

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

THE INTERNAL AUDIT PROGRESS REPORT

Relevant Portfolio Holder	Councillor Karen Ashley
Portfolio Holder Consulted	Yes
Relevant Head of Service	Peter Carpenter, s151 Officer
Report Author: Andy Bromage	Job Title: Head of Internal Audit Shared Service Worcestershire Internal Audit Shared Service Contact email: andy.bromage@worcester.gov.uk Contact Tel: 01905 722051
Wards Affected	All Wards
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	Good Governance & Risk Management Underpins all the Strategic Purposes.
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

1. RECOMMENDATIONS

The Audit, Governance & Standards Committee recommend:-

1) the report is noted.

2. BACKGROUND

The involvement of Members in progress monitoring is considered an important facet of good corporate governance, contributing to the internal control assurance given in the Council's Annual Governance Statement.

This section of the report provides commentary on Internal Audit's performance for the period 01st April 2022 to 31st January 2023.

Summary Dashboard 2022/23:

Total reviews planned for 2022/23	15 (minimum)
Reviews finalised to date for 2022/23:	7 (incl. bus operator grant & LADS2 Grants)
Assurance of 'moderate' or below:	4
Reviews awaiting final sign off:	2
Reviews ongoing:	8
Reviews to commence (Q4):	0
Number of 'High' Priority recommendations reported:	1
Satisfied 'High' priority recommendations to date:	0
Revised Plan delivery to January 2023:	72%

Since the last progress report presented to the Committee, two reports have been finalised, two reports are at clearance/draft report stage and eight reviews are ongoing.

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Follow Up outcomes are reported in Appendices 4 and 5 and by exception.

All 'limited' or below assurance reviews go before Corporate Management Team for full consideration.

2022/23 AUDITS TAKING PLACE AS AT 31st JANUARY 2023

A rolling programme of testing has taken place during quarters 1 to 3 for Debtors, Creditors and Payroll. The results will be reported during quarter 4.

The reviews that have been finalised since the last committee update:

- Debtors
- Main ledger

The reviews that are at draft report or clearance stage are:

- Workshop Licensing Compliance
- Payroll

Reviews that had commenced and at planning and testing stages included:

- Transformation Team Utilisation
- Creditors
- Treasury Management
- Council Tax
- National Non-Domestic Rates
- Benefits
- Risk Management
- ICT

As the above are classified as 'on going' the assurance and outcome of the reviews will be reported at Committee on completion.

Critical review audits are designed to add value to an evolving Service area. Depending on the transformation that a Service is experiencing at the time of a scheduled review a decision is made regarding the audit approach. Where there is significant change taking place due to transformation, restructuring, significant legislative updates or a comparison required a critical review approach will be used. To assist the service area to move forwards challenge areas will be identified using audit review techniques. The percentage of critical reviews will be confirmed as part of the overall outturn figure for the audit programme. The outturn from the reviews will be reported in summary format as part of the regular reporting.

Internal Audit are continuing to consider new processes emerging from the ongoing changing working arrangements that have been necessary to continue

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to provide Redditch residents with services post pandemic. Plan flexibility is continuing to be required to include and provide assurance on potential areas of change.

Follow up reviews are an integral part of the audit process. There is a rolling programme of review that is undertaken to ensure that there is progress with the implementation of the agreed action plans (Appendix 4). The outcomes of the follow up reviews are reported in full (Appendix 5) so the general direction of travel and the risk exposure can be considered by Committee. An escalation process involving CMT and SMT is in place to ensure more effective use of resource regarding follow up to reduce the number of revisits necessary to confirm the recommendations have been satisfied.

3.4 AUDIT DAYS

Appendix 1 provides a summary of delivery. At the 31st January 2023 a total of 217 days had been delivered against an overall revised target of 300 days for the year.

Appendix 2 shows the indicative plan for the year and the progress made to deliver it.

Appendix 3 provides copies of the reports that have been completed and final reports for 2022/23 issued since the previous progress report presented to Committee.

