

1st JUNE 2023

INTERNAL AUDIT – YEAR END AUDIT UPDATE

SUMMARY:

This report describes:

- The work completed by Internal Audit during 2022/23;
- A progress update on the audits from 2022/23 Audit Plan completed since the last update report to Committee.

RECOMMENDATION:

Members are requested to:

- i. Note the audit work completed since the last update report to Committee.
- ii. Note the completion of work against the plan.

1 Introduction

1.1 This report is to provide Members with:

- An overview of the work completed since the update provided to the Committee in March 2023;
- An update on completion of work against the 2022/23 Audit Plan.

2 Audit Work Completed

2.1 The table below provides an overview of the assurance opinion, given to the completed audit since the last update:

Audit Title	Assurance Opinion	Recommendations by Priority		
		High	Medium	Low
2022/23 Internal Audit Plan				
S106 follow up	Substantial	N/A	N/A	N/A
Treasury Management	Substantial	0	3	5
Performance Management	Substantial	0	0	6
Information Governance	Reasonable	0	9	1

Application Patch Management follow up	Reasonable	N/A	N/A	N/A
CCTV transfer	Substantial	0	0	0
IT Software Development	Reasonable	1	9	2
Staff Recruitment & Retention	Reasonable	0	5	0
Concerto Property System - PIR	Reasonable	0	1	0
Council Tax Billing, Collection & Recovery	Reasonable	0	2	4

2.2 Below is a summary of the key findings from the audits.

S106 follow up

The S106 audit was carried out in 19/20 and provided a limited assurance level.

It has been identified that the process around S106 agreements has substantially improved, with a joined-up approach, clearer records and more monitoring and oversight across all services involved. All recommendations made have been implemented.

A comprehensive report is produced and published annually in relation to the spend of S106 payments received. This can be viewed in more detail on the Council's website and therefore have not been specifically highlighted within this report. ([Planning obligations and the Community Infrastructure Levy - Rushmoor Borough Council](#))

Treasury Management

Processes and controls are well established and soundly managed by the experienced Treasury Management team. Testing identified that for the Money Market Fund and Borrowing transactions, the appropriate supporting documentation and approvals were in place.

The updated CIPFA Code of Practice is reflected in the latest annual Strategy (2023/24).

Formal cashflow forecasting is planned to be introduced in the near future which will assist the current good practices in operation.

Performance Management

There is a well-established performance management structure and reporting routine, which reaches the right senior management and Member audience on a regular basis. An in-year performance review by the Overview & Scrutiny Committee could also be introduced.

The quarterly corporate projects information has good detail with a narrative on the current status and, the key business indicators provide useful comparisons to last quarter and the previous year's corresponding quarter. There is also an update on the key corporate Strategies and Plans twice a year.

The data collection and reporting routine is sound albeit there is predominantly a reliance on one experienced officer for the process within the Performance Management team. The services are aware of their role each quarter, with a timetable also available for 2023-24.

Information Governance

Guidance, processes and controls are generally in place for information governance, including a Framework, related policies and records for privacy notices, the Information Asset Register (IAR) and Record of Processing Activities (RoPA). However, these need to be reviewed to ensure that they are up to date, complete and capture all relevant aspects.

SharePoint has Information Governance pages although not all policies and related documents are present and a review is required to ensure that it is complete and informative for officers and Members.

In regard to training, information governance e-learning modules are in place for council officers. Senior Management are aware that there are gaps in the completeness of training which are being progressed. Specific training sessions have been provided to council Members.

A specialist consultant, Silversands, has been engaged to progress the e-mail Document Protective Marking implementation and the council has an appropriate data breach log in place which holds good detail on the data breaches and the actions taken to resolve them.

The extent of Data Protection Impact Assessments (DPIAs) within the services needs to be identified and also introduced as a standard condition for all new projects.

There is relevant performance monitoring in place for information governance processes.

Application Patch Management follow up

This report follows up on the actions agreed in the 2020/21 audit of Application Patch Management. The original audit covered arrangements in place for five core line of service applications (Express, Integra, I-World, Uniform and 3Sixty), with the aim of confirming:

- Appropriate, in date contracts were in place with system vendors.
- Applying patches was carried out correctly, specifically including testing, prior to being migrated to live systems.
- Roles and responsibilities were clear, including service leads and support arrangements.
- Roadmaps of upcoming changes were held by RBC, to inform future planning for key systems.

The original audit identified that arrangements in place in 2020/21 for the systems reviewed were inconsistent, with four high-level findings raised to enhance RBC's approach to application patch management.

Two of the four recommendations have been implemented and the remaining two recommendations have been partially implemented. One of the partially implemented recommendation is awaiting the implementation of the new IT Service Desk prior to further work being carried out to fully implement the recommendation. The other recommendation is being addressed more corporately with regards to contract management and is now not a service recommendation but a corporate one, in which work is progressing.

CCTV transfer

The transfer of the operation of the Council's CCTV to Runnymede Borough Council (RuBC) has taken over two years to date since the Cabinet approval to transfer was made in August 2020, as the legal contracts had not been agreed until recently.

Much of the delay had been the wording and agreement of the operational schedule, as well as the data protection and freedom of information responsibilities, which could be attributable to the involvement of external legal counsel by both councils.

There was a lack of formal project management from the onset for this project. Although, project management was not well established at the time this project commenced, hence IT Project Management consultancy used.

The transfer was completed mid-February 2023.

