labelled. The Asset Team does not have a separate record of these chemicals to hand. Such information would be of great use to the emergency services if they were to attend an incident at the Council offices and records should be held and be available if required.

The re-inspection cycle for testing portable appliances is not up to date. This is fully acknowledged by the Team and it is planned that when additional staff are recruited this would be actioned in a structured manner. In view of the plan, no recommendation is made for this, but it is important that this be carried out as a proactive check to identify potentially dangerous electrical equipment.

Responsibility for ongoing maintenance and checks relating to the depot area used by the grounds' maintenance contractor appears to rest with the Council but this appears to be not addressed at the present. The position should be confirmed, and all relevant checks and related contract works undertaken in future.

Procedures have been put in place to brief contractors on potential risks when working on site and to get them to operate in a manner that is risk-assessed and safe to themselves, staff, and visitors.

Some of the Fire Risk Assessments are reaching the point where renewals are required. On the last occasion these were carried out by an external contractor, but given the work carried out on the action plans and the ongoing service contracts, it is intended to carry out these assessments in-house. This is a reasonable approach on the basis that nothing has changed. Those undertaking the checks are experienced in terms of asset management but may not be recognised as competent persons when it comes to fire risk assessments. It is recommended that liaison be made with the Health & Safety Officer to determine an effective process based on the current level of compliance with the last set of assessments. A similar position exists in respect of asbestos re-inspections, which are overdue.

The Service Risk Register for the Asset Management Team requires an update to reflect current circumstances.

The recommendations arising are intended to build on the work that has been done to date. The assessment of "Adequate" shown recognises the good progress made.

**SERVICE PROVISION TO OTHER LOCAL AUTHORITIES
REPORT 22 – 2019/20**

Audit objective

To review the provision of payroll services / processing election payments for other Local Authorities.

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective Financially Self Sufficient

Corporate risk Failure to ensure good governance of the Council's 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 all Council's activities.

Audit opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
✓			

We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Information received from the contracting authority is not accurately processed	Good	None
System parameters are not correct resulting in incorrect payments	Good	None
Payroll is made without formal approval from the contracting authority	Good	None
Payment distributions are not correctly processed	Good	None

Executive Summary

Rochford District Council acts as a provider of payroll services for the following Local Authorities:

- Castlepoint Borough Council (CBC)
- Castlepoint Borough Council Elections Department
- Brentwood Borough Council Elections Department (BBCED)
- Thurrock Council Elections Department

The contracting authority provides the information required to process the payroll. Assurance is placed on their controls that the data provided is accurate, as outlined in the Service Level Agreements. Data is sent and received securely.

Testing of payroll for CBC and BBCED concluded that the process is effectively controlled. Gross to net pay deductions are accurate and third-party disbursements (e.g. Unison membership, pension contributions etc.) are distributed in a timely manner. Payroll reports are approved by the contracting authority prior to the BACS electronic payment submission and payment arrangements are in place as contracted.

Additional payments such as expenses and mileage are regularly processed for CBC. A sample reviewed found that additional payments are processed correctly and are accurately reflected in pay slips.

The inputting of statutory parameters was reviewed as part of the RDC Payroll Audit work 2019/20. Parameters have been correctly input in line with HMRC guidance.

**DISCRETIONARY HOUSING PAYMENTS
REPORT 23 – 2019/20**

Audit objective

To assess whether the procedures for awarding Discretionary Housing Payments (DHP) are effectively controlled.

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective Early Intervention

Corporate risk Failure to ensure good governance of the Council’s 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 all Council’s activities.

Audit Opinion

Our opinion is expressed on the scale of assurance as set out below:



Good	Adequate	Limited	None
✓			

We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Discretionary Housing Payments (DHP) are awarded for reasons outside the scope of the scheme	Good	None
DHP are awarded when the application form and supporting data does not support the award	Good	None
The appeal process is not effective in cases of declined DHP applications	Good	None
Data is not effectively controlled	Good	None

Executive Summary

Discretionary Housing Payments (DHP) come from a fund that is limited by central government and can provide additional financial assistance to people who are in receipt of Housing Benefit or the housing element of Universal credit. DHP's can assist with shortfalls in rent for a limited period, removal costs or rent deposits. The budget for DHP for 2019/20 is £117,088. The service is on target to remain in budget for this financial year.

The Council has an up to date DHP Policy for 2019/20, which is available on the website. The Policy clearly details the criteria and process for awarding DHP's and is a constantly evolving document that is regularly reviewed.

From a sample tested by Internal Audit, decisions to award DHP's are generally made in a timely manner and conditions for receiving an award are adhered to in line with the Policy. Claimants' circumstances support their applications and awards are correctly calculated based on financial evidence of income and expenditure provided by the claimant and other sources (i.e. Department for Work and Pensions, letting agents etc.). DHP's do not exceed the claimants rent liability and payments are accurately reflected on the Council system, which drives the real time budget reporting.

