

Internal Audit Progress Report 2022-23

Mid Devon District Council Audit Committee

March 2023

Tony Rose
Head of Audit Partnership



Auditing for achievement

Introduction

The Audit Committee, under its Terms of Reference contained in Mid Devon District Council's Constitution, is required to consider the Chief Internal Auditor's annual report, to review and approve the Internal Audit programme, and to monitor the progress and performance of Internal Audit.

The Accounts and Audit (Amendment) (England) Regulations 2015 introduced the requirement that all Authorities carry out an annual review of the effectiveness of their internal audit system and incorporate the results of that review into their Annual Governance Statement (AGS), published with the annual Statement of Accounts.

The Public Sector Internal Audit Standards require the Head of Internal Audit to provide an annual report providing an opinion for use by the organisation to inform its governance statement. This report provides our proposed opinion for 2022-23 based on work undertaken to date in the Opinion Statement.

The Internal Audit plan for 2022-23 was presented and approved by the Audit Committee in March 2022. The following report and appendices set out the background to audit service provision; summaries of audit work undertaken during the year and provides an opinion on the overall adequacy and effectiveness of the Authority's internal control environment.

Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- the assurance statement within this report.
- the basis of our opinion and the completion of audit work against the plan.
- the scope and ability of audit to complete the audit work.
- audit coverage and findings provided.
- the overall performance and customer satisfaction on audit delivery.
- approve the amendments to the audit plan.

In review of the above the Audit Committee are required to consider the assurance provided alongside that of the Executive, Corporate Risk Management and external assurance including that of the External Auditor as part of the Governance Framework and satisfy themselves from this assurance that the internal control framework continues to be maintained.

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Head of Devon Audit Partnership

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Opinion Statement

Overall, based on work performed during 2022/23 and our experience from the current year progress and previous years' audit, the Head of Internal Audit's Opinion is of "Reasonable Assurance" on the adequacy and effectiveness of the Authority's internal control framework.

This opinion statement will support Members in their consideration for signing the Annual Governance Statement.

Internal Audit assesses whether key, and other, controls are operating satisfactorily within audit reviews. An opinion on the adequacy of controls is provided to management as part of the audit report.

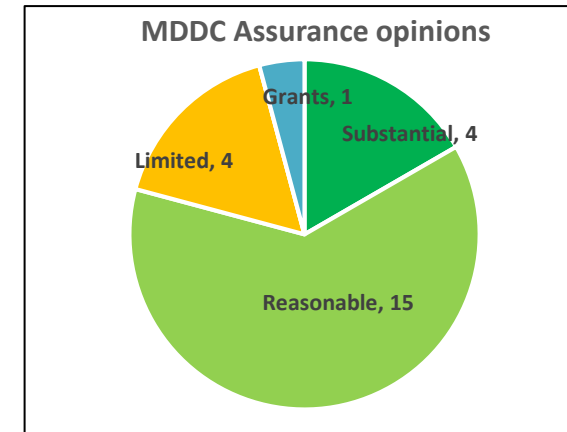
All final audit reports include an action plan which identifies responsible officers, and target dates, to address control issues identified. Implementation of action plans is the responsibility of management yet may be reviewed during subsequent audits or as part of specific follow-ups.

Directors and Senior Management are provided with details of Internal Audit's opinion on each audit review to assist them with compilation of their individual annual governance assurance statements at year end.

Substantial Assurance	A sound system of governance, risk management and control exist across the organisation, with internal controls operating effectively and being consistently applied to support the achievement of strategic and operational objectives.
Reasonable Assurance	There are generally sound systems of governance, risk management and control in place across the organisation. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of some of the strategic and operational objectives.
Limited Assurance	Significant gaps, weaknesses or non-compliance were identified across the organisation. Improvement is required to the system of governance, risk management and control to effectively manage risks and ensure that strategic and operational objectives can be achieved.
No Assurance	Immediate action is required to address fundamental control gaps, weaknesses or issues of non-compliance identified across the organisation. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of strategic and operational objectives.

Executive Summary of Audit Results

In support of our current overall assessment of Reasonable Assurance, this chart represents the opinions provided to date:



In this report, we provide a Substantial Assurance opinion related to Local Land Charges.

Six other audits are rated as Reasonable. This includes a review on Risk Management which will be of interest to this Committee. They also include assessments on core council systems such as Main Accounting, Income Collection, and Housing Benefits.

Finally, we provide two Limited Assurance reports, on Repairs and Maintenance, and Cyber Security. The Cyber Security report is to be discussed as a Part 2 item.

A summary of these reports is contained in **Appendix 1**.

