

Public
Key Decision - No

HUNTINGDONSHIRE DISTRICT COUNCIL

Title/Subject Matter: Implementation of Internal Audit Actions

Meeting/Date: Corporate Governance Committee – 14th September 2021

Executive Portfolio: Executive Councillor for Corporate Services
Councillor David Keane

Report by: Deborah Moss, Internal Audit Manager

Ward(s) affected: All Wards

Executive Summary:

Key performance indicator: 100% of audit actions to be implemented by the agreed date. Not achieved.

Performance in the last 12 months* to 5th August 2021:

36 actions introduced - 27% on time, increasing to 73% when including late implementation

13 actions not implemented – 27%

(actions due before the last 12 months period are not included in this measure).*

19 overdue audit actions remained outstanding (at 05/08/21).

Recommendation:

It is recommended that the Committee consider the report and comment as they consider necessary.

1. PURPOSE OF THE REPORT

- 1.1 To update members on the implementation of audit actions.

2. WHY IS THIS REPORT NECESSARY?

- 2.1 At past meetings of the Corporate Governance Committee (CGC), the committee has expressed concerns at the underachievement of the management-set target of implementing 100% of agreed internal audit actions on time. This report provides an update for members based on audit actions that are outstanding as at 05th August 2021. It is intended (resources permitting) that a verbal update of current figures will be provided at the CGC meeting on the 14th September.

3. BACKGROUND

- 3.1 Following each audit review, audit conclusions, associated actions and implementation dates are agreed between the audit client and the audit team. Services can disagree with any action and the audit report is a record of what has been agreed by way of actions and their target dates.
- 3.2 The target for the implementation of 'agreed internal audit actions to be introduced on time' is set at 100% in line with best practice that suggests that all recommendations are implemented by the agreed deadline. The deadline date is set/agreed with the client service and can be extended upon request where reasonable justification is provided (the measurement is taken against the new target date). Therefore, it is reasonable that all actions should be completed by their target date.
- 3.3 For the 12 months ending 5th August 2021, 49 audit actions were due to be implemented. The following shows the performance against due dates:
- 27% (13 actions) were "implemented on time"; this increases to
 - 73% (36 actions) when late implementation is also included
 - 13 actions (27%) have not been implemented.
 - A further 11 actions have an implementation date of 30th September 21. There a none due end of August 2021.

Performance % has deteriorated since the last reported figures. Services have received less individual push from the IAM since the last performance report as it is not considered good use of Audit resource to chase managers to complete agreed actions; this is a responsibility of Senior Management and Committee.

4. NON-IMPLEMENTATION OF AUDIT ACTIONS

- 4.1 Sometimes non-implementation of an action is due to operational circumstances and to reflect this, a process is in place for re-assessing an action's implementation date and extending it where reasonable. Even after the introduction of this process the 100% indicator is still not being achieved.

All such extensions are agreed between the audit client and the Internal Audit Manager. Such audit actions are then not considered as “not implemented” and are excluded from the performance reporting unless the new target has also been missed (measurement is taken against variable target date).

4.2 However, circumstances sometimes prevail such that extended deadlines are missed and the current practice is that non-implementation at this stage is reported to management and CGC.

4.3 As at the 5th August 2021, 17 audit actions remained outstanding (overdue) and not implemented. This includes all overdue actions (not just those due in the last 12 months) to give a more accurate reflection.

A detailed analysis of these actions – providing original and variable deadlines - is shown in the **Appendix**.

Of the 17 actions:

- 1 action 2 years or older
- 3 actions are between 1 and 2 years overdue
- 3 actions are between 6 months and 1 year overdue
- 10 action is less than 6 months overdue

** Time is measured from the ‘original target implementation date’ to the 5th August 2021.*

4.4 All overdue actions continue to be reported to the SLT through our monthly Risk & Controls Board report – all SLT members can see these actions and are strongly encouraged to implement them, in an effort to establish a culture whereby actions are taken seriously and implemented in a timely manner.

5. KEY IMPACTS

5.1 It is important that the Council maintains a sound internal control environment. Actions that the Internal Audit Service propose to address risk and control weaknesses are discussed with Heads of Service and, if appropriate, Directors and agreement is reached as to any corrective action that needs to be taken. Internal audit actions are not imposed on management or Services.

