

**Public**  
**Key Decision - No**

## **HUNTINGDONSHIRE DISTRICT COUNCIL**

**Title/Subject Matter:** Internal Audit Service: Annual Report 2020/21

**Meeting/Date:** Corporate Governance Committee – 22 July 2021

**Executive Portfolio:** Strategic Resources: Councillor J A Gray

**Report by:** Deborah Moss, Internal Audit Manager

**Ward(s) affected:** All Wards

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### **Executive Summary:**

The Public Sector Internal Audit Standards (PSIAS) require the Committee to receive an annual report on the work of the Internal Audit Service. The report is required to include:

- The Audit opinion
- A summary of the work that supports the opinion; and
- A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

This report details the work undertaken by Internal Audit during the year ending 31 March 2021 to support the following opinion statement.

**Annual Audit Opinion** on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control:

Due to the impact of Covid and the decreased resources available in 2020/21, a limited number of audits were conducted which thereby reduces the coverage attained. However, confidence in the assurance can be taken from the fact that coverage included all the Council's key financial systems and all planned audits within the IT audit Plan.

Based upon work undertaken and knowledge of working arrangements, it is my opinion that the Council's governance, internal control environment and systems of internal control as at 31 March 2021 provide adequate assurance over key business processes and financial systems.

A limitation of scope is placed on the aspect of risk management, which must be excluded from the above opinion. There is insufficient assurance available for the Internal Audit Manager to offer reasonable assurance for this area.

**Deborah Moss**  
**Internal Audit Manager**

July 2021

Last year 2019/20 the annual audit opinion was stated as adequate assurance. This year 2020/21, there is no evidence to suggest that this assurance level for the internal control environment has changed. However, a limitation of scope has been placed on the area of Risk Management.

### **Summary of work**

The opinion is based on the outcome of 9\* audit reviews and the audit review of key controls within all 7 key financial systems.

(\* one reports issued from 19.20 Plan).

The 15 audits have identified 46 actions for improvement. Nine of these actions have been classified as 'red' or 'high risk' actions (ie meaning the uncontrolled risk has the potential to seriously affect service delivery).

The following new areas are brought to Committee's attention:

1. **Cyber Security** - 4 red audit actions have been agreed and IA will monitor their implementation and report periodically to CGC.
2. **Cloud Services** - 2 red actions have been agreed with ICT and will be monitored for implementation.
3. **Project Management** – advised a number of key projects are failing
4. **Risk management** – an action plan is being drafted to progress.
5. **Contract Management** – general control and governance over contractors was found to be weak.

The Internal Audit Manager continues to report functionally to the Corporate Governance Committee and maintains organisational independence. There were no constraints placed upon her in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

### **Quality Assurance and Improvement Programme**

One of the major elements of the PSIAS is the requirement to maintain a quality assessment and improvement programme This has been in place throughout the year with all work and reports quality reviewed. Neither the action plan from a previous self-assessment nor an external assessment (due every 5 years) have been delivered, due to the decision that delivery of the assurance work was more important than allocating resource to the QAIP.

### **Recommendation(s):**

It is recommended that the Committee:

1. Consider and comment upon the report; and
2. Take into account the audit assurance opinion when considering the Annual Governance Statement (AGS) for 2020/21.

## **1. PURPOSE OF THE REPORT**

- 1.1 This is the annual report of the Internal Audit Manager (IAM). It covers the period 1 April 2020 to 31 March 2021.
- 1.2 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's internal control and governance processes.

## **2. WHY IS THIS REPORT NECESSARY**

- 2.1 The Accounts and Audit (England) Regulations 2015 require the Council to 'undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'.
- 2.2 The Public Sector Internal Audit Standards (PSIAS) require an annual report to be considered by the Committee as they fulfil the role of the Board (as defined by PSIAS). The PSIAS details the matters that are required to be included in the annual report. These are:
  - a) The opinion
  - b) A summary of the work that supports the opinion; and
  - c) A statement on conformance with the PSIAS and the results of the quality assurance and improvement programme.