IT Software Development

While RBC has historically carried out development in-house in the last three years the volume of development has increased significantly, linked to the growth of digital services. With the increased focus on cyber security an initial audit (this review) was requested by IT management. A number of proposed enhancements have been agreed, to help the service better align with good practice, for example as recommended in guidance from the National Cyber Security Council (NCSC).

However, it should be noted that the core development team only has two full time employees, supplemented by contract staff. Therefore, this does mean that it will not be possible to fully align with best practice, but rather agreed actions aim to make the control environment as robust as possible, within the constraints which the Digital Team operates.

The Digital Team is responsible for the core RBC website, a range of recently developed web-based systems and a small number of systems running on the internal network. System owners in service areas spoken to are complementary regarding delivered systems and the development 'experience' and did not identify any significant issues with systems since they have gone live.

How the process is managed regarding the 'interface' with service areas is quite informal. However, specifications are always produced, IT management is confident that clients are given clear timelines for delivery and developers are confident that systems are always tested on separate test systems and signed off, prior to going live. This area would benefit from greater formality and retention of evidence, for example of approvals but audit fieldwork did not identify any major issues. Enhancing the current approach will help to ensure that the development process continues to operate smoothly, for all stakeholders.

Linked to the small size of the Digital Team, the nature of the developments carried out and the need to roll out functionality in short timeframes, the primary focus has been on developing systems to meet business goals, rather than strictly complying with the best security practice, for example as set out in guidance from the NCSC. While fully complying with NCSC guidance is unlikely to be possible the starting point needs to be defining sound technical standards (informed by NCSC guidance) and implementing the most robust possible framework to maximise compliance.

As noted above most recent development is all in MS Azure. This is a relatively new technology at RBC. Staff (both development and wider technical IT) would benefit from more training, to address any gaps, with the

knowledge gained used to inform review of some areas of the 'technical' infrastructure.

Staff Recruitment & Retention

The Council faces difficulties with staff recruitment and retention in the current climate. The impacts of Brexit, the Covid-19 pandemic and the current cost-of-living crisis have severely reduced the labour market in the UK and, consequently, the Council is competing with both other local authorities and the private sector to attract and retain staff.

During 2022/23, 43 vacancies were advertised, out of the total number of applications received across these advertisements, only 17% resulted in applicants being invited for interview. It was also noted that a low number of applications were received for specialist roles. Demonstrating the Council is not reaching the right calibre of applicants for the jobs being advertised.

Out of the total jobs advertised, 53% lead to interviews being held. Although, overall, out of the 43 jobs advertised, only 35% resulted in someone being recruited to the role.

Notice periods for specialist roles may be insufficient to ensure continuity of key service delivery. Although, some services have highlighted this risk within their service risk register with mitigating actions should this occur, there is no formal succession planning in place.

Concerto Property System – PIR

Concerto phases 1a (core property and invoice data) & 1b (property compliance and maintenance) were implemented successfully, albeit six months later than planned.

The main cause of the delay was the lack of effective project planning and management at the start, which led to the underestimations of the time needed to validate the commercial property data held and uploaded (not aided by the loss of key staff), as well as of the complexity of the interface to the Finance system, Integra. The latter was also attributable to the lack of involvement of Finance initially, as well as to Concerto Support Services Ltd (CSS), which underestimated the resources needed.

Also, there was no contract with CSS in place until after the implementation – signed in June 2022. Despite this, a purchase order was raised in April 2021 and payments made for monthly invoices submitted by CSS from May 2021 including a full year's licence fee, although Concerto went live a year later, in April 2022.

Finally, a Data Protection Impact Assessment has not been conducted despite Concerto containing personal data.

Within this report some 'lessons learnt' points have been highlighted. Whilst not effective as a recommendation within this report they are points which

would be beneficial to be aware of for other future projects undertaken by the Council.

Council Tax Billing, Collection & Recovery

Sound processes are in place for the annual billing process, issuing bills and collecting council tax.

Work is currently underway to change the approach to inspecting properties which are receiving a discount or exemption. A more risk-based approach will be taken. Once finalised the Local Taxation Manager will ensure this approach is clearly documented.

Monitoring of accounts at recovery stage is minimal with 69% of the sample tested not being recently monitored. This has already been recognised as an issue and analysis is currently underway to see the type of calls/ queries being raised with the team to see if the right type of work is being filtered to CSU, to ensure the Local Taxation officers time is effectively utilised on recovery work.

However, it should be noted that the Council's collection rate for 2022/23 was 97.72%, which given the current economic climate, is good. In addition to this, for older years, Liabilities Orders have been reduced by 882, which equates to £722.7k, which is a 15% reduction in debt. Compared with the previous year which was 12%. It should be noted that liability orders could not be obtained for Council Tax debt during the Covid pandemic and resumed in August 2021.

Progress towards the 2022/23 Audit Plan

- 2.2 The table below provides a summary of the completion of audits for 2022/23 against the plan which will be used to assist the assurance opinion:

Audit/ Audit follow up status	Number of reviews	%
Finalised	20	95.2
Draft report	0	0
In progress but not substantially completed to include within the 2022/23 assurance opinion	1	4.8
Total	21	100%

NB: The figures within the table include 2 audits carried forward from the 2021/22 audit plan.

3. Recommendation

- 3.1 Members are requested to note the information provided within the report in relation to the completion of Audit work against the 2022/23 audit plan.

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References: *Internal Audit – Audit Plan 2022/23*, presented to the Committee on 28
March 2022.

[Agenda for Corporate Governance, Audit and Standards Committee on Monday, 28th March, 2022,
7.00 pm - Rushmoor Borough Council](#)