5.2 An action that is not implemented means that the weakness or risk originally identified in the audit report, and which the action was designed to address, will remain as a risk to the organisation.

6. LINK TO THE CORPORATE PLAN

6.1 The Internal Audit Service provides independent, objective assurance to the Council by evaluating the effectiveness of risk management, control, and governance processes. It identifies areas for improvement across these three areas such that Managers can deliver the Corporate Plan objectives as efficiently, effectively and economically as possible.

7. RESOURCE IMPLICATIONS

7.1 There are no direct resource implications arising from this report.

8. REASONS FOR THE RECOMMENDED DECISIONS

8.1 The report has been requested by the Committee and as such, they need to decide what further action they wish to take.

9. LIST OF APPENDICES INCLUDED

Appendix 1 – Overdue Audit Actions as at 5th August 2021

BACKGROUND PAPERS

Audit actions contained within the 4Action system

CONTACT OFFICER

Deborah Moss – Internal Audit Manager

Tel No: 01480 388475

Email: deborah.moss@huntingdonshire.gov.uk

Appendix 1: Overdue Audit Actions @ 05 August 21

| Overdue Audit Actions | | | | | | | | | |
|-----------------------|---|---------------|------------------------|--|--|--------------------|----------------------|------------|---|
| Ref | Audit Name and Action Number | Assignee | Action / Risk Priority | Detail | Evidence to be Provided | Current Due Target | Original Target Date | Status | Time lapse since original date (months) |
| 1137 | Data Protection and Information Management 15.16 / 10 | Oliver Morley | | The Senior Information Risk Officer (SIRO) shall decide how long information and emails etc shall be kept within Anite, and the process for purging or archiving. <i>The SIRO role was transferred on the departure of the previous incumbent late 2019, and the role reassigned the Corp Director (O Morley).</i> | Decision taken and copy of instruction informing managers. | 31/07/2018 | 30/09/2016 | NotStarted | 39 |
| 1529 | PCI DSS 18.19 / 3 | Oliver Morley | | A training needs assessment should be performed for all members of staff that have responsibility for PCI DSS compliance activities so as to determine their training needs. | Shared Service Management Board minutes | 01/04/2020 | 01/04/2020 | NotStarted | 16 |
| 1530 | PCI DSS 18.19 / 4 | Oliver Morley | | Compliance should be monitored and action taken when members of staff are found to have not completed the PCI DSS training or have not read the policy and procedures. | Shared Service Management Board minutes | 01/04/2020 | 01/04/2020 | NotStarted | 16 |

| | | | | | | | | | |
|------|---|------------------|--|---|---|------------|------------|------------|----|
| 1531 | PCI DSS 18.19 / 5 | Oliver Morley | | <p>Actions need to be drawn together in a policy which sets out how the council will manage PCA DSS compliance activities and the policy should be reviewed on a regular basis. this should include but not be limited to:</p> <ul style="list-style-type: none"> - Assignment of roles and responsibilities for ensuring that the Council is PCS DSS compliant - Procures for staff that are responsible for taking card payments - The Council's security strategy in relation to the storage, processing and transmission of credit card data - A set of instructions for detecting, responding to the storage, processing and transmission of credit card data. | Shared Service Management Board minutes | 01/04/2020 | 01/04/2020 | NotStarted | 16 |
| 1526 | Protocol Policy Management System 18.19 / 3 | Madelaine Govier | | Management will put a plan in place to seek staff awareness of IT policies by including a rolling awareness programme for extant policies within the protocol policy management system. | High level plan. | 30/11/2020 | 01/06/2020 | NotStarted | 14 |

| | | | | | | | | | |
|------|--|----------------|--|---|---|------------|------------|------------|----|
| 1513 | Access Management Control 19.20 / 5 | Sagar Roy | | <p>Head of IT & Digital 3C Shared Services should ensure requirements for setting up new user access to the network are set out in formal policy document and is uploaded onto the intranet and the PPMS.</p> <p>Line managers acknowledge the formal policy set out by 3CSS which ensures 3CSS are notified of leavers in timely manner.</p> | <p>User access policy or requirements in an equivalent policy.</p> <p>Acknowledgement from line managers and employee owners.</p> | 31/08/2020 | 31/08/2020 | InProgress | 11 |
| 1516 | Hardware & Software Asset Management Control 19/20 / 3 | Colin Chalmers | | A thorough review of the ICT asset database should be undertaken on a regular basis to ensure that all assets include a location and the information recorded on them is complete, accurate and up to date. | Review of records highlighted by BDO. Supporting evidence - written confirmation that task to review location records has been completed, | 31/12/2020 | 01/09/2020 | InProgress | 11 |
| 1552 | Purchase Order Compliance | Claire Edwards | | Investigation will be made into finding out how many supplier accounts we have for employees and put these accounts into suspension so they cannot be used. | IA to be advised of outcome. | 30/04/2021 | 30/04/2021 | NotStarted | 3 |