## **3. OPTIONS CONSIDERED/ANALYSIS**

- 3.1 Last year 2019/20 an overall opinion of adequate assurance was given and the internal control environment stated as generally effective. This year, 2020/21, it has not been possible to provide full coverage across the Council services and limited resources were concentrated on key financial systems and areas of IT risk. The audit opinion of adequate assurance is given with the caveat that it does not represent all systems across the Council. There is also a limitation on the scope of this opinion as it does not include risk management.

There have been 1 substantial assurance, 9 adequate assurance and 6 limited assurance reports (general and IT) issued in 2020/21 (including one review conducted in 19.20 but issue of the report was delayed due to covid). Key findings from the assurance reviews are attached to the annual report.

There are a number of matters within these reviews and from other work undertaken that need to be brought to the Committee's attention. These are detailed in the annual report and also taken forward to the AGS as significant governance issues. The AGS also contains outstanding governance issues from previous years.

#### **4. KEY IMPACTS / RISKS**

- 4.1 Failure to provide an annual report would lead to non-compliance with the PSIAS and require the matter to be reported in the Annual Governance Statement.

#### **5. WHAT ACTIONS WILL BE TAKEN/TIMETABLE FOR IMPLEMENTATION**

- 5.1 The annual report will be considered by the Committee during the preparation of the Annual Governance Statement.

#### **6. LINK TO THE CORPORATE PLAN, STRATEGIC PRIORITIES AND/OR CORPORATE OBJECTIVES**

- 6.1 The Internal Audit Service provides assurance to management and the Committee that risks to the delivery of the Corporate Plan across all of its areas are understood and managed appropriately.

#### **7. REASONS FOR THE RECOMMENDED DECISIONS**

- 7.1 In fulfilling its obligations under the PSAIS, the Committee is required to receive an annual report on the work of the Internal Audit Service. The outcomes of the report, particularly the annual opinion statement, will be included within the Council's Annual Governance Statement.

#### **8. LIST OF APPENDICES INCLUDED**

Appendix 1 – Internal Audit Service Annual Report 2020/21

#### **9. BACKGROUND PAPERS**

Internal Audit Plan (incl. IT Audit Plan) 2020/21  
Internal Audit Reports issued during the year  
Known external assurances held by Services

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## Appendix 1: Internal Audit Service Annual Report 2020/21

### 1. INTRODUCTION

- 1.1 This is the annual report of the Internal Audit Manager (IAM) as required by the Public Sector Internal Audit Standards (PSIAS). It covers the period 1 April 2020 to 31 March 2021.
- 1.2 The report includes the IAM's annual opinion on the overall adequacy and effectiveness of the Council's internal control, governance and risk management processes. The opinion is based upon the planned assurance work carried out by Internal Audit during the year, any external/ third-party assurance, and general knowledge gained throughout.
- 1.3 The report provides information on:
- Delivery of the annual audit plan
  - Audit reports issued and issues of concern
  - Implementation of agreed actions
  - Internal Audit's performance
  - Quality assessment and improvement programme.

**Annual Audit Opinion** on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control:

Due to the impact of Covid and the decreased resources available in 2020/21, a limited number of audits were conducted which thereby reduces the coverage attained. However, confidence in the assurance can be taken from the fact that coverage included all the Council's key financial systems and all planned audits within the IT audit Plan.

Based upon work undertaken and knowledge of working arrangements, it is my opinion that the Council's governance, internal control environment and systems of internal control as at 31 March 2021 provide adequate assurance over key business processes and financial systems.

A limitation of scope is placed on the area of risk management, which must be excluded from the above opinion. There is insufficient assurance available for the Internal Audit Manager to offer reasonable assurance for this area.

