

**Extracts from final audit reports from the 2021/22 annual audit plan**


<b>Page</b>	<b>Audit Report</b>
2	Performance Management
5	GDPR and Information Security
8	Procurement
11	Rossendale Together Barnfield
14	Business Grant Allocations
17	Accounts Payable
20	Accounts Receivable
23	General Ledger
26	Income and Banking
29	Payroll
32	Council Tax
35	National non-domestic rates
38	Housing Benefit
41	IT audit summaries

# Internal Audit Performance Management




2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

<p><b>Overall assurance rating</b></p>  <p><b>Substantial</b></p> <p><i>See Appendix A for Rating Definitions</i></p>	<p><b>Audit findings requiring action</b></p> <table border="1"> <tr> <td style="background-color: black; color: white; text-align: center;"><b>Extreme</b></td> <td style="background-color: red; color: white; text-align: center;"><b>High</b></td> <td style="background-color: yellow; text-align: center;"><b>Medium</b></td> <td style="background-color: green; color: white; text-align: center;"><b>Low</b></td> </tr> <tr> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">0</td> <td style="text-align: center;">3</td> </tr> </table>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>	0	0	0	3
<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>						
0	0	0	3						

The council has an appropriate performance management framework in place, which is effectively administered and complied with. The council's Corporate Plan and supporting documents contain strategic priorities and outcomes, and strategic and operational objectives which are supported by targets and key performance indicators (KPIs). Progress is regularly monitored and reported. The framework was revised in 2021 and sets out the council's methodology for managing performance. This is supported by training for heads of service and managers, to ensure understanding and compliance. A revised template for reporting performance was introduced with an increased focus on underperforming targets, however action being taken to improve performance should be formally reported to inform effective oversight and decision making. Accountability for delivery of objectives, targets and actions is clearly documented. There is an established timetable for reporting performance to the Corporate Management Team and Overview and Scrutiny Committee for review and oversight. Whilst senior managers have the opportunity to review performance and the data supporting it, the HR Manager acknowledges the need to periodically validate performance data to provide assurance over its accuracy and completeness.

<b>Agreed actions from the audit</b>	<b>Priority</b>
A short summary of action being taken by services to improve performance on Red rated objectives will be included in quarterly performance reports.	
Data quality checks will be carried out at least annually to validate the accuracy and completeness of performance data submitted by services.	
Where progress with delivery of targets is reported annually consideration will be given to identifying short term milestones or goals which provide meaningful data on progress, and reporting these more frequently in quarterly performance reports.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

**Context**






The council uses performance management to manage delivery of corporate priorities by setting and monitoring achievement of objectives for teams, employees and the organisation. Effective performance management is supported by established and accessible policy and procedures, clearly defined objectives at all business levels, realistic targets and indicators of success, active progress monitoring and reporting and accurate data. The council's performance management framework was reviewed in June 2021 to reflect the vision and priorities in the new Corporate Plan 2021-25, and is administered by the HR Manager.

**Previous audit**

An internal audit of performance management was last carried out in June 2017 and provided substantial assurance over the adequacy and effectiveness of performance management arrangements..

**Scope of Audit**

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks in the areas of strategy, policy and practice; operational compliance; accountability; monitoring and reporting. The audit covers the period from April 2021 to January 2022


Strategy, policy and practice	The Corporate Plan 2021-25 sets out the council's corporate objectives, key outcomes and strategic priorities, and records operational and project objectives and accountability for delivery. Related actions and performance indicators are monitored and reported quarterly. The performance management framework was revised in June 2021 and sets out the council's methodology for managing performance based on corporate planning, service delivery, and monitoring and reporting of performance against targets, supported by training for heads of service and managers.	
Operational compliance	Performance measures are aligned to council priorities, targets are set and performance indicators (KPIs) developed. Progress against targets is reported in a traffic light system. Quarterly performance reports include underperformance but action to address it is not recorded. Service performance data is accurate and complete and supported by a Director's executive summary. Data accuracy is not checked but managers acknowledge the need for such checks.	
Accountability	Portfolio holder roles and responsibilities are recorded on the council's website, including responsibility for operational and financial performance. A KPI schedule lists indicators with annual or quarterly targets and responsible officer.	
Monitoring	Corporate Management Team (CMT) and Overview and Scrutiny Committee (O&S) minutes record performance discussion and challenge. Indicators with annual targets are reported annually in the quarterly report, though for some indicators this may not be sufficiently frequent to address underperformance.	
Reporting	The quarterly performance report was revised in 2021/22 to reflect council priorities and corporate projects. It includes a summary of new and emerging issues, overview of service actions and indicators and a progress report against all objectives. Reports are reviewed by CMT and then by O&S in line with the set timetable.	

# Internal Audit GDPR and Information Security Policies






2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	2	3

Effective arrangements are in place to comply with UK-General Data Protection Regulations (UK-GDPR) although improvement is needed in some areas. Roles and responsibilities are defined, and a Data Protection Officer (DPO) and Senior Information Risk Owner (SIRO) appointed. Information governance policies were revised in January 2021 and a mandatory e-learning package for all staff and guidance is accessible on the Intranet. Most service information audits have been completed and the remainder are progressing, though the template format of the information audit form is restrictive meaning responses are not always clear. The council's privacy notice is consistent with Information Commissioner (ICO) requirements but needs updating and uploading onto the website. Processes are in place to comply with statutory requirements on Data Protection Impact Assessments (DPIAs) but controls are applied inconsistently. Guidance sets out the process for investigating data breaches but there is no facility to report these on the Intranet or the council's website. We agreed ten actions in our previous audit (Ref 2018-RBC1) of which eight have been implemented and we have restated the two partially implemented medium risk actions in this report

Agreed actions from the audit	Priority
A formal Data Protection Policy for the council will be produced and following approval, communicated to staff and made available on Learn Pool.	
The template used to complete information audits will be revised to add additional comments boxes to facilitate more detailed responses from respondents where either 'no' or 'n/a' is selected. Managers should also establish a process for bi-annual review and refresh of information audits.	
The council's main privacy notice will be updated to explain how consent can be withdrawn by data subjects, and uploaded onto the council website at the earliest opportunity.	
An agreed process should be formally documented and communicated on the use of the Data Protection Screening Checklist in assessing data protection risk associated with a project and the subsequent need for a DPIA.	
A form to report information security incidents and data breaches should be put in place on the 'Report it' section of the council website and a data reporting procedure should be added to the Policies section of the Intranet to make this easily accessible to staff and external stakeholders.	

### Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

## Context






The UK-GDPR is the UK's data privacy law governing the processing of personal data from individuals inside the UK. This was drafted as a result of the UK leaving the EU, at which point the EU's GDPR no longer applied domestically to the UK.


## Previous audit

An audit of information security and GDPR implementation (Ref. 2018-RBC1) provided moderate assurance over the adequacy and effectiveness of arrangements in place.

## Scope of Audit

This audit covers the period from April 2021 to March 2022 and testing included audit of compliance with requirements in a sample of services.