Fraud Prevention and Detection

We continue to work with council officers on measures to identify and prevent fraud.

We have received agreement from Devon Council to proceed with single tender action to engage a contractor to support review of Council Tax Single Person Discounts by Devon District Councils. This will allow Mid Devon to participate in this activity if it decides to.

Assurance Mapping

We continue to maintain our Assurance Map and have discussed this recently with Corporate Management Team. We attach the current summary sheet (**Appendix 2**) to these papers for Committee review.

Planning for 2023-24 Audit Plan - We have created a draft audit plan which we have discussed with Senior Management Team. The plan will be discussed as a separate agenda item at this Audit Committee.

Internal Audit Charter and Strategy – At this meeting we have also provide an updated Audit Charter and Strategy for agreement by the Audit Committee as a separate agenda item.

Audit Coverage and Performance Against Plan

We have progressed a large proportion of the plan in the last few months. We do not currently anticipate any problem in substantially delivering this year's plan, to inform our Annual Assurance Opinion.

The Committee will be aware that the Internal Audit Plan is intended to cover the period April 2022 to March 2023. We know from our experience that the work we undertake does not start on the 1 April or finish on the 31 March. The delivery of the work plans leans towards commencing in April with the bulk of the work delivered within each financial year, concluding with our reports being finalised up to and including the following April and May. This timeframe helps to ensure the Annual Head of Internal Audit Assurance Opinion is based on the fullest possible breadth of work in line with each Internal Audit Plan.

Audit Recommendations

Appendix 3 - There are currently 17 overdue recommendations (3 High and 10 Medium) listed on Spar (See **Appendix 3**). This compares to the 19 recommendations reported at the last Audit Committee. The policy is that only High priority recommendations require Audit Committee agreement to extend target dates and that management can decide to extend Medium and Low recommendation target dates. We provide appropriate challenge if we have any concerns that the weakness has not been addressed.

Customer Satisfaction – We ask for feedback on every audit. This year we have received the following CSQ scores:

Audit	Satisfaction Score
Lord Meadows Leisure Centre	Very Satisfied
Development Management	Very Satisfied
Service Charges	Very Satisfied
Cyber Security	Very Satisfied
Cemeteries	Very Satisfied
Risk Management	Very Satisfied
Housing Benefits	Very Satisfied / Satisfied
Void Management	Very Satisfied

Value Added

It is important that the internal audit service seeks to "add value" whenever it can. We believe internal audit activity has added value to the organisation and its stakeholders by:

- Providing objective and relevant assurance.
- Contributing to the effectiveness and efficiency of the governance, risk management and internal control processes.
- Undertaking similar audits across different councils to identify and share good practice, such as current audits of Climate Change being undertaken for North Devon, Torridge and Mid Devon.
- Confirming that core controls continue to be effective despite changing work conditions and current pressure of work.

Appendix 1 – Summary of audit reports and findings for 2022-23

Audit and Assurance Opinion	Summary, Risk Exposure and Management Actions	Summary of Actions High / Med / Low		
<p>Local Land Charges</p> <p>Substantial Assurance</p>	<p>We provide Substantial Assurance as the team has very good turnaround times for facilitating searches, the budget is monitored regularly and complies with government guidelines and the team seems very diligent in their processes and duties.</p> <p>Review of the land charges performance indicator (PI); L-179 searches carried out within 5 working days, and testing of a sample of searches, found that turnaround time to facilitate searches is very good. The PI is set to achieve 100% of searches within 5 working days. This compares to the government target of undertaking searches within 20 days.</p> <p>The budget is regularly reviewed to ensure that the service remains cost neutral over a rolling three-year period. The year 2022/23 appears likely to make a loss of circa £10k if recharges are based on previous year values. Over the three-year period (2020/21 - 2022/23) this represents a loss of £5.5k. The responsible accountant advised that reduced hours of the Senior Local Charges officer from December 2022 should lead to a balanced budget for 2022/23. If a loss is predicted over the period, the service can increase fees to boost income. Fees were last increased from 1 August 2021.</p>	0	0	1
<p>Main Accounting System</p> <p>Reasonable Assurance</p>	<p>A strong system of financial performance monitoring is in place at Mid Devon. From individual budget monitoring meetings, variances to budgets are discussed and details entered upon a Budget Monitoring report which is later presented to Seniors Managers (CMT) and Leadership Team (LT) before moving onward to meeting of the PDGs, Cabinet or Council. Appropriate controls were in place to manage the MAS, apart from the points outlined below.</p> <p>Those issues mentioned within previous years internal audit reports identified as residual risk are still relevant, and continued management visibility of the risks is needed:</p> <ul style="list-style-type: none"> The System Accountant, and one of the other accountants who provides cover for her absence, have system administration access rights to the finance system as well as operational access. Given the power this gives them over the financial system, management should consider the benefits of increased resilience derived from this access compared to the risk. Finance officers raise and post the same journal. To reduce the risk of fraud and error, good practice is for one individual to raise a journal, and another to post it. We accept that this practice may improve resilience and may be useful due to the small nature of the team. Management has told us that the risk is low, and acceptable for business reasons. Clarifying responsibilities for journals in finance guidelines or manual would be useful. 	0	2	2