**Deborah Moss**  
**Internal Audit Manager**

July 2021

## **2. OVERALL OPINION**

- 2.1 Assurance can never be absolute. The audit opinion reflects the IAM view on the current state of the internal control environment and the effectiveness of the systems of internal control across the Council and provides the Committee with an opinion for inclusion in the Annual Governance Statement (AGS). A number of issues have emerged from the audit reviews and those which are considered significant governance issues are incorporated into the Annual Governance Statement along with an action plan for remediation.
- 2.2 Risk Management is excluded from the annual audit opinion because no assurance work is available to substantiate any opinion. Risk Management is known to be an area that is weak and has not been given appropriate priority in the last few years. An action plan is being drafted to overhaul the risk register, to complete up to date assurance reviews and records for each Service area and to look at other aspects such as corporate responsibilities, writing a Strategy and appetite, and reporting to the Corporate Governance Committee. Once these actions have been completed, Internal Audit can carry out a review and provide separate assurance. On a positive note, a Risk & Controls Group has been set-up which will provide advice and oversight to all Services, and report to the Senior Leadership Team.
- 2.3 During the year, Managers were asked if they were aware of any planned reviews by external organisations from which assurance could be obtained on the operation of the internal control environment and systems of internal control. All Services were asked to provide details of any third party or external assurances they obtained for their Service or any self-assessments they had carried out. The purpose of this was to obtain any assurance to support the assurance in that Service area and to further support the overall corporate annual audit opinion.
- 2.4 The IAM continues to report functionally to the Corporate Governance Committee and maintains organisational independence. In 2020/21 the Audit Manager had no constraints placed upon him in respect of determining overall audit coverage, audit methodology, the delivery of the audit plan or proposing actions for improvement or forming opinions on individual audit reports issued.

## **3. DELIVERY OF THE 2020/21 AUDIT PLAN**

- 3.1 **Impact of Covid-19**  
The Internal Audit (IA) team has been working remotely from home since lockdown of March 2020. Both auditors were immediately redeployed in March to assist with corporate priorities and have been able to support business continuity, business support grants and recovery work. The IA Service was paused until September 2020. The work has been able to be performed remotely with the team embracing the use of Microsoft Teams to carry out audit meetings and review work. A flexible Audit Plan was approved by Corporate Governance Committee (CGC) in July 2020. However, due to ongoing redeployment of some audit resources, the planned audit assurance work was revised

to key financial areas and IT audits. The IT reviews were significantly delayed due to Covid priorities but have now all been completed and reported.

### 3.2 Resourcing

The Internal Audit Manager resigned from post in March 2020 and the remaining two auditors (equivalent to 1 FTE) were redeployed from March once lockdown began. One auditor acted up to Acting Manager and this became a permanent appointment in April 2021. Resources were very limited as the auditor remained redeployed until the end of the financial year. Some additional resource was bought in using provision under our existing Audit contract. The IT audit work remained contracted to our provider and use was made of the optional extra year in the contract.

Permanent appointment of the auditor to the manager post left an auditor vacancy to be backfilled. Recruitment to this post was initially successful but has since fallen through and an alternative option of an internal trainee is now being progressed. Support for the new postholder will impact on resources and the Service remains under-resourced which is likely to affect ongoing delivery of this year's Plan 2021-22.

## 4. INTERNAL AUDIT REPORTS ISSUED

- 4.1 The Service issued 15 Internal Audit reports for the year 2020.21 . These are listed in the table below - grouped by assurance opinion (see Annex B for definitions). It also details the number and importance of actions from each audit review.

Audit area	Audit Actions	
	Red	Amber
<b>Substantial Assurance</b>		
Budget Monitoring & Forecasting 20.21	0	1
<b>Adequate Assurance</b>		
ICT Maintenance Schedule Planning 20.21	0	3
Treasury Management 20.21	0	2
Budgets and MTFs 20.21	0	2
Digital Services Management 20.21	0	9
CA - Council Tax & Non-Domestic Rates (quarterly review)		1
CA - Housing Benefits – Creditors (quarterly review)		-
CA - Housing Benefits – Debtors (quarterly review)		-
CA - Main accounting system (quarterly review)		5
CA - Accounts payable (Creditors) (quarterly review)		4

Audit area		Audit Actions	
		Red	Amber
<b>Limited Assurance</b>			
	'My Dashboard' / Sickness Monitoring 19.20 **	0	2
	ICT - Cyber Security 20.21	4	3
	ICT - Cloud Services 20.21 * (Draft)	2	2
	Estates Contractors Review 20.21	3	2
	CA - Accounts receivable (Debtors)		1
<b>No opinion given</b>			
	Disabled Facilities Grants District Certification 19.20	-	-
<p>* Draft report status (as at 30/06/2021).</p> <p>** Review from Plan 19.20 but report issued 20.21</p> <p>CA = a continuous audit, quarterly reviewed.</p>			