Governance and accountability	There are defined roles and responsibilities for UK-GDPR compliance including appointment of a DPO and SIRO who are of appropriate seniority and suitably placed to perform their roles. The DPO role complies with ICO guidance which is used by the DPO to inform activity.	
Policies, procedures and awareness training	Policies were revised in January 2021. Our previous audit reported that a data protection policy on UK-GDPR compliance was in draft, but this has not yet been published. GDPR training was delivered to heads of service and managers, and there is guidance for officers on the Intranet. E-learning training was rolled out in March 2022 for all staff, completion is monitored and reminders are issued. Contracts with suppliers include UK-GDPR provisions and while we could not see the Idox contract to check coverage, the system has mechanisms to support compliance.	
Data processing audits	In November 2021 heads of service and managers were asked to update Information Audit Forms. Eleven services had returned these and we are satisfied those outstanding are being followed up. The template format is restricts responses available and was revised in response to our previous report, but further improvement is necessary.	
Privacy statements and impact assessments	The council's overarching privacy notice largely complies with ICO requirements but needs to state how data subjects can withdraw consent, though the right to withdraw is covered. The notice has also been inadvertently removed from the website. There are also some service privacy notices to address specific service requirements. A screening checklist is used to support assessment of data protection risks in projects but was applied inconsistently due to lack of awareness of the checklist or its purpose by some managers.	
IT security	The following audits carried out by Mersey Internal Audit Agency (MIAA) provided assurance over wider information security: Core IT Infrastructure Review (2019/20) – Substantial Assurance; IT Service Continuity Review (2021/22) – Moderate Assurance; Mobile Remote Working Review (2021/22) – Substantial Assurance; and IT System Access (2018/19) – Moderate Assurance.	

Reporting	UK GDPR breaches must be reported to the ICO within 72 hours. Mandatory information security training includes reporting requirements and reportable breaches, which can be reported using a generic email address or calling the ICT Helpdesk. One incident was identified during the audit timeframe but was not a reportable breach. An action in our previous report to add a reporting function to the Intranet and council website has not yet been implemented.	
-----------	--	---

Internal Audit


IT

# Procurement




2021/22





Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	3	0

Contract Procedure Rules and the Procurement Strategy set out the methodology and approach to procurement. The Rules were revised in March 2021 but references to EU regulations should be removed and the Strategy should be updated to reflect legislative and operational changes. Training on revised procedures was delivered to heads of service and managers. Procurement is administered effectively in compliance with policies and procedures with the exception of one high value contract which was not submitted to Cabinet in line with delegated approval limits, although progress was subsequently reported. Supplier contracts are recorded on a register but lead officer details should be recorded, contract renewal is not always reflected and ceased and superseded contracts are not removed.

Agreed actions from the audit	Priority
The Procurement Strategy and Contract Procedure Rules should be reviewed and revised in the light of changes in legislation and local guidance. Revised documents should be formally authorised at the appropriate level and any significant revisions should be communicated to staff.	
To support officer awareness of the need for procurement decisions to be subject to scrutiny and approval as required by the Contract Procedure Rules a flowchart should be produced setting out each stage of the procurement process and the necessary approvals required. This should be shared with officers responsible for procurement; and consideration should be given to creating a procurement Intranet page where up-to-date policy and procedures is easily accessible.	
The contracts register should include a column to record details of the lead officer overseeing the contract. At least quarterly, heads of service and managers should be asked to update the register with new contracts, remove existing contracts that have ceased or been superseded and provide an update or comment on contracts that are coming to an end.	

### Background

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

### Context

The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 became effective on 1 January 2021, removing references to the OJEU from UK regulations, including the requirement to comply with OJEU publication requirements. The thresholds have been retained and now apply to the UK's 'Find a Tender' system which replaced OJEU under the World Trade Organisation Government Procurement Agreement. Council

Contract Procedure Rules are reviewed annually by Full Council as part of the Constitution, and shaped by the Procurement and Commissioning Strategy. Both are designed to ensure legislation is complied with, value for money is promoted, public finances are managed effectively, and the council and its staff are safeguarded against allegations of dishonesty and corruption. Heads of service carry out procurement exercises, retaining proper records to support procurement activity.

### Financial Information




For the period April to December 2021, the council processed 5861 invoices of an approximate value of £50m and for the year to 31 December 2021 the council's contracts registers recorded 26 ICT contracts with a value of £63k and 33 non-ICT contracts with a value of £1.1m.

### Previous audit

An internal audit of procurement was last carried out in July 2018 and provided limited assurance over the adequacy and effectiveness of procurement controls and compliance with policies and procedures.

### Scope of Audit


In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks in the following areas: strategy, policy and practice; operational compliance; contract approval; and monitoring and oversight. The audit covers the period from April 2021 to January 2022.

Strategy, policy and practice	The Strategy sets a framework to obtain value for money in procurement consistent with the National Procurement Strategy, but needs updating to reflect legislative and operational change. Contract Rules are supported by a procurement scheme of delegation, setting out key requirements including expenditure estimates, quotes and tender bids. The current version (March 2021) added social value, transparency and proportionality, and use of 'Find a tender', but should have references to EU legislation and OJEU removed. Heads of service and managers attended a workshop on revised Rules and policy and training provide sufficient information to support compliance.	
Operational compliance	With one exception which was not approved in line with the scheme of delegation, in the cases we tested the Rules were complied with. Pre-procurement activity is carried out, including production of business case and cost estimates to determine the procurement approach. Tenders are let, quotations obtained, procurement frameworks used and tender bids appropriately considered.	
Contract approval	Decisions to award contracts over £15k are documented in a scheme of delegation and approved by senior officers and members. For one high value contract approval by Cabinet prior to tendering had not been sought, although the procurement was approved by senior management and the portfolio holder, and project progress was subsequently reported to Cabinet. Contracts tested did not exceed World Trade Organisation thresholds requiring wider advertising.	

<p>Monitoring and oversight</p>	<p>Officers are assigned procurement and contract management responsibilities, and there are regular updates to senior management and members for larger projects through Programme Board and Cabinet reports. A Contracts Register records let contracts but was not fully completed and included expired or superseded contracts. New contracts are added although records for contracts that had ceased or exceeded the agreed term were not up to date. Appropriate action is taken to renew contracts or initiate procurement exercises.</p>	<p>●</p>
---------------------------------	---	----------





Overall assurance rating	Audit findings requiring action			
 <b>Substantial</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	0	1

Governance arrangements operate effectively and Articles of Association set out roles and responsibilities for the Board and its directors, including requirements for decision making and Board appointments which are consistently complied with. The council's Overview and Scrutiny Committee receive annual updates on partnership progress, and Full Council approves project funding through the annual Capital Programme. Partners apply their own procurement rules to ongoing projects, but administrative expenditure for the partnership, such as website domains and marketing, is approved by the three partners. We could not initially confirm whether the previous Chief Executive had approved these payments as evidence was not to hand, but satisfactory evidence was subsequently produced.

Agreed actions from the audit	Priority
Emails confirming the Chief Executive's approval of partnership expenditure should be saved to a discrete network folder to ensure that they are easily accessible when required.	●

### Background




This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

### Context

Rossendale Together Barnfield is a joint venture established in 2013 between the council, Together Housing and Barnfield Construction to deliver regeneration projects within the Borough. To date, the partnership has delivered several large developments including the redevelopment of Rawtenstall town centre, Spinning Point.

### Scope of Audit

Our audit fieldwork was completed during July and August 2021 and have looked at information between January 2019 and July 2021..