DHP's are not covered by a statutory appeal mechanism, however, claimants are provided with an appropriate review process should they dispute a decision made by the Council. The process appears to be effective and followed in line with the Policy. Claimants' circumstances and finances are reassessed, considering any new information before a final decision is reached by the Revenue and Benefits Manager.

**ICT SECURITY
REPORT 24 – 2019/20**

Audit objective

To provide a non-technical overview, to assess actions and to raise awareness of risks of cyber security and preparedness to withstand cyber attacks

Corporate links

This audit contributes to the assurance available in regard to the following Business Plan objectives and risks identified on the corporate risk register:

Business Plan objective Effective use of Information & Communications Technology (**ICT**) underpins all of the Council's objectives

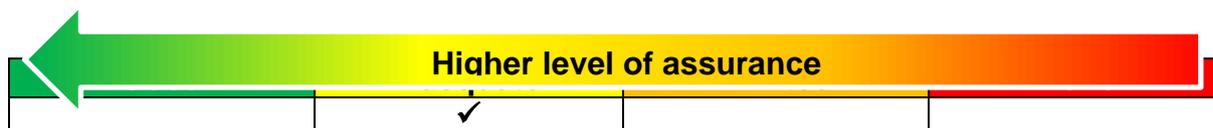
Corporate risk Failure to ensure Rochford's ICT Estate supports achievement of Business Objectives. Council held data is lost, disclosed, or misused to detriment of individuals as result of inadequate protection

Reason for inclusion in the annual audit plan

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

Audit opinion

Our opinion is expressed on the scale of assurance as set out below:



We have formed our audit opinion based on how well controls have been designed and effectively operated to mitigate the following risks:

Risk area	Assurance Level	No. of Recommendations
Policies and procedures for use of ICT are not accurate or effective	Adequate	One Low
Staff are not aware of risks and nature of potential cyber attacks	Good	None
There are ineffective controls over who has access to the RDC Network and how access is made	Adequate	None
Back-up routines for RDC data are not effective	Adequate	None
Firewalls & malware protection systems are not effective	Adequate	None

Risk area	Assurance Level	No. of Recommendations
Data security of RDC or third-party organisations where RDC data is domiciled is not effective	Adequate	One Significant
RDC or contractor business continuity / resumption arrangements are not robust	Limited	None See text below

Executive Summary

This review is non-technical and is fundamentally based on discussion with ICT staff and reference to available data relating to physical security of the Council’s ICT systems. Accordingly, it is not realistic to assess certain areas above adequate as the actual processes have not been technically tested. This review concentrates on Network issues, not individual operational systems, which are addressed in relevant audit work.

The Council is not compliant with the Public Sector Network (PSN) standard. This is no change from the position reported previously. Central government is moving away from the PSN and its digital policy is to use the internet more, in particular the use of cloud data management and secure systems such as O365, and the Council has followed this route. The vast majority of the reasons for non-compliance was significant use of old, unsupported servers in a basic data centre. Since the last report in 2018/19 the majority of the Council’s systems have migrated to a cloud or managed service with the remaining key applications to move early in 2020/21. The Council’s cloud providers comply with the required information security standards. Members and staff now use the O365 system on updated Council-issued equipment. Once the migration has been completed it is recommended that the Council commissions a penetration test to determine the effectiveness of the defences.

There are a range of policies and procedures concerning ICT Security. An Information Management Policy document was updated in 2019 but the rest of the supporting policies and procedures were last updated in 2013. They are considered to be generally fit for purpose but do require an update to reflect current and proposed changes in the way the Council works.

Testing identified many potential users of the network that were ex-staff, or who were not known to the auditor. Many of these were ICT contracts related users. Liaison with the ICT Team identified 85 to be deleted. Actual risk was considered low, but it is important to control access. In view of the work done at the time of the review no recommendation is required.

By discussion, the use of the cloud, the O365 platform and the issue of new kit, much of it in laptop or tablet format, increases the resilience of the ICT environment with ability for significant use of out of office working, as exhibited during the Coronavirus lockdown. Cloud centres have business continuity arrangement that should provide relatively seamless movement to alternative up to date servers in the event of server compromise. The Council uses industry standard malware protections including policy driven web and email filters than can identify and exclude

most threats. There is regular communication with staff about current threats and awareness, particularly in respect of potentially dangerous phishing emails. The Council works with various groups that would be able to provide guidance and support to assist if a malware attack occurred.

Whilst not strictly security related there was an issue in 2018/19 that resulted in non-availability of ICT services for a period of time, as a result of shortcomings in the internal infrastructure. Work was carried out at the time, which stabilised the position but did not remedy it. During the year, a detailed survey was carried out by a third-party contractor. This identified several areas where work was required to bring the infrastructure up to an acceptable standard. The work had been commissioned but was, however, deferred due to the Coronavirus lockdown. This will be treated as a priority matter when restrictions are lifted. This is expected to significantly increase the resilience of the infrastructure. This will be monitored for completion by Internal Audit and no recommendation is required.