- 4.2 As in previous year's, the audit plan included the review of key controls within a number of key financial systems. These are marked above as 'CA' continuous audits, quarterly reviewed. As the Internal Audit Service was redeployed for most of the year, these reviews were only carried out in quarters 3 & 4. However, Q3's reviews included a 'catch-up' whereby quarters 1 & 2 were encompassed within the review. This was to ensure that controls had still been operating effectively throughout the first lockdown period when any new working arrangements meant a likely higher risk. A quarter 4 /end-of-year review was undertaken in all areas, and an audit opinion and agreed audit actions to redress any recurring/outstanding issues were provided.
- 4.3 Appendix A provides a summary of the main findings from each audit report issued.
- 4.4 Members of CGC have been provided with links to audit reports in the interest of full transparency.

#### **Other areas of work that are outside of the audit opinion**

- 4.5 In addition to the reports listed above, reviews or audit involvement has also been undertaken on the following areas:
- Whistleblowing allegations and reporting
  - DFG Certification required by County Council
  - 4Action system upgrade
  - Follow-ups (both IT and general)
  - Ad hoc advice to Services
  - Information Governance Group attendance/work
  - Audit Manager duties
  - Elections
  - Member of Risk & Controls Group and R&C Board
  - Assistance to update the Council's Risk Register

- Monitoring of audit actions
- Extra resource effort to raise performance of implementation of audit actions by Service Managers
- Review of AGS significant issues and progress updates
- Requests for external or third-party assurance held by Services
- Project Management support to recovery programme

Guidance has also been provided to managers and staff on an ad-hoc basis on a wide variety of risk and control issues.

## **AREAS OF CONCERN**

4.6 There are several matters within these reviews and from other work undertaken (all key findings are detailed in Appendix A):

### **Cyber Security** (4 red actions were reported from this review)

- Staff not provided with adequate cyber-security risk training and awareness.
- Endpoints with outdated Anti-Virus definitions.
- Unsupported operating systems in use on the Council's network.
- Excessive number of Domain Administrator privileged accounts.

### **Cloud Services** (2 red actions were reported from this review)

- No documented information held about each applications' dependencies which could be used to assess the applications' feasibility for projected migration plans.
- Once applications have been hosted, there is no further risk assessment made to review effectiveness of the hosted landscape. No plan to further assess applications where it is currently not appropriate to migrate them.

### **Project Management**

The new PMO has advised that there are a number of key projects that pre-date new project management processes that are failing.

### **Risk Management**

Continues to be weak within the organisation and a lack of priority and attention has meant little reliance can be placed on it.

**Contract Management** – weaknesses were found in the following areas:

- Control over contractors
- Sponsor oversight, management of contracts and governance
- Contract duration and definition

#### **4. IMPLEMENTATION OF AGREED ACTIONS AND FOLLOW-UP WORK**

- 4.1 The Corporate Leadership Team has set a target of 100% of agreed actions to be implemented on time, based on a rolling 12 month timeframe. As at the 15 June 2021 the figure achieved was 24% were on time(10 actions due from a total of 42). This increased to 81% (34 actions from a total of 42) when actions implemented on time and late were combined. 8 actions were not introduced (due but not acted upon).
- 4.2 Statistics on the implementation of actions have been provided regularly to CGC for monitoring purposes. These are also reported in the monthly report of the Risk & Controls Board which is discussed at the SLT meeting. A significant drive was made by Internal Audit to remind and support managers to implement their actions before they fell due and to update the actions database; this produced an increase in percentage implementation but needs in future to be driven/encouraged by senior management rather than Internal Audit due to the time taken.
- 4.3 Not all the introduced actions are routinely followed up. Our process is that the IAM decides if a follow-up review is required after considering the action's classification, the action itself, the evidence provided by a manager to support the closure of the action and his own knowledge of the action taken.
- 4.4 Follow-ups were not managed during 2020/21 due to limited resources and priority given instead to audit reviews. The exception was IT audit actions where the audit contractor was commissioned to review all implemented actions to provide assurance that they had indeed been implemented and were operating effectively. With continuing limited resources, it is the intention that priority will continue to be given to audit reviews and not to follow-up work, which can be monitored by Management. However, in the 2021/22 Audit Plan a number of the planned pieces of assurance work are follow-ups to previous reviews that are considered significant.
- 4.5 A new version of 4Action (the database used to manage the audit actions) was introduced in Nov 2019 and at the time of lockdown, the team were preparing to introduce a new process for follow ups which would allow this information to be captured and reported from the system. All efforts have been made to maintain the currency of the information and users within the system.