Appendix 4 provides a summary overview of the follow up programme.

Appendix 5 provides copies of the completed Follow Up Reports.

3.5 OTHER KEY AUDIT WORK

Much internal audit work is carried out “behind the scenes” but is not always the subject of a formal report. Productive audit time is accurately recorded against the service or function as appropriate. Examples include:

- Governance for example assisting with the Annual Government Statement
- Risk management
- Transformation review providing support as a ‘critical appraisal’
- Dissemination of information regarding potential fraud cases likely to affect the Council
- Drawing managers’ attention to specific audit or risk issues
- Audit advice and commentary
- Internal audit recommendations: follow up review to analyse progress
- Day to day audit support and advice for example control implications, etc.

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- Networking with audit colleagues in other Councils on professional points of practice
- National Fraud Initiative coordination of uploads.
- Investigations

National Fraud Initiative

- 3.6 National Fraud Initiative data set uploads were completed by the end of November 2022 and January 2023. The results from those matches are now being received and the various Service areas will work through them and take appropriate action. WIASS continue to provide advice and assistance regarding the process.

Monitoring

- 3.7 To ensure the delivery of the 2022/23 plan and any revision required there continues to be close and continual monitoring of the plan delivery, forecasted requirements of resource – v – actual delivery, and where necessary, additional resource will be secured to assist with the overall Service demands. The Head of Internal Audit Shared Service remains confident his team have provided the required coverage for the year to ensure an internal audit opinion can be reached using reviews from the authority's core financial systems, as well as other systems. Changes to the plan have been discussed with the s151 Officer and reported to Committee.

4. FINANCIAL IMPLICATIONS

- 4.1 There are no direct financial implications arising out of this report.

5. LEGAL IMPLICATIONS

- 5.1 The Council is required under Regulation 6 of the Accounts and Audit Regulations 2018 to "maintain in accordance with proper practices an adequate and effective system of internal audit of its accounting records and of its system of internal control".

6. STRATEGIC PURPOSES - IMPLICATIONS

Relevant Strategic Purpose

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- 6.1 Good governance along with risk management underpin all the Corporate strategic purposes. This report provides an independent assurance over certain aspects of the Council's operations.

Climate Change Implications

- 6.2 The actions proposed do not have a direct impact on climate change implications.

7. OTHER IMPLICATIONS

Equalities and Diversity Implications

- 7.1 There are no implications arising out of this report.

Operational Implications

- 7.2 There are no new operational implications arising from this report.

8. RISK MANAGEMENT

- 8.1 The main risks associated with the details included in this report are to:
- Insufficiently complete the planned programme of audit work within the financial year leading to an inability to produce an annual opinion; and,
 - a continuous provision of an internal audit service is not maintained.

9. APPENDICES and BACKGROUND PAPERS

- Appendix 1 ~ 2022/23 Internal Audit Plan summary of delivery
- Appendix 2 ~ 2022/23 Plan progress
- Appendix 3 ~ 2022/23 Finalised audit reports including definitions
- Appendix 4 ~ 2022/23 Follow Up Programme Overview
- Appendix 5 ~ 2022/23 Follow Up Reports

REDDITCH BOROUGH COUNCIL

Date: 23rd March 2023

AUDIT, GOVERNANCE & STANDARDS COMMITTEE

APPENDIX 1

Delivery against Internal Audit Plan for 2022/23
1st April 2022 to 31st January 2023

Audit Area	Revised 2022/23 Plan Days	Days used to 31 st January 2023
Core Financial Systems (see note 1)	88	51
Corporate Audits	43	18
Other Systems Audits (see note 2)	134	125
SUB TOTAL	265	194
Audit Management Meetings/ Corporate Meetings / Reading	35	23
Annual Plans, Reports and Audit Committee Support		
Other chargeable (see note 3)	0	0
SUB TOTAL	35	23
TOTAL	300	217
Rubicon	0	0

Audit days used are rounded to the nearest whole.