	<ul style="list-style-type: none"> Financial Regulations requires preparation, and sign off, of a detailed bank reconciliation statement as soon as practicable, following the end of each month. The statement is to be signed jointly by the Deputy Chief Executive (S151) and the officer responsible for its preparation. Sample testing continues to show delays in the completion of these reconciliations. 			
<p>Income Collection / Debtors</p> <p>Reasonable Assurance</p>	<p>There was a good control framework related to raising and management of debtor accounts. We provide a Reasonable Assurance given the absence of regular review of the debtors Masterfile to identify possible duplicate records and those suppliers no longer current / used by the council.</p> <p>Reconciliation of the four debtor sub ledgers is undertaken monthly on a timely basis with each reconciliation prepared being signed and dated by the responsible Accountant. While most reconciliations of the four debtor sub ledgers, and suspense accounts are undertaken on time, testing a small sample of reconciliations found the July Sundry Debtor reconciliation had not been checked, reviewed, and signed off until 16 September; a further reconciliation checked was found to be undated.</p> <p>Our last audit report noted that there was no consistent process to review and identify duplicate customers or those no longer used. The System Accountant told us at that time that there is some functionality within the new upgraded system which could help with this. We have ascertained that this has not yet been tested and the debtors Masterfile has not been subject to recent review of the records on held on it.</p> <p>The interface from CRM for Trade Waste invoices remains the only interface into the debtors system with the process remaining unchanged since our last audit review.</p>	0	1	1
<p>Cemeteries</p> <p>Reasonable Assurance</p>	<p>To the credit of the officers involved in Bereavement Services and Ground Maintenance our findings are positive resulting in an overall 'Reasonable Assurance' opinion. The service has up-to date policies, good links with finance to discuss budget monitoring, suitable site plans, secure paper records, an online database register of burials is completed, and cemeteries are suitably maintained.</p> <p>There are no performance measures (KPIs) related to the service tracked on the SPAR system. We understand the service is 'demand led', however, KPIs measure how effectively the service is achieving objectives and are ultimately a necessary tool.</p> <p>Budget monitoring processes are good, although the Service is an overall cost to the council, which is circa £100k. A review of charges is to be undertaken shortly which will increase income.</p> <p>An impressive audit trail of procedure notes is stored and updated by the Bereavement Officer. Additional information should be documented within the Corporate Business Continuity Plan</p>	0	2	3

	<p>around mitigation of unexpected and sudden increase in deaths. The service had a plan in place to dig more graves during the pandemic; this process could be documented within the BCP.</p> <p>Spreadsheets are used by the Bereavement Officer to manage the plots and are up to date. Both paper and electronic burial records are stored with paper copies securely held. Electronic records are stored on Microsoft Access Database which has been in use for nearly twenty years. Although the database contains most of the information required, there are performance issues, and the system is no longer supported, so there would be benefit in considering a new cemeteries system.</p> <p>Grounds maintenance and grave digging is undertaken in house, and we have been told this works well. The main task is grass cutting, which is done every two weeks and we have been told sufficient resource is in place to manage the cemeteries in-house. This was evident from our visit to both open cemeteries, where they are being maintained in a tidy, safe, and respectful manner.</p> <p>We looked at assets within the cemetery grounds, both sites have chapels and Tiverton has a lodge which is leased. The chapels at both sites are rarely used, so there may be an opportunity to increase income on these assets.</p>			
<p>Housing Benefits</p> <p>Reasonable Assurance</p>	<p>There has been good progress in addressing previous audit recommendations. The Team Leaders have been working together to bring the Revenues and Benefits Team together to make the service more generic, provide greater resilience across the teams and improve team efficiency and effectiveness. Further work is planned to complete this objective; we have provided a reasonable assurance recognising the progress made so far.</p> <p>Cross training of staff commenced in June 2022 with the Benefits specialists refreshing their training on Council Tax, taking telephone calls and workflow items. The Benefits staff were paired with a Council Tax specialist, so they had support when required. The Benefits specialists were devoting one day a week to Council Tax. During 2023 it is anticipated that revenues staff will update basic council tax reduction claims as part of their Revs and Benefits role.</p> <p>Revenues and Benefits have recently run a pilot scheme where they have had a temporary Revenues Information Officer (RIO) to take initial customer calls to address basic queries. This reduces the amount of calls/work going into the workflow and provides a better customer experience. The pilot scheme has concluded; the team has found the use of the RIO very helpful. Two RIOs will be now employed to undertake this role.</p> <p>The combination of the cross training of staff and the introduction of a joint phone line that comes directly to benefits has provided benefits in managing team workload. The benefits workload has reduced as more people go over to universal credit; this has also helped in managing and reducing workflows with the result that the team have been able to catch up on workloads.</p>	<p>0</p>	<p>3</p>	<p>1</p>

