



## Summary of Internal Audit Reports Issued to Date

**REPORT OF** DAP Partnership Manager  
**To:** Audit & Governance Committee  
**Subject:** Audit Reports Issued to Date  
**Date:** September 2021

**PURPOSE OF REPORT:** To provide a summary of the audit reports issued since the last audit committee to enable members to discuss any matters they wish to raise.

### 1. INTRODUCTION

The Audit & Governance Committee have requested a regular summary of audit reports issued. This is to provide an opportunity for discussion and to raise queries related to the reports.

As members receive a full copy of the audit report upon release, they are encouraged to raise any significant concerns they may have with the Auditor at that time. This summary report gives an added opportunity for Members as a group to discuss related matters.

This report includes all final audit reports issued to date that have not been previously reported to the Committee.

### 2. REPORT

A summary of final reports issued to date and not included in previous committee reports is included at **Appendix A**.

There are three audit reports to note:

- Debt management
- Cemeteries
- Home Working Security and Capacity

### 3. IMPLICATIONS

#### Legal Implications

None.

#### Financial Implications

None.

#### Human Resources Implications

None.

#### Sustainability Implications

None.

#### Equality/Diversity

None.

## Risk Management

The Risk Based Internal Audit Plan is designed to provide robust coverage of the key risks faced by the Council each year. It is developed in consultation with management and approved by members.

Each internal audit report provides the following key information:

Assurance level – providing an overall opinion on the audit area.

Action plan – including audit recommendations (where applicable) and management responses.

Reported issues are assigned a priority rating of high, medium, or low, based on the perceived impact and likelihood as established within the corporate risk matrix.

The report may also include ‘opportunity’ findings, which are suggested courses of action perceived to add value and included for consideration.

Low priority or housekeeping matters are reported separately to operational management during the draft audit stage.

Reporting of progress to the Audit & Governance Committee to implement internal audit actions is the responsibility of the Finance Director / S151.

## Compliance with Policies and Strategies

This report complies with the Audit Committee terms of reference and the Audit Procedures Manual.

## Ward Member and Leader Member Views

Councillor Philip Hackett, Chair of Audit & Governance, commented “*The Internal Audits Reports contribute to the Council’s robust governance arrangements.*”

## 4. CONCLUSIONS

The following is a summary of the four assurance levels currently used, along with the audits that have been awarded each level:

Opinion	Audit
<b>Substantial Assurance</b> <b>‘A sound system of Governance’</b>	NA
<b>Reasonable Assurance</b> <b>‘Some scope for improvement’</b>	Debt Management
<b>Limited Assurance</b> <b>‘Improvement is required’</b>	Cemeteries; Home Working Security and Capacity
<b>No Assurance</b> <b>‘Immediate action required’</b>	NA

## 5. RECOMMENDATIONS

Committee are asked to:

Note the reports issued in this reporting period and raise any queries, suggestions or proposals relating to the internal audits in this report.

### **SUPPORTING INFORMATION**

Consultations:	Steve Hearse, Chief Executive Officer Staci Dorey, Head of Legal and Governance and Monitoring Officer Councillor Philip Hackett, Audit and Governance Committee Chair
Contact Officer:	David Heyes, Finance Manager & S151 Officer Robert Hutchins – Head of Devon Audit Partnership Paul Middlemass – DAP Audit Manager
Background Papers:	Audit files

### Overview of Reports Issued but not previously reported to Committee

#### Debtors

Overall Assurance Level – Reasonable Assurance

No of recommendations – 4 (1 Medium, 3 Low)

No of recommendations agreed - 4

#### **Summary**

Each service area is responsible for raising its own debtor invoices and has nominated staff with the necessary system access to allow them to do so. This system works reasonably well but there is increased risk of quality issues, particularly in-service areas where invoicing is carried out infrequently and where officers may be less familiar with best practice.

In response to COVID-19, and the financial hardships faced by its customers, recovery actions were suspended during the first half of the 2020-21 financial year. The Income and Recovery Officer was assigned alternative duties assisting other teams within the Council. Recovery actions were reintroduced in the second half of the year as easing of the first lockdown period came into effect. Some periodic processes remain affected by the COVID-19 response, in particular those involving the NDR & Income Team Leader, who has been heavily involved in processing business grants. One area affected, is in the monitoring of aged debt. For aged debts of more than one-year, standard practice would normally have seen the Team Leader reviewing and monitoring reports to maintain an awareness of these longer-term debts. Work like this is due to be reintroduced in the coming weeks as the grant processing burden is reduced.

SPAR.net data to the end of April 2021 showed that:

The debt over 1 year old stood at £141k, up from £138k as at the same period last year.