Note 1: Core Financial Systems are audited predominantly in quarters 3 and 4 in order to maximise the assurance provided for Annual Governance Statement and Statement of Accounts but not interfere with year-end. A rolling programme continues regarding Debtors, Creditors and Payroll to maximise coverage and sample size. The overall results will be reported during Q4.

Note 2: Several budgets in this section are 'on demand' (e.g. consultancy, investigations) so the requirements can fluctuate throughout the quarters potentially resulting in unallocated days.

Note 3: 'Other chargeable' days equate to times where there has been, for example, significant disruption to the IT provision resulting in lost productivity.

REDDITCH BOROUGH COUNCIL

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Appendix 2

2022/23 Internal Audit Plan

Audit Area	Corporate Link (corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23	Current Position	Estimated Resource 2022/23
FINANCIAL					
Debtors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q1 to Q4	Final Report issued 20 th February 2023	12*
Main Ledger/Budget Monitoring/Bank Rec (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 to Q4	Final Report issued 20 th February 2023	13*
Creditors (note 1)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q1 to Q4	Rolling Programme/ Testing in progress	12*
Treasury Management (incl. strategic acquisitions)	Enabling	Lack of robust financial accounting and monitoring arrangement	Q2	Testing in progress	6*
Council Tax	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 to Q4	Testing in progress	8*
Benefits	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 to Q4	Testing in progress	10*
NNDR	Enabling	Lack of robust financial accounting and monitoring arrangement	Q3 to Q4	Testing in progress	8*

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Audit Area	Corporate Link (corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23	Current Position	Estimated Resource 2022/23
Payroll	Enabling & Contractual Obligation	Lack of robust financial accounting and monitoring arrangement	Q1 to Q3	Clearance Stage	19
Sub TOTAL					88
CORPORATE					
IT Audit (Cyber essentials)	Fundamental to strategic purpose delivery	N/a	Q3 - Q4	Testing in Progress	15*
Risk Management (Action plan implementation) (note 2)	Fundamental to strategic purpose delivery	S151 request	Q3 - Q4	Testing in Progress	10*
GIS & Gazetteer – Phase 1	Fundamental to strategic purpose delivery	HoS	Q1	Final Report issued 16/08/2022	10*
Transformational Team Utilisation	Fundamental to strategic purpose delivery	HoS	Q1 - Q2	Testing in progress	8*
Disabled Facility Grants	Enabling	N/a		Liaison with County underway	0
Sub TOTAL					43

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Audit Area	Corporate Link (corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23	Current Position	Estimated Resource 2022/23
SERVICE DELIVERY					
Community & Housing Service					
Homelessness Grants	Help me to live my life independently	HoS	Q1	Final Report Issued 24/11/2022	20
Housing Revenue Account	Help me to live my life independently	HoS	Q4	Rolled to 2023/24	(15)
Lifeline Service	Help me to live my life independently	HoS	Q2	External scrutiny/audit therefore no further action required	(0)
Community Safety Grant	Help me to live my life independently	HoS	Q2	Replaced the Lifeline Service Review	10
Environmental & Housing Property Services					
Workshop Licensing Compliance	Fundamental to strategic purpose delivery	HoS	Q2	Draft Report issued 22 nd February 2023	15
Fuel Usage Across the Fleet	Fundamental to strategic purpose delivery	HoS	Q1	Final report issued 28/10/2022	25

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Audit Area	Corporate Link (corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23	Current Position	Estimated Resource 2022/23
Planning, Regeneration & Leisure					
Leisure Strategy	Provide good things for me to see, do and visit	HoS	Q3 - Q4	Rolled to 2023/24.	(6)
Sub TOTAL					70
Other Operational Work					
Advisory, Consultancy & Contingency	Operational support	N/a	Q1 - Q4	Ongoing	10
Fraud & Investigations incl. NFI	Operational support	N/a	Q1 - Q4	Ongoing	15
Completion of prior year's audits	Operational support	N/a	Q1	Completed	12
Report Follow Up (all areas)	Operational support	N/a	Q1 - Q4	Ongoing	15
Statement of Internal Control	Operational support	N/a	Q1 & Q4	Q1 completed	6
Bus Operators Grant	Operational support	N/a	Q1 & Q3	Q1 return completed	6
Sub TOTAL					64