	<p>Over the past 6 months management changes have been made to improve continuity of service; this includes creation of a new role of Revs and Bens Technical & Subsidy Officer. The new Team Leader (Benefits) also has knowledge of subsidy and can provide cover in times of absence.</p> <p>In the last few years, the team has struggled to have time to undertake quality checking of work. The Revs and Bens Technical & Subsidy Officer has carried out some checking of work prior to the subsidy work. It is thought that there is also scope to check work which reduces future subsidy checking. This will help meet the target of 4% checks of daily work.</p>			
<p>Risk Management</p> <p>Reasonable Assurance</p>	<p>The council's risk management strategy is approved by Audit Committee every year, and key strategic risks are reviewed by Audit Committee and Cabinet every quarter. More visual documents may improve the conversations at these meetings, including greater focus on the effectiveness of management action to reduce the risk. It would be good practice for senior officers and member committees such as Cabinet to hold periodic horizon scanning activities to help identify risks or issues earlier.</p> <p>Strategic and other risks are discussed in various officer meetings, such as the Corporate Performance Group which included the senior management team. Significant risks are considered as necessary, for instance the current high risk on council finances. However, the council did not have a focused Risk Management Group to look at operation of the risk management system, to identify cross cutting risks, and consider escalation of risks and whether mitigating action was sufficient. The council should consider whether formation of this type of Group would be beneficial in promoting more effective monitoring and management of risks.</p> <p>At a Service level, the identified risks were those listed on the SPAR system. Review indicates that these tend to be updated every six months in line with member reporting (High scoring risks are required to be updated quarterly, and all risks are to be updated at least annually). However, some risks had been on the system for many years and are inherent risks present as part of business operations. Work is needed to review Service risks and remove those that fall into this category. Work is also needed to consider the remaining risks and assess whether they represent a good set of risks relevant to the Service area. Review of risks on SPAR also indicates that there is only limited detail on the required mitigating actions, including when the action is to be completed.</p> <p>Speaking to a selection of officers, discussion of current risk did not appear a core part of Service management meetings Recent training on risk and opportunity management has not been undertaken so many officers may not appreciate the importance of risk management in managing their service area. While significant training is provided on important areas such as data protection and safeguarding, more guidance on the risks that the council is most concerned about would be beneficial to promote officer awareness.</p>	<p>0</p>	<p>5</p>	<p>0</p>

	<p>In addition, the council will have significant projects where specific supporting risk registers are necessary or useful. For instance, in our Climate Change audit, management agreed to maintain a risk register related to Climate Change to support effective risk and opportunity management. The council will have other significant areas such as Cyber Security where specific risk registers would be beneficial.</p> <p>We also briefly reviewed management of project risks in the planning area. The range of stakeholders that the council is working with for these projects, such as with the Cullompton Town Centre Relief Road Project require risk registers to be held and maintained. This is part of basic project management practice. These risks were not listed on SPAR (except for a small number, such as one for Culm Village). However, the Planning Director was part of senior management team and feeds in detail on any significant risks to council senior management and reports to project boards.</p>			
<p>Equality and Diversity (Report in draft)</p> <p>Reasonable Assurance</p>	<p>The council places priority on meetings its obligations related to Equality, Diversity, and Inclusion. This includes providing extensive staff training on a wide range of welfare and equality subjects.</p> <p>There was only limited information on the council website on how the council meets the Equality legal requirements out with committee reports. This includes ensuring that Equality Impact Assessments are visible for new council policies and processes affecting the community. Council papers have a section detailing whether a relevant Equality Impact Assessment has been undertaken. There is also an Equality Impact Assessment Form template and we saw examples from the Housing section (albeit not using the corporate template) but did not confirm that the EIA forms were used by all service areas. In comparison to some councils, MDDC did not publish on the website a list of Equality Impact Assessments detailing the assessment related to different policies and strategies.</p> <p>To help focus council efforts on E&D, the council has an Equality Diversity and Inclusion (ED&I) Group of members and officers to raise ED&I issues. The group had not met for some time, but the new Corporate Performance and Improvement Manager has re-started the group and is reviewing the terms of reference and purpose. It may be beneficial to have separate ED&I strategies for meeting the council's external responsibilities, and one focused on internal E&D for officers and members.</p> <p>The council has a process managed by the Customer Service team to capture complaints on discrimination against the protected characteristics, and to refer to Service managers for consideration. The number of complaints is low: 12 complaints out of 633 received. The complaints have also been discussed at the ED&I Group. Unresolved grievances can ultimately be referred by the complainant to the Ombudsman.</p> <p>A good priority was placed on Accessibility Requirements for the public facing website and</p>	<p>1</p>	<p>4</p>	<p>0</p>