#### **6. INTERNAL AUDIT PERFORMANCE**

##### **6.1 Service delivery targets**

It is usual practice for Internal Audit to maintain a series of internal performance targets. However, given the level of resourcing and the

volume of reviews that could be carried out in 2020/21, measuring performance was not carried out.

- 6.3 Data on performance indicators is usually presented in the annual report. However, it is not included for 2020/21 as it is deemed not representative; where few audits are carried out, each carries a disproportionate weighting. Furthermore, it was considered poor use of very limited resource time to spend on pulling information for preparing statistics. Similarly, the usual customer satisfaction surveys were not carried out this year due to the limited number of reviews performed and the influential weighting each would carry. Comments received informally from managers have, however, been favourable.

## **7. QUALITY ASSESSMENT & IMPROVEMENT PROGRAMME (QAIP)**

- 7.1 In May 2018 Audit undertook a self-assessment to evaluate Internal Audit's conformance with the PSIAS in preparation for the independent external review that (as per PSIAS) was required to be completed by March 2019. It was reported in the 19.20 annual report that the Audit Manager decided not to commission an external review (primarily due to the need to spend time delivering the audit plan rather than dealing with an external assessment and, for similar reasons, the action plan prepared from the 2018 self-assessment was also not delivered). It was reported back then that it was not considered that there were any issues, identified in the self-assessment or since, that would result in non-conformance with PSIAS.

As reported in the last three years, the main issues identified from the self-assessment, and which remain outstanding, are:

- Auditor training on PSIAS changes introduced from April 2017
- On-going assessment and identification of auditor training and development needs
- Full review of the audit manual and amendments to reflect several initiatives introduced in recent years.

- 7.2 This position remains unchanged for last year 2020/21 as there were no plans to carry out an external review. It is unlikely that the Service will be able to carry out any further work towards PSAIS or to support an external review in 2021/22 as it continues to concentrate its limited resources on planned reviews and other work priorities. Another self-assessment will be considered once the team is fully resourced and has capacity.

## **Appendices**

- A. Summary of key findings and good practice identified from 2020/21 internal audit reviews.
- B. Definitions of assurance used in the audit reports.

Deborah Moss:  
Internal Audit Manager, Huntingdonshire District Council  
July 2021

**Summary of key findings and good practice identified  
from 2020/21 Internal Audit reviews**

**Substantial Assurance Reviews**

<b>Audit</b>	<b>Key Findings</b>	<b>Good Practice Reported</b>
Budget Monitoring and Forecasting 20.21	The Council does not have a training programme in place with regards to the forecasting module and there is not a consistent approach for completing the forecasts without reliance on the Finance Team	A number of areas of good practice were identified including: <ul style="list-style-type: none"> <li>- Access to and control of the forecasting module</li> <li>- Availability of user guides and procedure notes</li> <li>- Checklists in place and routinely used</li> <li>- Quarterly monitoring and reporting arrangements</li> </ul>

**Adequate Assurance Reviews**

<b>Audit</b>	<b>Key Findings</b>	<b>Good Practice Reported</b>
Budgets and MTFS 20.21	The Council does not have a training programme in place with regards to the budget module and the module is not used by service managers in a consistent manner nor is there sufficient linkage between the forecasting and budget modules.  The Council's Medium Term Financial Strategy methodology has not been documented.	Several areas of good practice were referenced, including: <ul style="list-style-type: none"> <li>- Controls around access to and security of sensitive information</li> <li>- Availability of user guides</li> <li>- Formalised approval processes</li> <li>- Regular meetings to assess system operation and functionality</li> <li>- Timely approval of budget and MTFS including consideration of key risks and issues</li> </ul>
Treasury Management 20.21	There are no procedures in place for identifying, assessing and investigating, investment opportunities outside the Council's Treasury Management Strategy.  The Terms of Reference for the Treasury and Capital Management Group have not been finalised and there is insufficient oversight of the Council's treasury management activities by the Group.	Areas of good practice were noted in the following areas: <ul style="list-style-type: none"> <li>- Responsibilities assigned to nominated and trained officers</li> <li>- Periodic meetings with Treasury Advisors</li> <li>- Up to date and approved Treasury Management Strategy in place</li> <li>- Defined indicators for treasury risk</li> <li>- Documented strategies and procedures</li> <li>- Daily monitoring of investment portfolio</li> <li>- Routine treasury management reports to Council</li> </ul>