<p>Governance</p>	<p>Articles of Association were agreed covered expected areas, including appointment and removal of directors; responsibilities; decision making; directors remuneration; share and dividends and administration arrangements. We confirmed that the Articles are complied with. A standing agenda is in place, meetings are quorate and partnership directors attend all meetings. Board decisions, including director appointments, are minuted and actions followed up.</p>	
<p>Reporting</p>	<p>The Board receives updates on progress with pipeline development and project delivery, including delays. Action taken by partners is addressed including any need for council approval and planning permission. Rossendale's Overview and Scrutiny Committee receive updates on project progress annually. Partnership accounts are signed off. Members are aware of plans through inclusion in the Capital Programme.</p>	
<p>Decision making</p>	<p>Partnership projects are included in the Capital Programme, including monies allocated to regeneration projects and reports were approved by members. A decision to provide no further funding for the Spinning Point project was recorded in Cabinet and Full Council minutes and was reported to the Rossendale Together Barnfield Board. In 2021/22 there were no projects from the partnership in the Capital Programme. A report on partnership status was provided to Cabinet in September 2019.</p>	
<p>Procurement</p>	<p>The council make monthly payments for project works to Barnfield Construction, invoiced based on project progress and assessed by an independent party. Non-construction payments are approved by designated officers in each partner and previous projects were appropriately approved by the former Chief Executive Officer. We confirmed that administrative expenditure appeared reasonable and relevant to partnership operation, including pre-project risk assessments, planning applications and administrative costs including website domains and marketing. Approval for payment was made by the designated council officer although approval emails were not easily accessible.</p>	


# Internal Audit Business Grant Allocations

2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	0	1
<p>We acknowledge the significant initial difficulties of administering grants, given the need to allocate funding quickly and in compliance with grant conditions. There were some initial shortcomings as a consequence, such as using Northgate to record payments. However, we consider that action appropriate to the circumstances was taken to make prompt, equitable payments to eligible claimants, which were subject to review and scrutiny. Following the initial round of grant schemes, procedures were refined and the council improved the payment method, pre-payment assurance and reconciliation.</p>				

Agreed actions from the audit	Priority
All applications for any future grant schemes, including discretionary grants, should be retained along with evidence of the reason for acceptance and rejection.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

**Context**

Central government established a number of grant schemes to support businesses during the Covid pandemic. These had either specific or advisory eligibility criteria, giving the council more or less flexibility in which businesses received funding. The following council systems were used to record, award and pay claims: Northgate, the non-domestic business rates system to access eligibility data such as trading status, business category, rateable value and liable party; Anite, the electronic document management system to store evidence and applications; and Civica, the finance system to process payments and administer accounts. The council also used central government tools, Spotlight and the National Fraud Initiative (NFI), to identify any need for further investigation and coordinated investigations with the National Anti-Fraud Network (NAFN).

**Financial Information**

16 grant schemes totalling £33.5m were administered by the council during 2020/21 and approximately £27m was paid to local businesses.

**Scope of Audit**



The audit assessed council compliance with government guidance on claimant eligibility, fraud management, grant payments and reporting, reviewing the headline elements of the following five grants: Small Business, Retail, Leisure and Hospitality; Local Restriction Support Grant (Open); Local Restriction Support Grant (LRSG) Closed; Additional Restrictions Grants and Restart Grant

Compliance with grant conditions	The council awarded or rejected grant claims in compliance with grant conditions and defined and adhered to appropriate eligibility criteria where it had discretion, and senior managers approved payment. For most schemes fraud checks were completed prior to payment with the assistance of the fraud officer assisted though checks were done after payment for the initial grant scheme due to the urgent need to make payments. A fraud risk assessment was completed for all grants. Evidence of rejected claims was not routinely retained.	●
Eligibility and communications	Grant information was published on the council website and provided links to government guidance. Schemes were promoted through Zoom workshops, newsletters, letters and emails, social media accounts and local business networks. Evidence of eligibility was appropriately assessed in compliance with grant scheme conditions and council policy retained. Checks were in place to identify duplicate and/or fraudulent claims.	●
Payment	Payments were made accurately, promptly and subject to senior officer approval. There was adequate separation of duties, though this improved from the initial grant scheme to subsequent schemes.	●
Reporting	An update on the business grant scheme was reported to Cabinet and the Operation and Governance Board in May 2020 and Cabinet since received summaries of overall grant spending in quarterly financial monitoring reports. An overall underspend across all grant schemes of £6.475m was also reported and an unspent balance of £2.29m was returned to central government in May 2021. Final returns of outstanding balances have not been requested by central government and the council are carrying out reconciliations in expectation of this requirement.	●


Internal Audit

Accounts Payable




2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	2	1

Overall, accounts payable is managed effectively, although the failure by some services to raise purchase orders has caused payment delays and the creditors control account has not been routinely reconciled. There is sufficient separation of duty between requisition, orders, invoices and payments. Invoices are matched with purchase orders and goods received notes prior to payment except where payments for an order would not be expected, such as grant payments. Expenditure is appropriately coded and payments are approved prior to processing. There is need for user access to the creditor system to be removed from officers who no longer need access or who leave the council, although the latter risk is minimised by the disabling of leaver network login by the IT service. The majority of invoices were paid within the 30-day trade term target, although the use of retrospective orders by some services to obtain goods and services contributed to a failure to achieve payment targets in certain quarters. The creditor control account reconciliation had been inconsistently completed, although this has now been brought up to date, and there remains a significant variance which is being reviewed by the council's software provider.

Agreed actions from the audit	Priority
Civica user accounts for officers who left the authority should be deactivated. Consideration should be giving to undertaking periodic reviews to establish whether officers are still employed by the council and that access is appropriate to their role and responsibilities.	
Compliance with established procurement rules should be promoted through: <ul style="list-style-type: none"> <li>• Reminders to officers who continually raise retrospective orders, supported by training on the purchase order process for non-compliant officers (raised on our previous audit February 2021); and</li> <li>• Periodically compiling a report of retrospective orders raised and services that use them for submission to heads of service and the Corporate Management Team, to inform senior managers of the extent and impact of repeated non-compliance with the process.</li> </ul>	
The council should consider whether there is sufficient training on control account reconciliations within the finance service. If appropriate, additional officers should be trained to allow for better cover of absence or officers leaving the authority.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan.

**Context**

The Finance Service administers the creditor database, processes invoice and reconciles spending to the general ledger using Civica software. Invoices are automatically matched to purchase orders and goods received notes. Retrospective purchase orders are created after an invoice is received to allow for payment. A number of new records in the past financial year related to the creation of accounts to pay test and trace/isolation payments.

**Financial Information**

For the period April to December 2021, the council processed 5861 invoices of approximate value of £50m.

**Previous audit**

An internal audit of accounts payable was last carried out in February 2021, in which we gave substantial assurance and agreed one low risk action.

**Scope of Audit**

We audited the adequacy and effectiveness of the controls and processes established by management to mitigate key financial risks.