	<p>documents held on it. Specific training was provided for officers on meeting those requirements.</p> <p>In relation to assessing the diversity of the council's workforce, HR shares information with service leads on age, sex, and contracted status (part time / full time) but not on religion, sexual orientation, or ethnic group etc. The council does not have targets relating to the workforce, and there is no overall target to ensure the workforce reflects the communities it serves in the Single Equality Scheme, although one is listed on the website under Equality Policy as "Ensure that our workforce reflects the diverse community we serve".</p>			
<p>Repairs and Maintenance</p> <p>Limited Assurance</p>	<p>Property Services have experienced officers to deliver a service that supports good building maintenance and are fully aware of the required improvements that we note in this report. The budget appears to be sufficient to undertake the maintenance required. Our Limited Assurance rating is given as the service mainly has a reactive maintenance approach and does not have an effective system to manage repairs, supported by a range of key performance measures. The audit trail related to Statutory checks also needs improvement.</p> <p>Analysed spend information indicates that over three years the amount of Reactive versus Planned work has increased from 54% to 75%. This may result in increased cost for the council, and increased risk of business continuity incidents if assets are unexpectedly not available.</p> <p>Management have advised us that a suitable budget is available to cover all identified building maintenance requirements, and there is a 30-year maintenance programme. Budgets are monitored effectively, and the programme allows funding to be moved when needed.</p> <p>A new system is needed to improve asset management, performance reporting and file storage; options are currently being investigated. This will improve monitoring of third party/sub-contractors (currently done using Outlook calendar entries), as well as holding statutory compliance check details (currently on spreadsheets). We also could not retrieve all completion documents related to the Statutory checks as some information is saved to personal drive areas and email accounts.</p> <p>There is a good process to monitor work quality and to sign off that it is completed. Contractors are challenged if works are not completed to standard. An experienced planned maintenance assessor conducts post-work checks as well as the service manager.</p> <p>Key Performance Indicators (KPIs) are needed to support monitoring of the work undertaken and other performance related statistics; management should consider the KPIs needed ahead of implementing the proposed new system.</p> <p>Contractors are usually based in the work area which helps allocate tasks to reduce travel time and costs. To enhance staff resource training should be delivered to junior/existing staff on the more complex maintenance issues to reduce management time for these tasks.</p>	0	7	2

	<p>Processes to manage reactive works on site are good. Contractors are encouraged to resolve reactive works on site by consulting Property Services for approval. If work cannot be resolved, fixed quotes can be provided, or the service may borrow a skilled labourer from the MDDC Housing department. As fixed quotes can take time to be obtained, we have suggested contractors provide them on their post-work completion reports to speed up the process and save officer time. Management told us urgent reactive works are almost always attended too in a timely manner and are happy with the relationship with contractors.</p>			
Cyber Security Limited Assurance	To be discussed in Part 2.			

Appendix 2 – Assurance Map

The Institute of Internal Auditors provides a summary of the benefits of Assurance Mapping:

- An assurance map brings an organisations risk appetite to life. At the same time as highlighting assurance gaps, it also shows where there is duplication or too much assurance. It is a simple way of aligning assurance resource, risk and internal control.
- It improves awareness of the control environment by looking across the organisation rather than at individual reports which can lead to siloed thinking.
- It drives positive behaviours by enabling robust discussions about risk, educating on the value of assurance and aiding collaboration between functions.
- Collectively, the assurance community of an organisation often has a more powerful voice when it works together; an assurance map is a practical platform benefiting all parties.

Over the last year we have maintained and updated the assurance map to reflect audit work and input from management including the Council's risk register, and cumulative audit knowledge of the council. The completion of the summary and individual maps provides us with a base from which we can concentrate our audit fieldwork on key risks and areas marked as 'Improvements required' (Amber) or Fundamental Weaknesses (Red) rather than 'High / Good' (Green). Further work is needed to identify the 3rd line assurances that the Council may be obtaining in each of these areas.