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Audit Area	Corporate Link (corporate Priority / Strategic Purpose)	Risk Register Reference	Indicative Date of Delivery 2022/23		Current Position	Estimated Resource 2022/23
Audit Management Meetings	Operational support	N/a	Q1 to Q4		Ongoing	35
Corporate Meetings / Reading	Operational support	N/a	Q1 to Q4			
Annual Plans, Reports & Committee Support	Operational support	N/a	Q1 to Q4			
Sub TOTAL						35
TOTAL						300

Rubicon Leisure	Arms-length LA Company	N/a	N/a		Rolled to 2023/24	0
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Explanatory Notes:

*As part of the increasing joint and shared service working between Bromsgrove District Council and Redditch Borough Council the audit budgets and areas will feature in the internal audit plans and be consolidated to deliver a single piece of work covering both Councils. Where practically possible the days will be split equally between the plans. Weighting will, however, be applied if it is considered the focus of the work will major on one Council.

The customer journey will be considered overall as part of the service audits.

Note 1: New financial system therefore audit budget increase.

Note 2: Risk management relaunch reviewing ongoing progress against action plan and reporting.

Note 3: There was no budget included in the plan for this additional piece of work.

Appendices A & B are indicated below and are applied to all reports.

Appendix A

Definition of Audit Opinion Levels of Assurance

Opinion	Definition
Full Assurance	<p>The system of internal control meets the organisation's objectives; all of the expected system controls tested are in place and are operating effectively.</p> <p>No specific follow up review will be undertaken; follow up will be undertaken as part of the next planned review of the system.</p>
Significant Assurance	<p>There is a generally sound system of internal control in place designed to meet the organisation's objectives. However isolated weaknesses in the design of controls or inconsistent application of controls in a small number of areas put the achievement of a limited number of system objectives at risk.</p> <p>Follow up of medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Moderate Assurance	<p>The system of control is generally sound however some of the expected controls are not in place and / or are not operating effectively therefore increasing the risk that the system will not meet its objectives. Assurance can only be given over the effectiveness of controls within some areas of the system.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
Limited Assurance	<p>Weaknesses in the design and / or inconsistent application of controls put the achievement of the organisation's objectives at risk in many of the areas reviewed. Assurance is limited to the few areas of the system where controls are in place and are operating effectively.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>
No Assurance	<p>No assurance can be given on the system of internal control as significant weaknesses in the design and / or operation of key controls could result or have resulted in failure to achieve the organisation's objectives in the area reviewed.</p> <p>Follow up of high and medium priority recommendations only will be undertaken after 6 months; follow up of low priority recommendations will be undertaken as part of the next planned review of the system.</p>

Appendix B
Definition of Priority of Recommendations

Priority	Definition
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. Immediate implementation of the agreed recommendation is essential in order to provide satisfactory control of the serious risk(s) the system is exposed to.
Medium	Control weakness that has or is likely to have a medium impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation within 3 to 6 months is important in order to provide satisfactory control of the risk(s) the system is exposed to.
Low	Control weakness that has a low impact upon the achievement of key system, function or process objectives. Implementation of the agreed recommendation is desirable as it will improve overall control within the system.

2022/23 Audit Report.

Finalised report since the last Committee sitting.

Worcestershire Internal Audit Shared Service



Bromsgrove
District Council
www.bromsgrove.gov.uk

Final Internal Audit Report

Accounts Receivable 2022/23

20th February 2023

Distribution:

To: Head of Finance and Customer Services

CC: Section 151 Officer

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1. Introduction

- 1.1 The audit of Accounts Receivable system was included in the Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2022/23 as approved by the Audit, Governance and Standards Committee on 28th July 2022 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 21st July 2022.