System access	The Civica creditor module contained nine active accounts for officers who had left the council. Their network logins were disabled, preventing access to the council network and systems and reducing the risk of inappropriate access. However it is good practice to remove system accesses when officers leave or no longer need access.	●
Separation of duties	There is adequate separation of duties between roles for raising requisitions, orders, invoices and payments and an appropriate level of approval prior to processing.	●
Purchase order and invoices	Most invoices were imported onto Civica with purchase orders and goods received notes prior to payment but almost half. We confirmed these related to grant, voucher or precept payments where an order would not be expected as no services or goods were purchased.	●
Payment processing and exception reports	While most invoices are paid within the 30-day trade terms some exceeded this where services had not followed the established process. We agreed the use of retrospective orders would be monitored and repeated non-compliance reported to senior managers. Payment reports were reviewed and approved by a senior officer prior to payment. Four invoices were paid by direct debit and we confirmed that the arrangements are approved on input to the system	●
Coding and creditor control account reconciliation	General ledger codes are appropriate to goods and services purchased. Weekly monitoring and monthly reconciliation of the creditors control account was not consistently completed and reviewed and we agreed an action to train officers to cover absence or leavers. The creditor control account has not balanced for most of 2021-22 with variances ranging from £20k to £111k but work is in hand to investigate and resolve this.	●




Internal Audit

Accounts Receivable

2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	2	1

The accounts receivable control framework is adequately designed and controls for system guidance, initial recovery action, ledger coding and reporting are operating effectively. The debtor system higher level permissions are appropriately restricted, and invoices cannot be amended once created on the system. There are procedure notes on how to raise debtor invoices and services have an officer with access or can request Finance to raise an invoice. The recovery procedure is generally compliant with policy and supporting evidence is retained for most debts. Invoices are coded appropriately and the debtor control account is reconciled monthly, although there was a consistent variance for most of the financial year. Aged debt reports are issued to legal and service areas weekly and quarterly financial monitoring reports provide an overview of debt to members. The debt management policy requires updating, which we have raised in previous audits. There is little evidence of legal recovery action progressing in the second half of 2021, the monitoring spreadsheet does not reconcile to the debtor database and write-offs have not been processed for the past three years, although we were informed that the write-off process is due to restart. Of six actions raised on our previous audit, two have been implemented, one superseded and three have not been yet implemented and we have restated them here.

Agreed actions from the audit	Priority
Consideration should be given to including in the debt management policy a minimum financial limit on credit checks performed on debtors. Once agreed by senior managers, the policy should be submitted to Cabinet for approval, adopted and distributed to finance officers and all services that raise debtor invoices to support compliance.	
The spreadsheet of debtor invoices for legal action should be reviewed to ensure: • Prompt action is being taken to pursue legal recovery of outstanding debt; • The legal spreadsheet is up to date with the debtor database; and • A priority status for recovery cases is implemented to ensure progress on legal action is monitored and resources allocated appropriately.	
All sundry debt write-offs identified by the Finance Manager should be approved in line with write-off approval limits and processed on the system. For debts that exceed £5k, members approval should be sought prior to processing.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan and has been conducted in conformance with the Public Sector Internal Audit Standards.

**Context**

The council use the Civica Debtor system to manage the debtor database and raise invoices, and this is administered by the Finance Service, who control user access and report the overall debt position. All services can raise debtor invoices or request that invoices are raised by the Finance Service. The system generates payment reminders and final notices at defined intervals and Finance liaise with services and Legal Service to escalate recovery.

**Financial Information**




During the period April to December 2021, the council raised 1494 debtor invoices totalling £3.18m. In March 2021 the council had a total of £771.2k outstanding debt, which had been reduced to £565.5k by September 2021.

**Previous audit**

Our last audit was carried out in February 2021, when we gave moderate assurance and agreed six actions. The table at 4.4 provides an update on the status of these actions. Overall, two actions have been implemented, one superseded and three have not yet been implemented and we have raised these again in this audit.

**Scope of Audit**

We audited the controls to mitigate the following key risks including invoices or credit notes not recorded inaccurately or in a timely way; recovery procedures are not complied with; debts are not recovered promptly; transactions are inaccurately recorded or evidence of liability of debts is not retained; unauthorised or inappropriate access to the debtor's system. The audit covered the period April to December 2021

System access, raising invoices and guidance	The Finance Manager identified four user accounts to the debtor's system for officers who have left the authority. We have raised an action in our recent accounts payable report to address this. Other than these, access is appropriate to the role and responsibilities of the officers and all are employed by the council. The system prevents amendment of invoices once input. All services have at least one officer with access to raise a debtor invoice and process guidance is available for new officers. The guidance has been updated and the debtor database is currently being reviewed and duplicates identified and merged as agreed in the 2020-21 audit report. We consider these actions are implemented, although acknowledge that the database will require continued review and further work.	
Policy and recovery process	The action agreed in our 2020/21 report to update the debt management policy has not been implemented. We have raised this action again, with specific reference to credit check requirements within the policy. We were unable to see evidence that credit checks are routinely in use. All except one of the invoices sampled was supported by evidence, such as a signed contract, which would be sufficient for further recovery and legal action. The Finance Manager advised that one invoice did not have supporting evidence and the associated risk of inability to bring legal challenge was accepted. The recovery procedure is generally compliant with the debt management policy for all except one invoice which had the recovery action suspended for several months. We were told by the exchequer officer that this had been overlooked and would be unsuspected and chased. Legal action has not been progressed following the departure of the legal officer responsible in August 2021. We were unable to confirm that a sample of cases, marked as submitted to legal, had been acted on and the spreadsheet provided had not been updated, as agreed in our previous report.	
Ledger coding and reconciliation	Most invoices were imported onto Civica with purchase orders and goods received notes prior to payment but almost half. We confirmed these related to grant, voucher or precept payments where an order would not be expected as no services or goods were purchased.	




<p>Aged debt and write off</p>	<p>Most invoices tested were promptly recorded on the general ledger, typically on the day of payment. One was not paid at time of testing, and another had been cancelled and re-raised and promptly coded to the ledger. The debtor control account is reconciled although reconciliations were not checked and approved by another officer for three months. We agreed an action to address this in our accounts payable report. We were unable to establish the reason for a £6k variance on the debtor account since July 2021, but the software provider Civica is currently investigating.</p>	<p>●</p>
--------------------------------	---	----------




Rossendale  
BOROUGH COUNCIL



Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	1	0

The annual budget is accurate, approved by members annually and supported by quarterly financial monitoring reports. There have been delays in issuing quarterly reports this year, due to the timing of corporate management team meetings, which will be caught up at July Cabinet. Responsibility for monitoring service budgets is appropriately assigned working papers are retained. Journals are supported by narrative and evidence. One suspense account had a balance that the Finance Service was unaware of, though this was resolved immediately. The control account reconciliations had variances, of which some could not be explained and were inconsistently monitored through the financial year. Reconciliations are approved by another officer to ensure accuracy and completeness. There were live general ledger user accounts for officers who left the authority and we agreed an action in our previous report that access be fully reviewed and such accounts deactivated. We acknowledge that the Finance Service has been adversely impacted by the loss of two senior and experienced officers.

Agreed actions from the audit	Priority
A complete list of all control and suspense accounts will be created showing the frequency of monitoring and reconciliation and the responsible officer. Reconciliations will be reviewed and approved by another officer once completed.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. The audit covers the period April 2021 to March 2022 and has been conducted in conformance with the Public Sector Internal Audit Standards.

**Context**





The council agreed a net revenue budget for 2021/22 of £8.9m in February 2021. The budget is monitored and maintained using the Civica General Ledger module. The Finance Service is undergoing significant change, with two officers having left the service during the Summer of 2021 and the Finance Manager due to leave in the Summer 2022.

**Previous audit**

An internal audit of general ledger controls was last carried out in March 2021 when we gave substantial assurance with no need for improvement action.

**Scope of Audit**

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to: budget inputs to the system; virements; system access; account reconciliations and variances.