As this provides a historical view of assessments, we are not able to place complete reliance on these assessments without undertaking further walkthrough or sample testing of the area. We now intend to discuss the assurance map with senior management every six months to obtain validation. The assurance map has also been used to support creation of the audit plan for 2022/23

Based on the current assessment we highlight the following:

- Performance and Financial Management Reports: As per last year our work identified instances where performance information is not being collected or reported to allow effective monitoring and decision making, such as Repairs and Maintenance, Culm Valley Sport Centre, Housing Voids.
- Cyber Security and IT Resilience. This continues to be a high-risk area, with Cyber Security including attacks using Ransomware being especially highlighted as a concern by central government. Our latest audit provided a Limited Assurance opinion, noting that system controls were generally good, but that governance aspects could be improved.
- We identified issues related to Quality Control Checks in several areas including Income Management, the Main Accounting System, Housing Benefits.
- Linked to Quality Control, we noted instances where Input Processing into key systems could be improved to ensure data being entered is accurate and completed, including for Housing Voids, Care Service Alarm Income.
- Fraud and Error. Like most organisations, the Council could do more to consider how to identify and prevent fraud and error from occurring and we will make suggestions on this when undertaking our audits.

In reviewing the assessments, members and management should consider the assurance provided alongside that of the risk management and other assurance arrangements and satisfy themselves that the internal control framework operates at an adequate level to mitigate risks.

Assurance diagram for MDDC March 2023

Risk / Key Objective / Key Service	Business Operation - 1st line defence							Financial, Corporate and Governance - 2nd line defence						Independent Assurance - 3rd line defence						Points related to Red / Amber assessments												
	Identifying risks and improvement actions. Implementing controls. Reporting on progress. Management assurance							Assurance oversight, management and financial policies, setting direction, risk management, ensuring compliance.						Independent challenge & audit. Reporting on assurance. Audit of assurance providers. Entity level assurance.																		
	Internal Control Measures				Management controls			Financial / Monitoring, reconciliation, reporting, Statutory Returns		Functional & Service compliance reviews		Quality control checks (H&S, Info Governance)		Security inc IT systems & physical		Governance structures and processes (inc. financial & other policy)		Corporate risk management/assurance			External accreditation/Certification (ISO 27001)		External compliance testing - e.g. security, resilience, quality		3rd Party assurance letters		Consultant reviews		Strategic partners assurance reports inc. Peer review		Internal Audit Assignments	
Equality and Diversity	G	G	G	G	G	G	A	G	G	A	G	A	G									Reasonable	Feb-23	Equality Impact Assessments, content on website, ED&I Strategy, Working Group								
Local Land Charges	G	G	G	G	G	G	G	G	G	G	G	G	G									Substantial	Feb-23									
Electoral Registration and Elections	G	G	A	G	G	G	G	G	G	G	G	G	G									Reasonable	Feb-23	Training of Presiding officers and Poll Clerks, Photo IDs								
KFS - Income Management	G	G	G	G	G	G	G	G	G	A	G	G	G									Reasonable	Feb-23	Identification of duplicate customers or those no longer used								
KFS - Main Accounting System	G	G	G	A	G	G	G	G	G	A	G	G	G									Reasonable	Feb-23	Dual journal posting & approvals over £25k, Reconciliation of Bank Accounts								
KFS Creditors	G	G	G	A	G	G	G	G	G	A	G	G	G									Reasonable	Feb-23	Raising of GRNs after invoice, Purchase Order detail, supplier deletion from Masterfile								
Cyber Security	A	A	G	G	A	A	G	G	G	R	A	A	R		PSNI							Limited	Jan-23	Governance aspects, other weaknesses.								
Recruitment, Selection & Retention	G	G	G	G	G	G	G	G	G	A	G	G	G									Reasonable	Jan-23	Recruitment training for managers								
Housing Benefits	G	G	G	G	G	G	G	G	G	A	G	G	G									Reasonable	Jan-23	Quality review checks of claims								
Risk Management	G	A	A	G	G	G	G	G	G	A	G	G	G									Reasonable	Jan-23	Service area risks, detail on SPAR, review of risk process and council risks.								
Repairs and Maintenance	G	A	G	G	A	A	G	G	G	G	G	G	G									Limited	Jan-23	Performance measures and indicators, maintenance schedule,								
Culm Valley Sports Centre	G	A	G	G	A	G	G	A	G	A	G	G	G									Limited	Jan-23	H&S responsibilities, fire arrangements, financial state, condition surveys, performance measures and monitoring								
Housing Voids	G	A	G	G	A	G	A	A	G	G	G	G	G									Not provided	Dec-22	Data accuracy on Orchard, Policy / process needs updating, Monitoring performance								
KFS - Treasury Management	G	G	G	G	G	G	G	G	G	G	G	G	G									Substantial	Dec-22									
Cemeteries	G	G	G	G	A	G	G	G	G	G	G	G	G									Reasonable	Dec-22	Performance measures.								
Capital Asset Management	A	G	G	G	A	G	G	G	G	A	G	G	G									Reasonable	Jan-23									
Care Services - Alarm Income	G	A	G	G	A	G	G	G	G	G	G	G	G									Reasonable	Jul-22	Contract with main supplier, reconciliation of key assets								
Customer Care and Complaints	A	G	G	G	G	G	G	G	G	G	G	G	G									Reasonable	Sep-22	System to record & monitor call resolution incl to Service areas								

