

# Internal Audit Recommendations Update Report

Mid Devon District Council  
Audit Committee

June 2023

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## 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 Annual Report for 2022-23 are contained in the papers for this June 2023 meeting of the Committee.

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.

Our normal Audit Committee reports progress to deliver our audit plan. For this meeting, audit reports are included in our Annual Audit Report. **This paper therefore just concentrates on clearance of internal audit recommendations.**

## Expectations of the Audit Committee from this progress report

Audit Committee members are requested to consider:

- Progress made by officers to complete and close agreed management actions.
- Overdue management actions yet to be completed that pose unacceptable risk.

## Current and overdue audit recommendations

There are currently 35 High and Medium priority management actions overdue against agreed target dates. This compares to the 17 recommendations reported at the last Audit Committee. We consider that this increase is partly due to the large number of audits delivered over the last six months, including several where many management actions were agreed i.e., Culm Valley, Cyber Security.

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

The table below details progress to implement internal audit management actions for each audit.

Priority	H		M		L		Total
Audit references	Not due	Overdue	Not due	Overdue	Not due	Overdue	
			9		3		12
Business Continuity				3			3
Capital Asset Management			4		2	1	7
Care Services			1				1
Cemeteries and Bereavement Services			1	1	2	1	5
Climate Change			1	1			2
Creditors			3				3
Culm Valley Leisure			2	9		4	15
Customer Care & Complaints			1	1			2
Cyber Security	2	5	11	8	6	6	38
Emergency Planning				4			4
Equality and Diversity			5				5
Housing Benefit				3		2	5
Housing Health & Safety			1				1
Housing stores						1	1
Housing Voids			1		1		2
Leisure Centre	1		3			1	5
Local Land Charges						1	1
Main Accounting System			1		1		2
Payroll			2				2
Procurement			2		2		4
Recruitment, Selection & Succession Planning			1			1	2
Risk Management			4				4
Service charges						1	1
<b>Total</b>	<b>3</b>	<b>5</b>	<b>53</b>	<b>30</b>	<b>17</b>	<b>19</b>	<b>127</b>

The table below provides more detail on the **overdue High and Medium** Management Actions.

Audit references	Priority	Title	Objective	Target Date	Arising - managers comment
Cyber Security	<b>H</b>	Consider reviewing the list of suppliers	To be actioned during February. Data will be confirmed as items 8.1/8.2	30/04/2023	
Cyber Security	<b>H</b>	Exercise the Incident Response Plan	Agreed - 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.	31/08/2022	The LGA Technical response exercise is planned for late May to be followed with a larger Business Continuity exercise at the end of June '23.
Cyber Security	<b>H</b>	Malware & Ransomware Response	Agreed - 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. The IR plan should link to business continuity, disaster recovery and communications plans (covering internal and external communications). Incident types could include: * Malicious code: Malware infection on the network, including ransomware * Denial of Service: Typically, a flood of traffic taking down a website, can apply to phone lines, other web facing systems, and in some cases internal systems. * Phishing: Emails attempting to convince someone to trust a link/attachment. * Unauthorised Access: Access to systems, accounts, data by an unauthorised person (internal or external) – for example access to someone's	31/07/2022	Work on this documentation is progressing. It has been delayed due to staff departures and focus on preparing for the upcoming elections. The LGA Business Continuity exercise is planned for late May '23 - this will enable us to fully review the current documentation and update in line with current best practice.

			emails or account. * Insider: Malicious or accidental action by an employee causing a security incident. * Data breach: Lost/stolen devices or hard copy documents, unauthorised access, or extraction of data from the network (usually linked with some of the above). * Targeted attack: An attack specifically targeted at the business - usually by a sophisticated attacker (often encompassing several of the above categories).		
Cyber Security	H	NCSC guidance and liaise	Will review NCSC guidance and liaise with Devon County and internal procurement to define best practice.	31/05/2023	
Cyber Security	H	Ransomware & Malware Impact Assessment	Agreed - 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.	31/07/2022	The IAR being updated by the Information Management team is almost complete. Along with this will be RoPA and RACI models to identify critical data owners and critical systems.
Housing Benefit	M	There was a write off for the value of £7473.35, this was signed off by the Operations Manager for Revenues Benefits and Recovery. According to the Financial Regs this should be signed off by a Corporate Manager.	There was a miss understanding around limits I believe the regs have been updated for 2022, confirmation is required.	31/03/2023	