Budget setting and monitoring	The annual budget was approved by Cabinet and was input to the financial system. Financial monitoring reports were submitted quarterly with a narrative explaining variances but were delayed, with quarter 1 submitted in October 2021 and quarter 2 in January 2022. We were told this was due to the timing of corporate management team (CMT) and cabinet meetings. Service budgets were monitored by allocated officers and variances were queried and supported by working papers. A review of Finance roles and responsibilities within the team was in progress to address knowledge/skill gaps and improve resilience.	
System access	Officers generally had system access appropriate to their role and responsibilities but there three active accounts for officers who had left the council. These had been identified by the Service and we agreed an action in our Accounts Payable report. The risk is minimised as active directory (AD) logins had been removed when the officers left. An account requires Accountant or Full access to create/amend codes on the ledger.	
Journals and suspense accounts	Journals were supported by a narrative and evidence, for example where invoice references are provided or reference to grant schemes and virement between budgets were approved prior to processing. Five of six suspense accounts were cleared but the payroll suspense account had an outstanding balance of -£14.7k. This was reviewed and resolved and we agreed that suspense accounts will be routinely checked and issues resolved in future.	
Control account reconciliation	We were unable to confirm that suspense accounts had been balanced although the variances for two accounts were satisfactorily explained. The VAT control account was pending following monthly reconciliations. We could not confirm that reconciliations were reviewed by a second officer although we were told there was oversight over workings. We agreed an action to address issues with timely completion of control account reconciliations and periodic checking of suspense account balances. Due to the long-running issue with historical financial accounts closures we were unable to review year end reconciliations since 2017/18 but will follow this up in our next audit.	

# Internal Audit

## Income and Banking 2021/22


Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:

Overall assurance rating	Audit findings requiring action			
 <b>Moderate</b>	<b>Extreme</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
	0	0	1	0

The financial procedures establish most key controls for income and banking procedures and assign roles and responsibility. This had been amended to remove the requirement to bank cash promptly, which we considered a fundamental control, but the Head of Finance confirmed that this requirement will be reinstated in the 2022/23 financial procedures. There is adequate separation of duty arrangements between receipting, banking and reconciling income with sufficient control over user access for the council's receipting system. The office safe exceeded the £1000 insurance limit at time of review by approximately £1050 due to an increase in cash to support Ukrainian refugees and the Finance Manager is considering whether insurance cover should be increased. All sources of income are identifiable, with transaction amounts receipted and banked promptly and reconciled on a weekly basis. However, the suspense account for income has not been checked routinely and has unresolved transactions, some of which date back to the beginning of the financial year. The monthly reconciliation of the cash at bank control account also has significant unexplained variances. We have agreed an action to address issues with the suspense and control accounts in our general ledger report (Ref. 2021-22) as part of a larger action for all relevant accounts.

We agreed an action in our 2020/21 audit, that income received by service areas is banked promptly and advice and training is provided to officers who are identified as breaching financial procedures. We confirmed that this action has been implemented.

Agreed actions from the audit	Priority
An early decision should be reached on the need to increase insurance cover for safe holdings, in view of the need to hold cash over the current limit related to the Ukrainian refugee scheme for what may be a protracted period of time.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. .

**Context**

The council uses the ICON receipting system to record income, which is reconciled in conjunction with other systems, such as the Civica modules for general ledger and debtors and the Northgate modules for council tax and national non-domestic rates (NNDR). We noted that cash transactions have significantly reduced, with only one recorded on ICON which was due to a coding error. Most transactions were taken either electronically or via cheque.

**Financial Information**

For the period August 2021 to January 2022 there were approximately 43,000 transactions of £25.7m total value.

**Previous audit**




An internal audit of income collection was last carried out in April 2021. This resulted in a substantial assurance opinion being issued, with one low risk action agreed.


**Scope of Audit**

In this audit we have reviewed and tested the adequacy and effectiveness of the controls and processes established by management to mitigate the key risks relating to the following areas:

- Payments made to the Council are misappropriated or misused, resulting in financial loss;
- The collection and banking of income is not recorded to the general ledger promptly, completely or accurately;
- Unauthorised access to systems leads to misappropriation or misuse of council funds.

The audit covered the period April 2021 to March 2022.

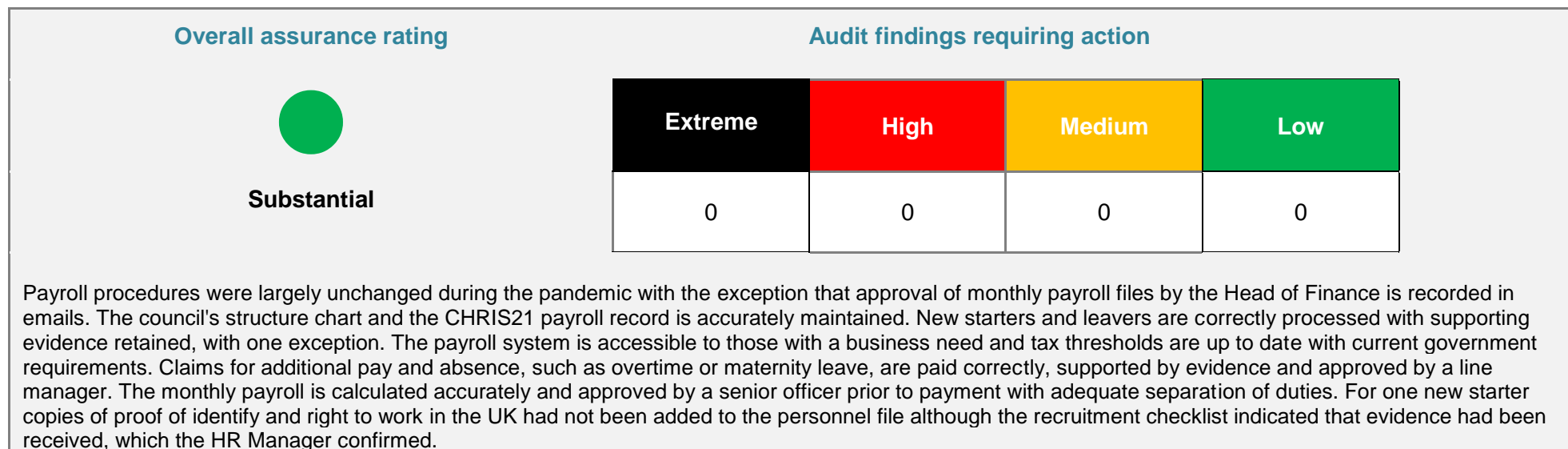
System access	ICON user access was appropriate to the role and responsibility of the officer, and all were employed by the council. Officers outside the Finance Service have appropriate access to receive and receipt phone payments and we were satisfied that such accounts did not give access to administrative functions, such as access permissions.	
Financial Procedures and Separation of Duties	There is adequate separation of duty of income receipting, banking and reconciliation. The Financial Procedures establish key controls and assign responsibilities and roles, and are available online. Procedures were amended to remove a statement that income should be 'promptly banked' but will be reinstated in 2022/23 financial procedures.	
Identifying, receipting, storing and banking income	Sources of income are identified and a list is retained to support identification. Transactions were identified from a bank statement and receipted or appeared on a bank statement typically within five days of receipt. Transactions were receipted within 48 hours on the system. Receipting of cheques is done twice a week ahead of collection by a security company. One transaction was incorrectly coded as cash which we accepted as an error. The office safe exceeded the £1000 insurance limit at time of review by approximately £1050 due to an increase in cash to support Ukrainian refugees. The Finance Manager had accepted the risk and contacted the insurer to explore increasing the safe holding limit and a decision was pending until the cost was known.	