Grounds Maintenance	G	A	G	G	A	G	G	G	G	G	G	G	G						Reasonable	Sep-22	Record of servicing for assets, review of services to clients
Car Parks	G	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Dec-22	
Climate Change	G	G	G	G	A	G	G	G	G	G	G	G	A						Reasonable	Aug-22	Risk and Opportunity management, range of performance measures
Waste and Recycling	G	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Jun-22	
KFS - Creditors	G	G	G	A	G	G	G	G	A	G	G	G	G						Reasonable	Jun-22	Compliance with the procurement process re Pos and GRNs
KFS - Payroll	G	G	G	G	G	A	G	A	G	G	G	G	G						Reasonable	Jun-22	Storing of Back Up Tapes and monthly Reconciliations
KFS - Housing Rents	G	G	G	G	G	G	G	A	G	G	G	G	G						Substantial	Jun-22	Completion of reconciliation checks
KFS - Housing Benefits	G	G	A	G	G	G	G	G	G	G	G	G	G		G				Reasonable	May-22	Quality control checks, Team integration
Planning / Development Control s106	G	G	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Apr-22	
Leisure - Lord Meadows	G	G	G	G	A	G	A	G	G	A	G	G	G						Reasonable	Mar-22	Asset Register, Stock Control and stocktake, Accident
Service Charges	G	G	A	G	G	G	G	G	G	G	G	G	G						Reasonable	Mar-22	Service Charge Recovery
Commercial Rents	G	A	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Feb-22	Property database
KFS - Main Accounting System	G	G	G	A	G	G	G	A	G	G	G	G	G						Reasonable	Feb-22	Dual journal posting & approvals over £25k, Reconciliation of Bank Accounts
Safeguarding	G	G	G	G	G	G	G	G	G	G	G	R	G						Reasonable	Feb-22	Failure to submit Section 11 Assurance Statement
Digitalisation inc Social Media	G	G	G	G	G	G	G	G	G	G	G	G	G						Reasonable	Feb-22	
HR - Sickness and Absences	G	G	G	G	G	G	G	G	G	G	G	G	G						Substantial	Feb-22	
Emergency Planning	G	G	G	G	G	G	A	G	G	G	G	A	G						Reasonable	Jan-22	Update of central and local EP Plans, overarching EP and BCP

Appendix 3 – Clearance of audit recommendations

The table details progress to implement internal audit recommendations.

Priority Service ▲	H		M		L		Total
	Not due	Overdue	Not due	Overdue	Not due	Overdue	
Climate Change			3				3
Corporate Management				4			4
Customer First			2			1	3
Governance				3			3
Housing – Building Maintenance			11		3		14
Housing Services						1	1
Human Resources			1	2			3
I C T		3		1			4
Leisure Services	1		3		1	1	6
Property Services			4		2	1	7
Revenues - Benefits			3		2		5
Street Scene Services					1		1
Total	1	3	27	10	9	4	54

The table below details the High and Medium Recommendations that are overdue.

Service	Priority	Title	Objective	Target Date	Management Update
Emergency Planning	Medium	Review and update the MDDC R&R Plan and local plans	Review and update the MDDC R&R Plan in line with latest DEPP versions. Review the LRF and County level risk registers alongside local risks to identify any new local plan requirements. New local plans to be developed. Review existing local plans and update as required	30 Sep 22	
Emergency Planning	Medium	Develop an overarching EP and BCP Strategy	Develop an overarching EP and BCP Strategy to confirm and bring together overall MDDC EP and BCP framework, strategic and tactical management	31 Dec 22	