2 Background

- 2.1 In 2021/22 Internal Audit carried out a full review of the Accounts Receivable module. The review provided an assurance level of limited as although invoices and credit notes were being raised and the system does provide a good audit trail of transactions there were some issues

around old balances brought forward and the clearing of the debtor's suspense account due to an issue with the cash receipting system. This meant that the accuracy of debtors' accounts could not be verified so some but not all debt collection had been suspended.

- 2.2 There was also a finding around systems access in relation to 2 factor authentication. Internal audit can now report that this recommendation has been implemented and no further action is required.
- 2.3 In the last year there has been a change in the Director of Resources and the Head of Finance and Customer Services. However, the now S151 Officer was the previous Interim Head of Finance and Customer Services and had identified the issues with the system and had created an action plan to address this. Unfortunately, recruitment of staff has meant that the plan was delayed.

3 Audit Opinion and Executive Summary

- 3.1 Since the review was undertaken last year there has been a positive direction of travel. The Council has a full understanding of systems issues and worked with the system provider to provide an update to fix this issue.
- 3.2 The update to the system has been made and was rolled into the live system in November 2022.
- 3.3 Now the system has been updated, there will need to be a period of making sure that the data is as accurate as can be and Debtors account balances are correctly stated. Therefore, a tidying up exercise and a reconciliation with the General ledger will be required. It is hoped that by April 2023 the system will be working as intended.
- 3.4 Debt Management procedures can then be undertaken in full.
- 3.5 Training on the system in order to use its full functionality was also recommended in the previous review. There is a plan for the service to develop a series of training for officers to understand why they need to process things in a certain way and help staff understand the impact of failing to do things. This is hoped to be achieved from April 2023.

4 Overall conclusion

Good progress has been made as after testing had taken place on an update to the system to ensure that this had resolved the issue in November 2022 the update was implemented on the live system. This is now working and therefore from that point onwards the information within the Accounts Receivable module will be correct.

Internal Audit can report that the Council are raising invoices and chasing debt where practical. A reconciliation with the General Ledger will be required in order to ensure that the two systems are showing the same Debtors Balance. These reconciliations will be undertaken in phases in line with the production of the Statement of Accounts. The outstanding 2020/21 Statement of Accounts have been produced the next phase will be the production of the 2021/22 Statement of Accounts. Therefore, there is still work to be undertaken before a full Debt Management process can be implemented.

Although good progress is being made the Limited Assurance from the previous review remains as there is still work to be undertaken to ensure the accuracy of the data held within the Accounts receivable module.

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Worcestershire Internal Audit Shared Service



Final Internal Audit Report

General Ledger 2022/23

Date 20th February 2023

Distribution:

To: Head of Finance and Customer Service
Section 151 Officer

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1. Introduction

- 1.2 The audit of the General Ledger was included in the Internal Audit Shared Service Audit Plan for Redditch Borough Council for 2022/23 as approved by the Audit, Governance and Standards Committee on 28th July 2022 and for Bromsgrove District Council as approved by the Audit, Standards and Governance Committee on 21st July 2022.

2 Background

- 2.1 In February 2020 the Council transferred to a new finance system. Since that date there have been several issues with the set up of the system and its functionality.

- 2.2 In addition to this an additional pressure came when officers that had been allocated administration status and had the knowledge on how the system worked left the Council for new employment. The difficulties faced in recruitment to the vacant posts meant that resources within the Finance Section were scarce and it was necessary to concentrate on the areas that were the greatest risk to the council.
- 2.3 In the last year there has also been a change in the Director of Resources and the Head of Finance and Customer Services.
- 2.4 In the previous financial year the then interim Head of Finance and Customer Services devised an action plan to address the issues and the risks posed from the problems encountered with the finance system and the resources within the Finance team.
- 2.5 Although there was an initial difficulty in recruitment of staff this has now been resolved and the majority of posts have been filled.
- 2.6 In relation to the system there were known issues with the system which meant that reconciliations could not be undertaken, budget monitoring was not taking place and the Councils were behind with the preparation of the Statement of Accounts.
- 2.7 It should be noted that the Finance Team did to their credit, produce a 2022/23 budget that was presented to Members.
- 2.8 Because of this there was no point in Internal Audit carrying out a review of the system as no assurance could be gained that the data was accurately recorded, the review would also have only told the Council what they already knew and therefore a statement was presented to Members informing them of the situation and the risks this posed.