Reconciliation	<p>Income was recorded daily, figures were taken from global fund analysis reports and bank statements, and reconciled weekly. Figures were entered accurately and all but two weekly reconciliations balanced, though these were resolved within four weeks. The income suspense account had a debit balance of -£50,825.25 with 664 transaction lines across the financial year. The service provided working papers to show that this was being addressed but we were unable to establish how often the suspense account was checked during the year and we agreed an action our General Ledger audit that periodic checks will be introduced. Monthly reconciliation of the 'cash at bank' control account has not been balanced for the whole of the 2021-22 financial year and all months had significant variances that had not been resolved. The variance as of March 2022 is £290k. The finance manager confirmed work was in hand to fully reconcile the cash at bank control account for April 2022. We reported this issue in other financial audits and the Finance Manager attributes the need to improve Finance Service resilience arising from the loss of experienced senior officers.</p>	
----------------	---	---









**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. .

**Context**

The council uses the Complete Human Resource Information System (CHRIS21) to administer and calculate payroll. HR and payroll functions are undertaken by the council and system access is restricted to those in HR, payroll and ICT service. Due to the pandemic and working from home arrangements, we noted some minor changes in procedures.

**Financial Information**

At time of review, the council had 176 employees with an approximate monthly payroll of £300k.

**Previous audit**

Our 2019 audit also gave substantial assurance and raised no improvement actions.

**Scope of Audit**

This audit has addressed the council's payroll procedures, excluding payrolls run for Rossendale Leisure trust and exceptional payrolls such as for the 2021 elections. The audit covered the period April 2021 to March 2022.

System controls	Schemes of delegation (SOD) to create, amend or de-establish a post were approved at senior management team meetings. The council structure chart was accurately updated following approval and fully recorded on the payroll system and was reviewed every two weeks to confirm completeness and correct any errors. Tax rates and thresholds were updated on the system in line with HMRC rules. Pay for new starters and leavers, and sickness and maternity were calculated and processed promptly and correctly, claims and deductions were processed accurately.	●
System access	Only employees requiring access to the payroll system are set up by the Payroll and Systems Officer. Access levels were appropriate to role of the officer, with the highest access levels restricted to the People and Pay manager, HR manager and Payroll officer.	●
Payroll processing and reporting	Pay for new employees is processed correctly and in a timely way, and action is supported by appropriate evidence including right to work in the UK and proof of identity. Overtime pay, additional pay requests and voluntary deductions are supported by an authorised request and evidence where applicable. Mileage claims were calculated accurately and were supported by a mileage claim form either signed or confirmed via email by a line manager. Sick pay and maternity pay was accurately calculated, authorised by a line manager and supported by evidence. Leavers final salary was correctly calculated, and their record promptly removed from the pay system. Salaries and deductions control account reconciliations were completed and checked with two exceptions where the assistant account had left the council. We were satisfied that the reconciliations were subsequently carried out.	●

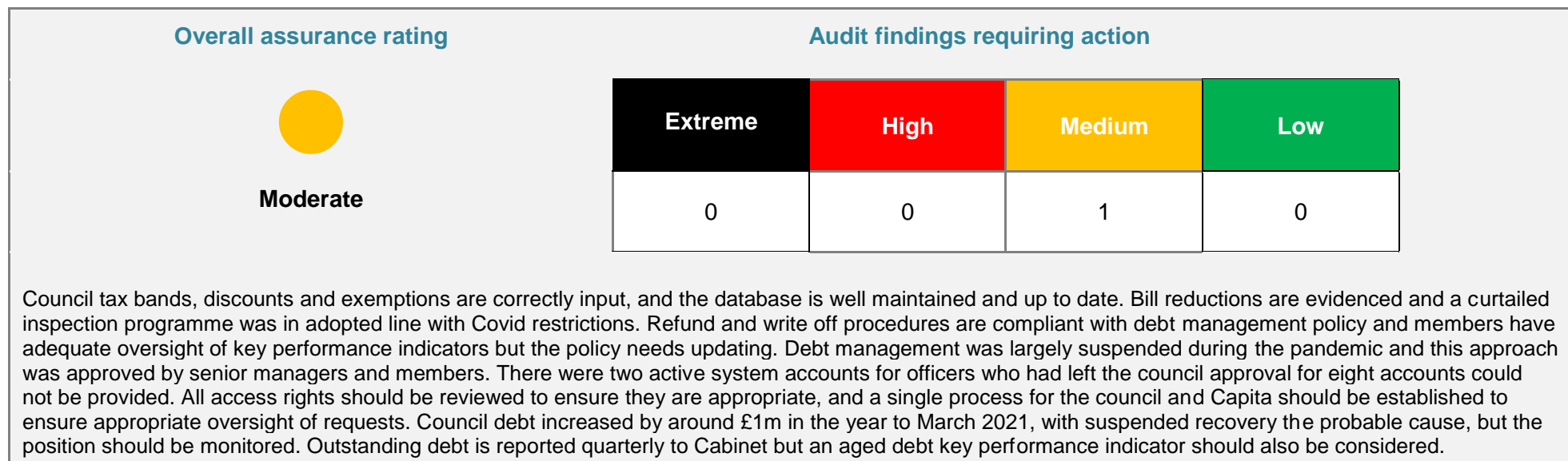
Internal Audit

Council Tax

2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:



**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. .

**Context**

The council outsource the council tax service to Capita PLC and re-awarded the contract in 2019. The council's service assurance (SA) team monitor contract performance through key performance indicators which are reported to members quarterly and were kept the same as in 2019/20 due to the Covid19 pandemic. The systems used are Northgate and the Anite document management system.

**Financial Information**








For the year ended 2020/21 the collectable Council Tax was reported as £162k, after discounts and exemptions and less doubtful debt provision and precepts. The council's share of the Council Tax collection fund deficit of £393k was £56k (14.61%).

**Previous audit**

Our 2019 audit also gave moderate assurance and raised one low risk improvement action.

**Scope of Audit**

This audit addressed the design and effectiveness of the council tax control framework and was completed during July and August 2021.

Policy and process	The debt management policy has not been reviewed and updated since it was approved in 2008. We agreed an action to address in our 2018-19 debt management report but this was not implemented. The policy adequately defines recovery and write off procedures but inaccuracies included the summons cost and lack of a review schedule.	
Accuracy and completeness	The Northgate council tax database is reconciled to Valuation Office reports weekly to confirm its accuracy. Tax bands were approved by Full Council in February 2020 and were added to the system and council website.	
System access	Two employees who had left the council had live system accesses, which were subsequently deactivated, and the user access report should be reviewed to confirm users have appropriate access. We proposed a single process for the council and Capita to request and approve user accounts and amendments.	
Reductions and refunds	Evidence of eligibility for reductions was retained on the system in cases other than where discounts and exemptions began before 2012, exceeding the system retention period. Limited period exemptions and discounts were end-dated on the system. Refunds were approved, in credit at the time of refund and supported by an appropriate reason.	
Property inspection	A risk assessment of inspections during the pandemic concluded that only "drive by" inspections should be undertaken. Restrictions were subsequently relaxed and inspections took place, including of empty properties, although no inspection timetable was prepared. Properties not able to be inspected in 2020 were reviewed in 2021.	
Debt recovery	Council debt management procedures were not operated in 2020-21 due to the pandemic. Reminders were issued to residents with arrears but summons were not issued as courts were closed. This approach was reported to Cabinet in October 2020 and recovery action recommenced in 2021. Aged debt reports were used to monitor outstanding debt and write-offs complied with policy and were approved. The increase in overall debt justifies further reporting but this may be better achieved by developing and reporting a key performance indicator.	
Key performance indicators	Council tax collection rate performance was reported quarterly to Overview & Scrutiny Committee in 2020-21. The annual target of 96.7% was missed by 1% due to the suspension of normal operations during the pandemic. Consideration was being given to reducing the target to 94.7% for 2021-22 to give time for collection rates to recover, and to be increased incrementally over the next three years.	