Housing Benefit	M	Checking of subsidy claims	<p>The T/L really enjoys Subsidy and was not keen on giving it up. The Operations Manager suggested that checking is spread through the team and this was not received positively but as the reported has noted one officer has helped and made a difference. Also the system team have subsidy in their 'JD' - we are a very small team so the work is spread out. The T/L would not willingly give up Subsidy as she really enjoys it. It is very important that we max income from subsidy to do this takes a lot of checking due to keying errors mainly around income. Time doesn't allow the Corporate Manager to look in detail at who is Subsidy trained. Both the Corporate Manager and Operations Manager have been on refresher training and intend to assist with 7 future claims. The new pilot role will take most of this on, the new Team Leader is also subsidy trained.</p>	30/04/2023	
Housing Benefit	M	To cross train staff to provide greater resistance	<p>Comments are correct for all the reasons noted in this report. Generic training on Benefits and Council Tax was delivered by an external company when the country unlocked (and the lock down again). Benefits also had to deliver a Test and Trace scheme compared to others they did not receive many claims c1700 paying c700 over c18 months. The T&amp;T scheme took up a lot of their time and they seem to have forgot that increasing the daily burden by insisting on generic training would simply have not been fair in anyway. The team leaders were tasked with</p>	31/03/2023	

		<p>bringing the teams together and this was started. Unfortunately, senior management had to deliver business critical grant schemes c16 c £40m over 2 years from just after lock down, it is a shame the team have not recognised that. Team leaders were aware and were given weekly catch-ups. The benefits team leader had never really bought into going generic and never really demonstrated a positive approach. The team were often thanked and efforts were reported to members, The Link and email to the team as they all work from home. Nobody had ever forgotten them. It is acknowledged that officers across the service wish to become more generic, benefits staff already work across the service and always have to a certain level as there is a need to do so as part of administering claims. The senior management also acknowledge the Corporate Manager and the Operations Manager have not really focused on the generic programme and have only looked at their specialist area, more ownership would have moved things forward. Part of the need to go generic is also that the benefits caseload is dropping (UC Migration) this should be seen as an 'opportunity' to evolve the service by way for increasing the focus on billing and collection, the collection fund can always do with some help and the wider LA will benefit from collection.</p>		
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Emergency Planning	M	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 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 (see also 1.1) and test and exercises Draft Strategy for formal adoption by Council	31/12/2022	VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.
Emergency Planning	M	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 by 31 May 2022 Review the LRF and County level risk registers alongside local risks to identify any new local plan requirements by 30 June 2022. New local plans to be developed by 30 June 2023. Review existing local plans and update as required by 30 September 2022.	30/09/2022	VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.
Emergency Planning	M	Mapping overall EP framework	See 1.2 - 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 (see also 1.1) and test and exercises Draft Strategy for formal adoption by Council	31/12/2022	VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.



Emergency Planning	M	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 by 31 May 2022. Review the LRF and County level risk registers alongside local risks to identify any new local plan requirements by 30 June 2022. New local plans to be developed by 30 June 2023. Review existing local plans and update as required by 30 September 2022	30/09/2022	VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.
Cyber Security	M	Consider the use of an Information Security Questionnaire	Will review NCSC guidance and liaise with Devon County and internal procurement to define best practice.	31/05/2023	
Cyber Security	M	Council systems after they have left the organisation.	Currently inactive accounts are reviewed on a monthly basis. Script being developed to automate disabling accounts which will run daily	30/04/2023	
Cyber Security	M	database does not include all software assets	No unlicensed software is deployed within MDDC network. No hardware unaccounted for	30/04/2023	
Cyber Security	M	firewall change procedure ensures consistency	Change control documentation to be collated centrally in Teams.	31/05/2023	It has been delayed due to staff departures and focus on preparing for the upcoming elections.
Cyber Security	M	is a backup policy, however, it is out of date	Policy in development.	31/05/2023	
Cyber Security	M	Performing a risk assessment on what administrative accounts	Risk assessment to be completed.	31/05/2023	
Cyber Security	M	roles and responsibilities throughout the Change Management	Change control documentation to be collated centrally in Teams	31/05/2023	