3 Audit Opinion and Executive Summary

- 3.1 We are again unable to give any assurance over the controls within this area or the accuracy of the data held within the main ledger. Although it should be noted that a lot of work has been undertaken to address the issues identified and whereas no Budget monitoring had taken place this year there has been some.
- 3.2 The main issue was the cash receipting module which was not recognising the correct entity to post the receipts to as the system has been set up as one ledger rather than three individual ledgers. This has resulted in incorrect, multiple and duplicate cash posting meaning that

reconciliations could not be undertaken, suspense accounts could not be cleared, and the Statement of Accounts could not be completed until the module had been fixed. In November 2022 after testing had taken place the system was updated to fix the problems with the cash receipting module. This has meant that whereas previously an abnormal number of transactions were being sent to the suspense account this has now reduced to what could be expected of a fully functioning system.

- 3.3 The General Ledger module is currently being driven by the Finance team. Once Finance are satisfied the issues have been fully resolved and the data held within is accurate training will be provided and then the module will be rolled out to the services to undertake their own budget monitoring.
- 3.4 Even though the Finance team have been facing these issues budget monitoring for both Redditch Borough Council and Bromsgrove District Council has taken place.

4 Overall conclusion

The system issues have now been fully identified and the Council have worked with the provider to resolve the issues which were mainly based around the cash receipting module. At the initial stage of this review the Finance Team which are now adequately resourced were in the testing stage but have since implemented the update into the live system and are now concentrating on the completion of the remaining outstanding Statement of Accounts. This is a big step forward from where the Council were at the beginning of the year with no fix in place for the system issues and a lack of resource.

If the timetable to complete all outstanding Statement of Accounts is achieved then the Council will be in a good position for the beginning of the 2023/24 Financial Year.

There is no point at this current time carrying out a full review as issues/risks are already known to the Service and are being monitored by the Head of Finance and Customer Services on a daily basis. The Head of Worcestershire Internal Audit Shared Service and the Head of Finance and Customer Services are meeting on a monthly basis to discuss progress and the risks still faced by the Councils.

As at this time there is still a risk posed to the Councils Internal Audit will bring forward the 2023/24 review to the 2nd Quarter to allow time for the Statement of Accounts to all be brought up to date and for reconciliations to be completed and suspense accounts to be cleared.

5. Independence and Ethics:

- WIASS confirms that in relation to this review there were no significant facts or matters that impacted on our independence as Internal Auditors that we are required to report.
- WIASS conforms with the Institute of Internal Auditors Public Sector Internal Audit Standards as amended and confirms that we are independent and able to express an objective opinion in relation to this review.
- WIASS confirm that policies and procedures have been implemented to meet the IIA Ethical Standards.
- Prior to and at the time of the audit no non-audit or audit related services have been undertaken for the Council within this area of review.