			arrangements and responsibilities, DEPP and Exeter East and Mid Emergency Responder forum engagement, mutual aid arrangements, training and skills competencies and scheduling for all plan reviews and test and exercises.		<p>The Council no longer has any operational resource or role dedicated to either emergency planning or business continuity following departures in 2022. Due to budget pressures, unable to secure an LT vacancy approval for a combined EP/BC role (though a role has been developed, evaluated, and detailed VAF with a business case/risk assessment put forward in Q3 2022). Unable therefore to meet these audit recommendations.</p>
Emergency Planning	Medium	Mapping overall EP framework	Develop an overarching EP and BCP Strategy to confirm and bring together overall MDDC EP and BCP framework, strategic and tactical management arrangements and responsibilities, DEPP and Exeter East and Mid Emergency Responder forum engagement, mutual aid arrangements, training and skills competencies and scheduling for all plan reviews and test and exercises.	31 Dec 22	
Emergency Planning	Medium	Failure to fulfil Category 1 responsibilities leading to failure to respond in an emergency	Review and update the MDDC R&R Plan in line with latest DEPP versions. Review the LRF and County level risk registers alongside local risks to identify any new local plan requirements. New local plans to be developed. Review existing local plans and update as required.	30 Sep 22	
Business Continuity Management	Medium	Creation of a Business Continuity Strategy	The Council does not have a Business Continuity Strategy. The Business Continuity Plan and related Service plans provide some detail, but not in sufficient detail to ensure there is appropriate focus by the Council in managing Business Continuity, including on risk management, resources, review, testing of plans, mitigating action that is desirable etc. Given that Council ways of working and outputs have been subject to significant recent change, a review of its approach is timely, including creation of an overall strategy on Business Continuity Management. This strategy should be approved by Cabinet to ensure appropriate member oversight of BCM arrangements.	31 Dec 22	
Business Continuity Management	Medium	Update of the Business Continuity Plan	The Plan is reasonably recent, being only two years old but is currently disconnected from the Service Plans. Although the Corporate Priorities remain largely the same since it was created there is a risk that it does not reflect changes to ways of working, such as the increased use of laptops and the working at home arrangements. In some areas, there is significant additional risk, particularly remote working and the increased dependence on IT and therefore there is value in ensuring that it incorporates the Service Priorities that have been developed over the last two years, as well as the list of systems and business operations to be prioritised in the event of an incident.	30 Sep 22	

Business Continuity Management	Medium	Roles and responsibilities related to Business Continuity (and Emergency Planning)	Roles and responsibilities for Business Continuity Management are not clearly set out in the current BC Plan. In managing the current emergency, responsibility has shifted to the Corporate Management Team. The post holder for Governance, Health and Safety and Business Continuity has advised that she has less involvement or visibility of decision being made as she is not a member of that group. Outside of the current C19 emergency there is a need for continued focus on other BC risks that may impact the Council, as well as the mitigating action to reduce the likelihood and impact of those risks.	31 Dec 22	
Payroll	Medium	Reconciliation of "back pay"	Awaiting the response from the payroll supplier as to how the back pay is calculated.	6 Mar 23	Awaiting more information from the supplier.
Payroll	Medium	Calculation of final salary payment	Awaiting response from payroll supplier as to how system calculates part month payments.	6 Mar 23	Awaiting more information from supplier.
Cyber Security	Medium	Update ICT Business Continuity Plan	Conduct a formal review of the ICT Business Continuity Plan to ensure the content is up-to-date and relevant	31 Jul 22	The updating of the ICT business continuity plan will be created by 31 March 2023 - with the completion of the LGA's bespoke Business Continuity Exercise, this will provide us with valuable experience and provide information and direction for this plan to be updated.
Cyber Security	High	Exercise the Incident Response Plan	Schedule an incident response exercise with an external specialist, who can offer independent review and provide impartial advice. Learn from the experience to improve incident response plans and playbooks.	31 Aug 22	In conjunction with LGA we will be taking part in 'LGA's Cyber React Business Continuity Exercise' with at least one other business unit. The first meeting with them is scheduled for Friday 13th Jan 2023.
Cyber Security	High	Ransomware & Malware Impact Assessment	Carry out a ransomware business impact analysis and risk assessment. Identify critical assets and determine the impact to these if they were affected by an attack.	31 Jul 22	Awaiting IAR from Information management team.
Cyber Security	High	Malware & Ransomware Response	An Incident Response Plan covering malware and ransomware attacks should be created to help the Council make better decisions under the pressure of a real attack or incident.	31 Jul 22	The development of an ICT Incident response plan will be created by 31 March 2023 - with the completion of the LGA's bespoke Business Continuity Exercise, this will provide us with valuable experience and provide information and direction for this plan to be completed.