The debt over 2 years old stood at £106k, up from £80k as at the same period last year.

In previous audits we noted that the current system does not provide detail on the amount of debt collected in year, but only a consolidated report based on debt recovered since 2005. The current report states that the multi-year (i.e. since 2005) collection rate stands at 99%. The result is that it was not possible at the time of our audit to directly assess whether debt collection was significantly impacted over the last year. Based on the diversion of team resources to support C-19 grant work, and the relaxed debt collection rules over the last year, debt recovery is likely to have reduced. This would accord with that reported by other councils. For instance, a 5% reduction in debt collection would have an impact of approximately £180k. Given the absence of in year debt collection information, the council is not able to quantify the level of impact and to consider the extent of any corrective action needed.

Our sample check of write offs show that they were undertaken as per delegated authorities. Access to the Debtor system was also appropriately controlled.

### Cemeteries

Overall Assurance Level – Limited

No of recommendations – 8 (6 Medium, 2 Low)

No of recommendations agreed – 8

#### **Summary**

Management and reporting lines exist to oversee the operation of the cemeteries. The Head of Communities and Place has overall responsibility, with day-to-day management delegated to a recently appointed Property Manager, who is starting soon. Day to day administration of cemeteries services is the responsibility of reception staff at Caddsdawn. This has been the case for several years meaning they have a good working knowledge of systems and processes. However, there are no performance indicators relating to this area, although budget monitoring is undertaken. We note the reduction in Cemetery Fee income from £70k in 2019-20, to £55k in 2020-21, due to C-19 lockdown restrictions preventing burial services.

Master plans for the cemeteries are maintained and are drawn up initially using AutoCAD software. The service currently has no one trained to use this software and there are also questions around whether the Council holds a current software licence. As a result, the current digital plans are not actively maintained, and the service is reliant on printed copies of the plans which are annotated manually with any changes. The council now intends to recruit someone with experience of CAD.

Cemetery Pro is used to hold burial information (it is a legal requirement to hold this) and the related financial charges. No information was available on the data backup arrangements within the Cemetery Pro system. As a hosted system, the Council should ensure that backup arrangements are included within any contractual requirements, and this is something that should be verified. This is now being investigated.

Grounds maintenance within the cemeteries is also an area of weakness. The current contractor, ISS, are understood to have significant resourcing issues and are unable to deliver on their contractual requirements. Frequent complaints are received regarding failure to maintain cemeteries in a clean and tidy fashion. The council for their part is looking to end the contract in April 2022, and to bring the activity in house. For the draft audit report, we included as a 'High' priority recommendation to address this weakness, this was reduced to 'Medium' in the final report due to some mitigating controls which have been outlined by the Service Manager, including monthly meetings with the contractor.

### Homeworking Security and Capacity

Overall Assurance Level – Limited

No of recommendations – 11 (3 High, 6 Medium, 2 Low)

No of recommendations agreed - 11

#### **Summary**

Mobile technology has become more vital to council operations than ever before with an increasing amount of sensitive data accessible on laptops, tablets and smartphones. Greater levels of flexible working and the wide-ranging choice of devices increases the likelihood of cyber-attacks. Mobile devices often leave the relative safety of offices and homes, and therefore require a higher level of protection than a Council-based desktop or thin client equipment.

That said, successful deployment of remote and mobile working technologies underpins realisation of efficiency savings from rationalisation of the Council's property estate, collaborative working with partner organisations and minimising 'return to base' travel in to access systems and deliver services efficiently. COVID-19 has demonstrated that the flexibility of remote and mobile working solutions is a powerful mitigation in business continuity scenarios.

Our Limited Assurance evaluation is based on assessment of the core controls described in the National Cyber Security Centre's 'Cyber Essentials' and '10 Steps' guidance. As part of our work, we identified strengths (see those listed in the Executive Summary), such as the emphasis on Strong Passwords, encryption on mobile devices, access to IT support for remote users, and use of monitoring tools. However, we also identified weaknesses that need to be addressed to reduce the residual risk. The recommendations in Appendix B (action plan) of the report reflect the range of cybersecurity and operational ICT areas in the audit scope.

The top priority actions to be addressed relate to:

- The absence of a Patch Management Policy to ensure software patches are consistently applied.
- Periodic updates to mobile devices to ensure that they have the latest software.
- Asset management, including the upkeep of an asset inventory, mobile device wiping and creation of an IT Disposal Policy.
- User account management, review of user access and reducing the potential for stolen credentials to be exploited.
- Multi-Factor Authentication, password expiry and password blacklisting to be introduced.