Head of Internal Audit Shared Services

Overview of Follow Up Programme

	Year of Review	Review Area	Assurance	Follow Up Position	Indicative Date of Follow Up		Conclusion
RBC	20/21	Orb	Moderate	Completed			
RBC	20/21	Use of Agency and Consultancy	Critical review	Completed			
RBC	21/22	Strategic Acquisitions	Significant	Completed			
RBC	21/22	Projects	Moderate	Completed			
RBC	21/22	Fuel Usage	Critical review	Completed			
RBC	21/22	Budget Monitoring	Critical review	Completed			
RBC	21/22	Procurement	Limited	1st	Sep-22	Q2	Update report provided Jan 2023
RBC	21/22	General Data Protection Regulation	Moderate	2nd	Jul-22	Q3	1 recommendation implemented and 2 partially implemented. Further follow up required.
RBC	21/22	Grants	Significant	1st	Nov-22	Q3	Awaiting sign off
RBC	21/22	Treasury Management	Significant	1st	Dec-22	Q3	Included in the 22/23 Audit

REDDITCH BOROUGH COUNCIL

Audit, Governance & Standards Committee

23rd March 2023

	Year of Review	Review Area	Assurance	Follow Up Position	Indicative Date of Follow Up		Conclusion
RBC	21/22	Accounts Receivable	Limited	1st	Dec-22	Q3	Included in the 22/23 Audit
RBC	21/22	Asbestos	Significant	1st	Feb-23	Q4	Awaiting Management Response
RBC	21/22	Gas Inspections	Significant	1st	Feb-23	Q4	Awaiting Management Response
RBC	21/22	Council Tax	Significant	1st	Nov-22	Q3	Included in the 22/23 Audit
RBC	21/22	National Non-Domestic Rates	Significant	1st	Nov-22	Q3	Included in the 22/23 Audit
RBC	21/22	Risk Management	No	1st	Nov-22	Q3	Included in the 22/23 Audit
RBC	21/22	Benefits	Significant	1st	Nov-22	Q3	Included in the 22/23 Audit

Note: 2022/23 Review areas will be added to the table when they become due for a follow up visit.

Follow Up Reports

Worcestershire Internal Audit Shared Service



GDPR-Document Retention 2021/22

1st Follow-up Report - 13th January 2023

Distribution:

To: Head of Transformation
ICT Transformation Manager
ICT Operations Manager
Cc: Chief Executive

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Section A - Justification of Audit Follow-up Approach

The date of the final audit Report was 05/11/2021 and is being followed up because:

- 1 'high' and 2 'medium' priority recommendations were made.

The following audit approach has therefore been applied:

- The 1 'high' and 2 'medium' priority recommendations have been updated with the current position. (Please see Section C)
- Where required recommendations against weaknesses in key controls have been tested and evidenced.

Section B - Conclusion - Current Position statement

The original audit report gave **Moderate Assurance** over the control environment and this is the 1st follow-up.

Out of the 1 'high' and 2 'medium' priority recommendations 1 'medium' priority recommendation in relation to the Asset Information and Retention of Electronic Data has been implemented.


The 'high' priority recommendation in relation to Two Factor Authentication and the 'medium' priority recommendation in relation to printing from home have been partially implemented and the risk to the Council has been reduced. However more work is required to fully implement these recommendations to further mitigate potential risk.

From the explanations received and evidence provided, internal audit is satisfied that with the change of direction made since the review was undertaken, that good progress has been made to reduce the risk to the authority. As some of the actions have not been fully implemented there will be a further follow up required in the next 6 months to check that the progress of the remaining actions have been fully implemented.

This follow up was undertaken during the month of January 2023.

Section C – Current Position

Ref./ Priority	<u>Recommendation</u>	<u>Management Response and Action Plan</u>	<u>1st Follow up Position at 11th January 2023</u>
1 High	<p><u>Two factor authentications</u></p> <p>To review if the security protocols currently in place on the network and on cloud-based systems is secure enough especially those that only have single factor authentication.</p>	<p>Responsible Manager: ICT Manager</p> <p>Implementation date: December 2021</p> <p>It is accepted that there is a risk around the two-factor authentication and the authority is aware of the current risks around 3rd party users.</p> <p>This is currently in progress as ICT are working through a list of all 3rd party users and looking to move these to a two-factor authentication when accessing the network.</p> <p>Some mitigation is being put in place for the 3rd parties by doing a posture check on all devices to ensure they are who they say they are.</p> <p>In relation to Tech one – ICT are working with the tech team at Tech one and are working to resolve the issue.</p>	<p>Partially Implemented</p> <p>Since the review was undertaken there has been a positive direction of travel in the level of security that IT are implementing to protect Council data.</p> <p>A two step authentication has been put in place to gain system access and some systems require two step authentications to be able to use cloud based systems such as Shared Point.</p> <p>There are still further actions to take place on other cloud-based systems which will be implemented by spring 2023.</p>
2 Medium	<p><u>Asset Information Register and Retention of Electronic Data</u></p> <p>As a new Information asset register is being developed, there needs to be a process in</p>	<p>Responsible Manager:</p>	<p>Implemented</p>