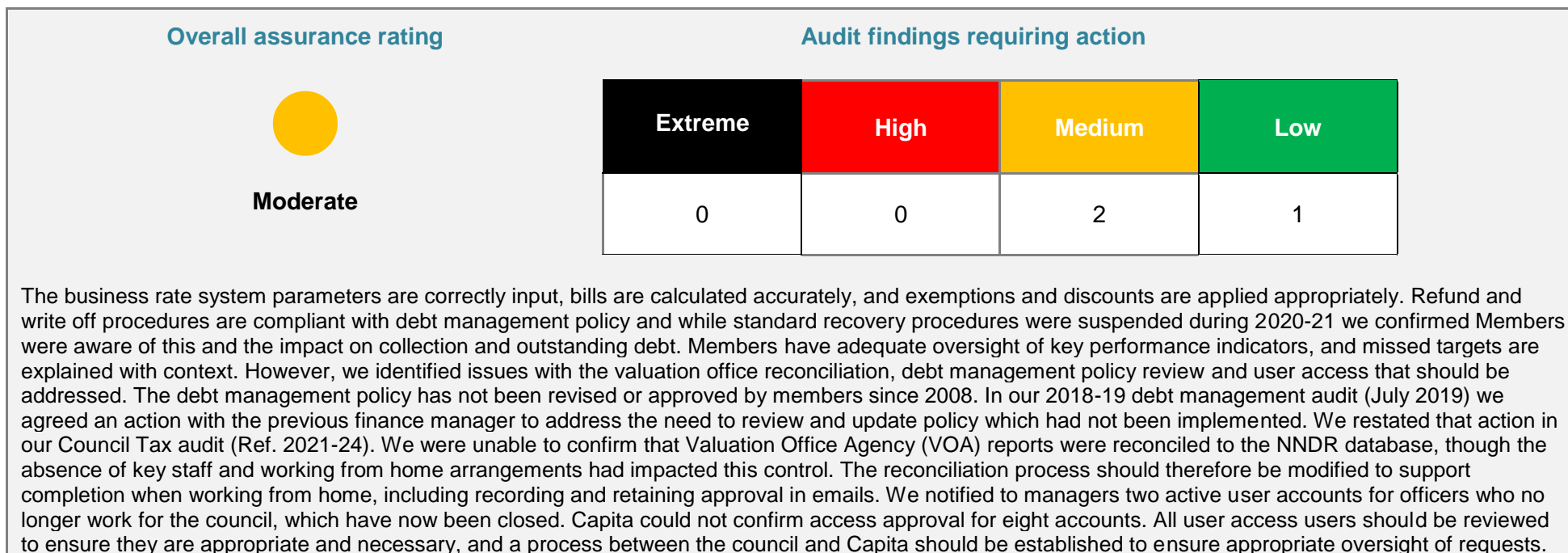
Internal Audit




National non-domestic  
rates

2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:



Agreed actions from the audit	Priority
The debt management policy (2008) should be reviewed and revised to ensure it is up-to-date, to correct any inaccuracies and to ensure policy reflects relationship between the council and the service provider Capita. The revised policy should be considered and approved by Members.	
The VOA reconciliation process should support completion when working remotely, including recording and retaining evidence in email chains.	
User access accounts should be reviewed periodically to ensure officers have appropriate access.	

**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. .

**Context**








The council outsource the NNDR service to Capita PLC and re-awarded the contract in 2019. The council's service assurance (SA) team monitor contract performance through key performance indicators which are reported to members quarterly and were kept the same as in 2019/20 due to the Covid19 pandemic. The systems used are Northgate and the Anite document management system.


**Previous audit**

Our 2019 audit also gave moderate assurance and raised one low risk improvement action.

**Scope of Audit**

This audit addressed the design and effectiveness of the council tax control framework and was completed during July and August 2021.

Rateable value	Comparison of VOA reports to the Northgate database had not been carried out under working from home arrangements as the process relied on paper reports to evidence reconciliation and approval. We were told an officer did check the figures periodically but these checks were not documented. More recent VOA reports had been compared to Northgate. We proposed that the annual comparison is reintroduced using emails to record evidence of reconciliation workings and totals and senior manager approval.	
System accuracy and access	Business rates multipliers input to Northgate for 2020-21 complied with Ministry of Housing, Communities & Local Government. Current system user access was appropriate to roles and responsibilities but there were two users with access who no longer work for the council or Capita. These were subsequently deactivated. Evidence of line management approval of user access requests was not always retained.	
Reductions and refunds	Exemption and discount eligibility was correctly established prior to bill reductions or exemptions and in most cases were supported by evidence. Those usually reconfirmed annually were covered by Covid-19 relief schemes and those that were time-limited had an end-date entered.	
Property inspection	Risk assessments of inspection procedures in 2020 and 2021 determined that only "drive by" inspections should be undertaken but internal inspections were reintroduced later in 2021 as restrictions eased. Of 14 accounts requiring annual inspection in this period accounts were inspected in 2020 and one was empty for a short period. Officers also covered One Stop Shop services due to staff shortages, further reducing capacity to visit properties.	
Debt recovery	Normal debt management activity was curtailed in 2020-21 due to the pandemic. Reminders were issued to residents with arrears but summons were not issued as courts were closed. This approach was reported to Cabinet in October 2020 and recovery action recommenced in 2021. Aged debt reports were used to monitor outstanding debt and write-offs complied with policy and were approved. The increase in overall debt justifies further reporting but this may be better achieved by developing and reporting a key performance indicator. The debt management policy had not been reviewed and approved since 2008. We agreed an action to address this in our 2018-19 debt management report, but this was not implemented and we restated it in a subsequent audit. The policy defines procedures well but includes inaccuracies such as summons cost and lack of review schedule.	