**Summary of key findings and good practice identified  
from 2020/21 Internal Audit reviews**

<p>Digital Services Management 20.21</p>	<p>The Council's Applications Matrix does not record all systems integration, management and maintenance and list all dependencies on other systems.</p> <p>The method used for integrated failure reporting was developed in-house and is not documented. If key staff move from the Council, configuration information may be lost.</p> <p>A Lack of communication between the business and ICT has led to some changes to systems being performed which resulted in an adverse impact on systems integration and availability of customer records.</p> <p>There are no secondary controls performed to provide assurance that user's application access is revoked when they leave the Council.</p>	<p>Good practice has been reported in the following areas:</p> <ul style="list-style-type: none"> <li>- Improved alerting method with Azure Insight for swifter remediation</li> <li>- Controlled testing of all changes before deployment</li> <li>- Proposed "Data Stewards" to improve lines of communication</li> <li>- Guidance sought to maintain system integrity</li> </ul>
<p>IT Maintenance Schedule Planning 20.21</p>	<p>The "3Cs ICT Patching Policy" does not document defined deployment timeframes for the type of patches (Critical/Important /Low)</p> <p>Roles and Responsibilities for patching business applications are not defined/documentated to identify who is responsible for security updates – Applications Support vs Third Party Vendors.</p> <p>The Council's Change Process does not document rollback procedures ie how to change systems back to their original state.</p>	<p>The following good practice was noted:</p> <ul style="list-style-type: none"> <li>- 10 day testing period following patch releases</li> <li>- Champions identified for early release of patches before wider deployment</li> <li>- Responsibility defined for issue fix and tracking</li> <li>- National Cyber Security Centre (NCSC) recommended guidance followed and status reported to Information Governance Committee</li> <li>- Office 365 update subscription service in place for new features and security issues</li> </ul>
<p>Creditors 20.21</p>	<p>Monthly checks of supplier bank account changes, reported from the system, have not been undertaken for the year</p>	<p>The team have adapted processes to incorporate Business Grant payments during the pandemic</p>

**Summary of key findings and good practice identified  
from 2020/21 Internal Audit reviews**

	<p>Written procedure notes require review and update</p> <p>New supplier and supplier amendment controls require revision to prevent duplicates being set up on the system</p> <p>Concerns have been raised over the potential for duplicate payments to be processed through Tech1, and this requires investigation</p>	
Main Accounting System 20.21	<p>Disaster recovery arrangements need to be formalised, reflecting the move to Tech1</p> <p>Reconciliation issues have been worked on over the course of the year and require final workings before being handed over to the relevant officers</p> <p>User roles need to be adapted for 2 officers whose permissions do not reflect changes to their roles and responsibilities</p>	The team have committed to addressing a number of long-standing issues throughout the year, taking action and progressing work to reduce those issues outstanding at the end of the year.
Housing Benefits Creditors 20.21	No significant issues were identified within the review	The team has worked hard to apply controls throughout a difficult year
Housing Benefits Debtors 20.21	No significant issues were identified within the review	The team has worked hard to apply controls throughout a difficult year
Council Tax and NNDR 20.21	Review of exemptions, discounts and disregards, and SPDs has not been completed as per the review timetable.	The team has worked hard to apply controls throughout a difficult year, especially as they had the additional task of business grants to contend with at the same time.