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	<p>place that clearly allocates responsibilities to ensure the document is kept up to date and that data is being destroyed in an appropriate and timely manner in case of challenge by the ISO.</p> <p>For examples a sign off sheet is completed by service areas annually.</p> <p>Clarity needs to be provided to service areas as part of the plans of the new system, as to what the corporate expectation is for updating records and ensuring all data is cleansed as required.</p>	<p>ICT Manager and Head of Transformation & Organisational Development</p> <p>Implementation date: December 2021</p> <p>There is a campaign currently in place with the comms team to help with destroying information once it has surpassed the data retention period.</p> <p>Both authorities are working to conduct an Interactive approach to help staff change their behaviour when it comes to the cleansing of data and keeping the asset register and retention schedule up to date.</p> <p>Currently if an issue is found, it gets reported to the ICT manager on a weekly basis, which would then be escalated by the ICT Manager to the Head of Service of the service area.</p> <p>Accept the risk that there is no current sanctions if this continues after talking to the Head of Service, so proposing taking the escalation further to CMT for sanctions to take place.</p>	<p>The Information Support Team have been working to securely destroy information that has surpassed the data retention period.</p> <p>This will be an on-going process as data will continue to reach its data retention date and therefore require disposal.,</p> <p>However, there is a robust control in place through the Information Management weekly meetings with an agenda that features reviewing Physical records including those that have been archived at Bromsgrove and Redditch.</p> <p>Although the Information Management Team attend the meeting weekly other attending officers will vary and is dependent on what's on the agenda.</p>

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<p>3 Medium</p>	<p><u>Printing from home policy and Docmail</u></p> <p>If printing from home is not going to be allowed, then this needs to be clearly communicated to all staff and a review undertaken outside of the network on work devices, to ensure that appropriate controls are in place to disable printers such as Bluetooth/USB/WIFI from being added to the laptop.</p> <p>To review the current ICT security policy and decide if printing from home needs to be included within the policy, so that if caught sanctions can be provided, especially if the authority is moving towards a more agile way of working.</p> <p>To review the Docmail system and decide if additional procedures and policies need to be developed to either permit staff to be able to use the Docmail freely or if sanctions need to be introduced against staff as a deterrent from sending information to their homes which could ultimately lead to either a data breach or financial cost to the council.</p>	<p>Responsible Manager: ICT Manager and Head of Transformation & Organisational Development</p> <p>Implementation date: March 2022</p> <p>Currently there is an agile working policy in draft which is going to CMT for approval. This policy will include information in relation to not printing from home and will encourage more electronic data rather than hard copy.</p> <p>Investigations by ICT to take place to check if administration rights are enabled for staff to add printers when working from home. If so, will remove admin rights to do this and add appropriate measures to reduce the risk.</p> <p>In relation to Docmail – The Head of Transformation & Organisational Development will speak with the Personal Assistant responsible for the Docmail system to assess the measures that can be put in place to monitor and reduce the risk.</p>	<p>Partially Implemented</p> <p>The draft agile policy went to the Corporate Management Team the outcome of which was that a project plan would take place, where discussions would take place with each of the services in the Authority to agree how the Authority will proceed in the future. This plan will be implemented by the end of 2023.</p> <p>An IT permissions policy has been implemented to prevent users from adding/removing printers.</p>