| | | | | | | | | | |
|------|---|----------------|--|--|---|------------|------------|------------|---|
| 1540 | IT Maintenance Schedule Planning 20.21 Action 2 | Alex Young | | "Management should update the published Business Applications matrix to document which team/third party vendor is responsible for the management of security update patches/version upgrades." | "Updated Business Applications matrix." | 31/07/2021 | 31/07/2021 | InProgress | 0 |
| 1545 | Purchase Order Compliance 2019.20 / 1 | Claire Edwards | | Investigation into what can be done within the system to place a lockdown on budget codes so only budget manager and their delegated officers can use their cost centre and approve expenditure on their code. | Claire Edwards to provide details to IA of what investigation has been carried out and its conclusions. | 30/06/2021 | 30/06/2021 | NotStarted | 1 |
| 1546 | Purchase Order Compliance 2019.20 / 2 | Claire Edwards | | This investigation will also find out what HDC can amend alone and what can be done with Tech1 assistance (and the cost of this). | Details to be advised to IA | 30/06/2021 | 30/06/2021 | NotStarted | 1 |
| 1547 | Purchase Order Compliance 2019.20 / 3 | Claire Edwards | | Investigation should also look at whether the system can be set so that the PO originator defaults to sending the PO to the budget holder i.e. link a user to a default approver. | Evidence of review and outcomes. | 31/07/2021 | 31/07/2021 | NotStarted | 0 |
| 1568 | Land Charges 18.19 / 3 | Claire Edwards | | Written procedures should be in place to support how the costs and calculation process is carried out. | Procedure notes to be completed and uploaded to action before closure. | 30/06/2021 | 30/06/2021 | InProgress | 1 |
| 1579 | Cyber Security Risk Management 2020.21 / 5 | Alex Young | | Management should track the ongoing reduction of Domain Administrator accounts. Best practice is to have only 8-10 domain administrators. | It is acknowledged that work is underway to reduce the number of Domain Administrator | 31/05/2021 | 31/05/2021 | NotStarted | 2 |

| | | | | | | | | | |
|------|--|------------|--|---|---|------------|------------|------------|---|
| | | | | | accounts, but a target date should be set for when the validation exercise is due for completion, with regular reporting in place to monitor the decrease in number. | | | | |
| 1580 | Cyber Security Risk Management 2020.21 / 6 | Alex Young | | Management should ensure that the migration plans of unsupported Windows system is recorded and tracked to completion. | A defined roadmap should be produced to outline the total number of systems which will be decommissioned and by what date, and progress status reports should be produced and shared with key stakeholders. | 31/07/2021 | 31/07/2021 | NotStarted | 0 |
| 1581 | Cyber Security Risk Management 2020.21 / 7 | Alex Young | | Management should put a procedure in place to apply anti-malware signature updates to devices that do not connect to the Council's IT network on a routine basis. This should include a process to restrict any non-complying devices connecting to the Council's IT network. | ICT is currently assessing each endpoint to validate the extent of the outdated agent and as part of that exercise should any device be found to be severely out of date, it must be investigated further and, if deemed to be a risk, prohibited from accessing the network until it is compliant. | 31/05/2021 | 31/05/2021 | NotStarted | 2 |

| | | | | | | | | | |
|------|--------------------------|----------------|--|---|--|------------|------------|------------|---|
| 1599 | Creditors 2020.21 / 3 | Sandra Dean | | The Supplier Amendment Form (SAF) will be updated to include the requirement for Tech1 to be checked for existing suppliers prior to the new supplier being requested. In addition, AP staff will be reminded of the need to check the system before a new supplier is created. | | 31/07/2021 | 31/07/2021 | NotStarted | 0 |
|------|--------------------------|----------------|--|---|--|------------|------------|------------|---|

TOTAL 17