<p>Key performance indicators</p>	<p>The Operational and Governance Board were informed in May 2020 that revised KPI's would not be set for 2020/21 due to Covid19's impact on revenues and benefits, but this would be reviewed when the situation normalised, and 2020/21 performance was measured against the 2019/20 target. Performance was reported quarterly to Overview &amp; Scrutiny committee with context and explanations for the missed collection rate. The quarterly collection rate target was missed for the first three quarters of 2020-21 and the annual target of 98.60% was not achieved, with 94.2% reported to the Strategic Governance Board and Overview &amp; Scrutiny Committee, due largely to suspension of recovery procedures and increased write offs. A decision was pending on whether the target will be lowered and monitored over the next three years as pre-Covid 19 collection levels recover.</p>	
-----------------------------------	--	---

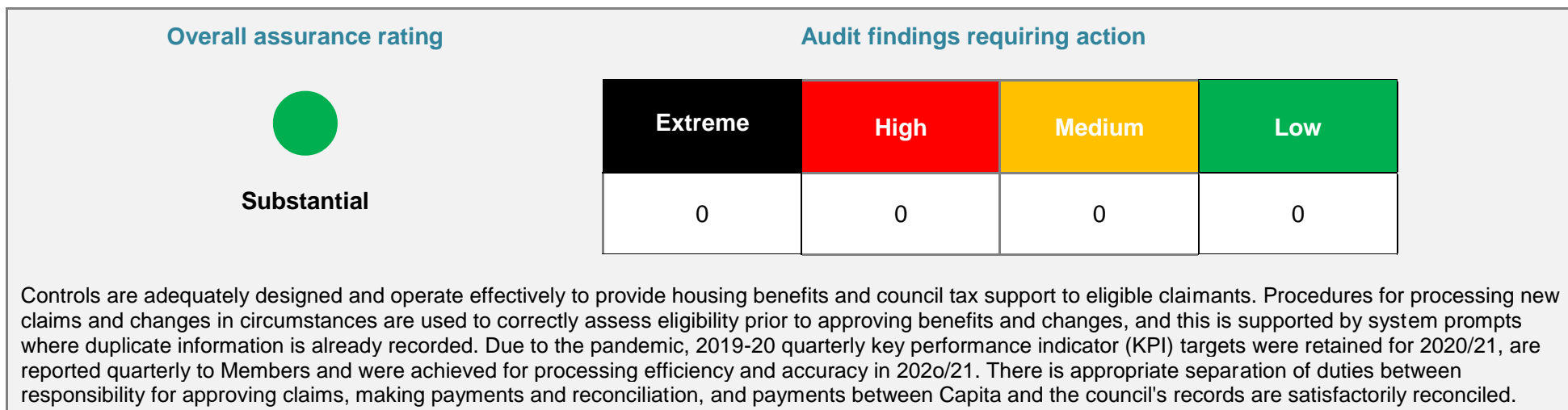
Internal Audit

Housing Benefit

2021/22

Rossendale  
BOROUGH COUNCIL

Internal Audit service provided by:



**Background**

This audit has been undertaken in accordance with the 2021/22 Internal Audit Plan as approved by the Audit & Governance Committee. .

**Context**


The council outsource the housing benefit claims service to Capita PLC, with a new contract awarded in 2019. The council's Service Assurance (SA) team monitor performance against this contract through key performance indicators and thematic exercises, and report quarterly to Members for oversight. Capita use the Northgate system to input and manage housing benefit and the Anite system to store evidence.






**Previous audit**

Our 2019 audit gave substantial assurance and agreed no improvement actions.

**Scope of Audit**

This audit addressed the design and effectiveness of the council tax control framework and was completed during July and August 2021.

Processing of applications	Overall, eligibility decisions were made correctly and in line with policy. Amendments were supported by a change in circumstances notification and appropriate evidence of eligibility, other than for claimants in receipt of universal credit (UC), the process for which also checks eligibility. Only claimants of state pension age or currently in supported, sheltered or temporary accommodation are eligible for housing benefits, and other claimants are referred to the UC process. UC eligibility is checked by the Department of Work and Pensions. Processing quality was checked by a more senior officer and monthly quality checks are undertaken, with errors identified and promptly addressed.	
----------------------------	--	---

System access	User access was appropriate to officer's role and responsibilities apart from two users who had left the council, and these accounts were subsequently deactivated. User access requests and approval were not routinely retained and the user access report should in future be reviewed to confirm all current users have appropriate access. An access request form that will be used for Northgate access requests and will be retained.	
Housing Benefits Matching Service	Housing benefit matching service notifications highlight matches or inconsistencies between the Northgate and DWP databases to identify potential fraud, and we confirmed that notifications are correctly actioned. Due to the pandemic matches are now actioned by Capita, who notify the council's Fraud and Compliance Officer for further investigation. Only referral was made in the past year which was under review at the time of the audit..	
Separation of Duties	There was adequate separation of duties between Capita and council officers with approval given by the accountant prior to payment. As a "Benefits Payment Run BACS File Transmission" form could not be provided we evidenced approval through email correspondence between the Finance officer and accountant, which we considered to be reasonable under working from home arrangements.	
Review and reconciliation	Payment totals reconciled between Capita and the council for all months except for April 2020, where there was a variance of £1979.46 between council and Capita totals, due to a single occasion where manual payments were made to two customers ahead of a bank holiday weekend.	
Key performance indicators	Housing benefit KPI's for processing efficiency and accuracy were reported to Overview & Scrutiny Committee quarterly, and targets were all achieved. Targets for processing efficiency and accuracy will be made more challenging to reflect improved performance. One indicator - 'less than 5% of new Housing Benefit claims outstanding over 50 days' - will remain the same as a safeguard against significantly delayed claims.	

## IT AUDIT ASSURANCES

The following are summaries of assurance provided by the work of Mersey Internal Audit Agency:

### **Critical application review: Civica (Moderate)**

Civica is used to deliver and access all financial transactions including creditors, debtors, purchasing, and reporting. It is critical to operations and data use must comply with GDPR legislation to minimise the risk of downtime or data breach. An Information Asset Owner (IAO) has been appointed and is reviewing the governance structure and operational roles and responsibilities. System access is controlled and reviewed, and leavers are removed from Active Directory. Application processes and procedures are not formalised or performed routinely, and the IAO is reviewing housekeeping procedures. Certifications and assurances are held for the Public Service Network, Civica HQ and third-party data centre but there is limited evidence of assurance over system support, such as penetration tests. Disaster recovery tests are performed and a business continuity plan should be agreed with regular testing. While backups are taken and checked daily, the data cleansing process and retention, archiving and destruction policy should be approved. A draft migration plan has been produced but we were unable to confirm that all migration risks were included.

### **Mobile (remote) working (Substantial)**

Overall, the system of internal control meets system objectives and controls are consistently applied. The increase in mobile working during the pandemic was supported by remote access to the council network on laptops, tablets and smart phones which may not integrate with security and support frameworks, increasing the risk of data breaches. Policy, guidance and training is in place, but should include areas such as home working risks. Users valued the benefits of flexible working and understood security requirements. A Virtual Private Network operates for remote connections, access to secure emails is through Mimecast and MS Teams is used, although a corporate background should be enabled. ICT had provided required equipment, addressed technical queries and rolled out updates but the management of offsite assets could be improved.

### **Resilience and service continuity (Moderate)**

The council uses its network IT environment to store and access applications and data which is critical and sensitive, and effective service continuity and recovery arrangements minimise the impact from system disruption. The IT service uses resilient technologies to provide resilience and contingency, including backup processes and multiple internal and outsourced computer rooms. There has been no reported outage since 2018. An ICT Disaster Recovery Plan is in place and remote working and new cloud-based services were quickly deployed during the pandemic. The Public Services Network has been re-certified, emails are held securely and forensic services and data backups are contracted out. The two third-party data centres are 27001:2013 compliant. A new supplier assurance process is being matured and embedded and disaster recovery/ offline backup is being procured. Areas for improvement include annual Business Continuity Plan testing, updates to disaster recovery/ incident management documentation, risk assessing the new disaster recovery/ backup solution, formalising and approving monitoring and logging, backup and scanning strategies, approval of a draft hardening policy and upgrading a legacy server.