Cyber Security	M	Update ICT Business Continuity Plan	agreed - Conduct a formal review of the ICT Business Continuity Plan to ensure the content is up-to-date and relevant	31/07/2022	Work on this documentation is progressing. It has been delayed due to staff departures and focus on preparing for the upcoming elections. The LGA Business Continuity exercise is planned for late May '23 - this will enable us to fully review the current documentation and update in line with current best practice.
Customer Care & Complaints	M	Complaints and system training	Complaints and system training should be undertaken including managers to improve service areas monitoring of complaints outstanding beyond Service Level Agreement for their areas of responsibility.	31/03/2023	
Culm Valley Leisure	M	Budget monitoring - income generation	Efforts should continue to ensure the service is efficient and to increase income levels.	12/06/2023	
Culm Valley Leisure	M	Central record of statutory building inspections	The central record should be updated with the latest information and consideration given to the addition of any missing inspections/reports.	31/01/2023	
Culm Valley Leisure	M	Condition Surveys	To improve the ability to undertake planned maintenance, periodic Condition Surveys should be undertaken at suitable intervals of around 5 years.	31/03/2023	
Culm Valley Leisure	M	Daily income sheets - sign off	Standard procedures, such as the countersigning of daily income sheets, should be undertaken.	30/04/2023	
Culm Valley Leisure	M	Electrical instalation and testing of emergency lighting systems	The issues with the electrical installation systems should be resolved and routine testing of emergency lighting systems restored.	30/04/2023	

Culm Valley Leisure	M	Emergency plan review frequency	An annual review of the Plan should be considered.	31/05/2023	
Culm Valley Leisure	M	H&S responsibilities/training/knowledge	The Leisure Service should ensure that there are clear delegated responsibilities for Health and Safety at each site, that these delegations are communicated to all staff and that sufficient training and experience building opportunities are provided to develop the skills of existing staff.	31/01/2023	
Culm Valley Leisure	M	Reconciliation to the general ledger	A robust process for reconciling income received to the general ledger should be in place.	30/04/2023	
Culm Valley Leisure	M	Review of the H&S Policy	The Policy should be reviewed annually, as part of an annual Health and Safety review process: <a href="https://www.hse.gov.uk/leadership/review.htm">https://www.hse.gov.uk/leadership/review.htm</a> The Policy should then be approved each year by the Health & Safety Committee.	31/05/2023	

Climate Change	M	performance measures that will help identify	The Climate and Sustainability Specialist will: a) Work with the Corporate Manager for Finance and Procurement on the best ways to collate and communicate climate-related expenditure and fundraising / income. b) Work with the Corporate Manager for Finance and Procurement to complete the Sustainable Procurement Review, implement actions and devise meaningful monitoring / quality management cycles. c) Work with the Corporate Manager for Finance and Procurement to support Environment PDG influence and understanding of the budget management process. d) Consult with colleagues on target setting and monitoring opportunities for the Climate and Sustainability Programme – linked to the activities of Business Change Managers.	31/05/2023	Part A was done. Part B is ongoing; the new Procurement Strategy presents progress and a framework to attach metrics / indicators. Part C was done.
Cemeteries and Bereavement Services	M	Performance indicators (PIs)	Implement suitable performance indicators that assist the Authority in gauging and improving its performance.	30/04/2023	

Business Continuity	M	Creation of a Business Continuity Strategy	Agreed - 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 (i.e. delivery of grants, extensive home working, virtual meetings) have been subject to significant change due to the Covid-19 emergency, 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.	31/12/2022	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 this audit recommendation.
Business Continuity	M	Roles and responsibilities related to Business Continuity (and Emergency Planning)	Agreed - 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 managing 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.	31/12/2022	VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.

Business Continuity	M	Update of the Business Continuity Plan	<p>Agreed - 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.</p>	30/09/2022	<p>VAF approval for Resilience Officer post granted May 2023. Recruitment is live and aim to appoint by end of June 2023. New targets for relevant recommendations will be agreed once post holder in post should recruitment be successful.</p>
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