**Limited Assurance Reviews**

<b>Audit</b>	<b>Key Findings</b>	<b>Good Practice Reported</b>
Cyber Security 20.21	Valuable information collated as part of annual reporting is not currently shared with the Information Governance Group.	<p>A number of areas of good practice were noted, including:</p> <ul style="list-style-type: none"> <li>- Rolling six monthly cycle of health checks</li> <li>- Robust security patching process</li> </ul>

**Summary of key findings and good practice identified  
from 2020/21 Internal Audit reviews**

	<p>There is an excessive number of Domain Administrators within ICT.</p> <p>There are unsupported operating systems (Windows 7/Windows 2008) on the Council's network.</p> <p>There are outdated Anti-Virus agents on 29 endpoint devices.</p> <p>There is no current Cyber Security Incident Response Plan in place within the Council, although it is understood that a draft is currently in progress.</p> <p>At the time of this review, no current Information Security Policy was available, although it is understood that this is currently in draft pending review.</p> <p align="center">•</p> <p>Cambridge City Council, Huntingdonshire District Council and South Cambridgeshire District Council all have different cyber-security user education programmes, leading to a lack of consistency in awareness of key security risks.</p>	<ul style="list-style-type: none"> <li>- National Cyber Security Centre (NCSC) recommended guidance followed and status reported to Information Governance</li> <li>- Strong malware detection solutions in place</li> <li>- Mobile Device Management system InTune in place with in-built control measures</li> </ul>
<p>Cloud Services 20.21</p>	<p>The ICT Strategy for 2017-2022 does not include details of the intention to assess applications' potential migration to the cloud.</p> <p>A framework of agreed criteria is not currently in place to assess applications' future hosting platform.</p> <p>There is no roadmap in place to assess applications' hosting dependencies, and applications that have been migrated to the cloud are not assessed periodically to evaluate latency or stability issues</p>	<p>Areas of good practice identified include:</p> <ul style="list-style-type: none"> <li>- Assessment of on-site Data Centre underway</li> <li>- Corporate application review being undertaken to form a register of on-premise hosted systems</li> <li>- Microsoft Azure assessment solution deployed to report on server infrastructure</li> </ul>

**Summary of key findings and good practice identified  
from 2020/21 Internal Audit reviews**

Contractor Management 20.21	<p>Control over contractors was found to be weak</p> <p>Sponsor oversight, contract management and governance was found to be inconsistent, inadequate and uncontrolled.</p> <p>Contract duration and definition was not clear and resulted in non-compliance with HDC's own codes and policies, in addition to PCR2015 and IR35</p>	Work has already commenced to mitigate the risks, achieve greater compliance and establish better governance in these areas.
Debtors 20.21	Lapses in control were identified in a number of areas throughout the year. There remains a fundamental need to consider resourcing and processes within the team.	The team continue to work hard to deliver the core Debtors service, prioritising tasks where possible.

## Appendix B: Assurance definitions: for information

Substantial Assurance	There are no weaknesses in the level of internal control for managing the material inherent risks within the system. Testing shows that controls are being applied consistently and system objectives are being achieved efficiently, effectively and economically apart from any excessive controls which are identified in the report.
Adequate Assurance	There are minor weaknesses in the level of control for managing the material inherent risks within the system. Some control failings have been identified from the systems evaluation and testing which need to be corrected. The control failings do not put at risk achievement of the system's objectives.
Limited Assurance	There are weaknesses in the level of internal control for managing the material inherent risks within the system. Too many control failings have been identified from the systems evaluation and testing. These failings show that the system is clearly at risk of not being able to meet its objectives and significant improvements are required to improve the adequacy and effectiveness of control.
Little Assurance	There are major, fundamental weaknesses in the level of control for managing the material inherent risks within the system. The weaknesses identified from the systems evaluation and testing are such that the system is open to substantial and significant error or abuse and is not capable of meeting its objectives.

### Internal control environment

The control environment comprises the systems of governance, risk management and internal control. The key elements of the control environment include:

- establishing and monitoring the achievement of the organisation's objectives
- the facilitation of policy and decision-making ensuring compliance with established policies, procedures, laws and regulations – including how risk management is embedded in the activity of the organisation, how leadership is given to the risk management process, and how staff are trained or equipped to manage risk in a way appropriate to their authority and duties
- ensuring the economical, effective and efficient use of resources and for securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness
- the financial management of the organisation and the reporting of financial management
- the performance management of the organisation and the reporting of performance management.

### System of internal control

A term to describe the totality of the way an organisation designs, implements, tests and modifies controls in specific systems, to provide assurance at the corporate level that the organisation is operating efficiently and effectively.