EAST CAMBRIDGESHIRE DISTRICT COUNCIL

INTERNAL AUDIT ANNUAL REPORT

2020/21

1. Background

1.1 The Public Sector Internal Audit Standards (PSIAS) require the Head of Internal Audit to provide an annual Internal Audit opinion and report that can be used by the organisation to inform its governance statement. The Standards specify that the report must contain:

- an Internal Audit opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework (i.e. the control environment);
- a summary of the audit work from which the opinion is derived and any work by other assurance providers upon which reliance is placed; and
- a statement on the extent of conformance with the Standards.

2. Head of Internal Audit Opinion 2020/21

2.1 This report provides a summary of the work carried out by the Internal Audit service during the financial year 2020/21 and the results of these assignments.   Based upon the work undertaken by Internal Audit during the year, the Head of Internal Audit's overall opinion on the Council's system of internal control is that:

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2020/21. This control environment comprises of the system of internal control, governance arrangements and risk management. This remains consistent with the opinions given in recent years.

Financial control

Controls relating to the key financial systems which were reviewed during the year were concluded to be generally operating effectively.

Risk management

Established structures and processes for identifying, assessing and managing risk remained consistent during 2020/21. The risk register was reviewed by the Finance and Assets Committee on a six monthly basis, considering the outcomes of quarterly reviews conducted by the Council's risk management group.

Internal Audit work is targeted upon the Council's key areas of risk and work completed in 2020/21 has assessed assurances in relation to controls in some these key areas.

Internal control

For the audits completed in 2020/21, 100% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

Of these audits, none have resulted in an opinion of 'major' organisational risk, which would impact upon the annual assurance opinion. There are three audits where the findings were assessed as posing a 'moderate' organisational risk and action plans are in place to address all risks identified within the reports, which will be subject to follow up testing.

Of the recommended actions agreed during the year, and due for implementation, 92% had been completed during the year. An action remains overdue in relation to the review of the Council's Contracts Register and this will continue to be followed up by Internal Audit in 2021/22.

Internal Audit has not been made aware of any further governance, risk or internal control issues which would reduce the above opinion. No systems of controls can provide absolute assurance against material misstatement or loss, nor can Internal Audit give that assurance.

2.2   The basis for this opinion is derived from an assessment of the individual opinions arising from assignments from the risk-based Internal Audit plan that have been undertaken throughout the year. This assessment has taken account of the relative materiality of these areas and management's progress in addressing any control weaknesses. A summary of audit opinions is shown in Table 1.

Table 1 – Summary of audit opinions 2020/21:

Area	Substantial	Good	Satisfactory	Limited	No
Financial systems	6	3	3	-	-
Key policy compliance	2	1	1	-	-
Risk based audits	2	8	4	-	-
Total	**10**	**12**	**8**	**0**	**0**
Summary	**34%**	**40%**	**26%**	**-**	**-**
2019/20 summary – for information	**16%**	**56%**	**20%**	**8%**	**-**

3.   Review of audit coverage

Audit opinion on individual audits

3.1   The Committee is reminded that the following assurance opinions can be assigned:

Table 2 – Assurance categories:

Level of Assurance	Definition
Substantial	There are minimal control weaknesses that present very low risk to the control environment. The control environment has substantially operated and either no, or some minor, errors have been detected.
Good	There are minor control weaknesses that present low risk to the control environment. The control environment has largely operated as intended although some errors have been detected.
Satisfactory	There are some control weaknesses that present a medium risk to the control environment. The control environment has mainly operated as intended although errors have been detected.
Limited	There are significant control weaknesses that present a high risk to the control environment. The control environment has not operated as intended. Significant errors have been detected.
No	There are fundamental control weaknesses that present an unacceptable level of risk to the control environment. The control environment has fundamentally broken down and is open to significant error or abuse.

3.2   All individual reports represented in this Annual Report are final reports and, as such, the findings have been agreed with management, together with the accompanying action plans.

Summary of audit work

3.3   Table 3 details the assurance levels resulting from all audits undertaken in 2020/21 and the date of the Committee meeting at which the outcome of the audit was presented.

3.4   All completed assignments have been delivered in accordance with the agreed terms of reference and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of audit opinions 2020/21:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Anglia Revenues Partnership				
Council Tax	Satisfactory assurance (draft opinion)			July 2021
NNDR	Satisfactory assurance			July 2021
Housing Benefit	Satisfactory assurance (draft opinion)			July 2021
Enforcement	Good assurance			July 2021
Financial				
Bank Reconciliations	Substantial assurance	Substantial assurance	Minor	March 2021
Budgetary Control	Satisfactory assurance	Good assurance	Minor	July 2021
Creditors	Satisfactory assurance	Satisfactory assurance	Minor	July 2021
Debtors	Good assurance	Good assurance	Minor	July 2021
Payroll	Substantial assurance	Substantial assurance	Minor	July 2021
Treasury management	Substantial assurance	Substantial assurance	Minor	March 2021
Key policy compliance				
Procurement compliance (draft report)	Good assurance	Satisfactory assurance	Moderate	Awaiting management response to finalise
Off contract spend	Substantial assurance	Substantial assurance	Minor	July 2021

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Risk based audits				
Local authority trading companies	Good assurance	Good assurance	Minor	March 2021
Asset management	Satisfactory assurance	Good assurance	Moderate	July 2021
Data Protection / GDPR	Substantial assurance	Satisfactory assurance	Minor	March 2021
S106 monitoring	Good assurance	Good assurance	Minor	July 2021
Disabled facilities grants	Good assurance	Good assurance	Minor	September 2020
Building control	Good assurance	Substantial assurance	Minor	November 2020
Cyber security	Satisfactory assurance	Satisfactory assurance	Moderate	July 2021

3.5   In addition to the audit assignments above, Internal Audit has provided support on uploading post payment checks on business grants during the Covid-19 to the Cabinet Office's National Fraud Initiative data matching service and providing advice on queries arising.

3.6   A number of these audit outcomes have been reported to the Finance and Assets Committee during the 2020/21 financial year. Summaries of those which have been finalised since the last progress report was presented are provided in Appendix A to this report.

Implementation of Internal Audit recommendations

3.7   Internal Audit follow up on progress made against all recommendations arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a monthly basis and provide a summary to the relevant committee.

3.8   A total of 22 audit recommendations have been implemented by officers during 2020/21. Of those implemented actions, 12 related to recommendations made since 1st April 2020.

3.9   Details of the implementation rate for the audit recommendations made during 2020/21 are provided in Table 4.

Table 4 - Implementation of audit recommendations agreed and due in 2020/21:

	Category 'Essential' recommendations	Category 'Important' recommendations	Category 'Standard' recommendations	Total
Agreed and implemented	3	5	4	12 (27%)
Agreed and not yet due for implementation	5	18	9	32 (71%)
Agreed and due within last 3 months, but not implemented	-	-	-	-
Agreed and due over 3 months ago, but not implemented	1	-	-	1 (2%)
TOTAL	**9**	**23**	**13**	**45 (100%)**

3.10 A full overview of overdue actions as at 31st March 2021 is provided in Table 5.

Table 5 - Summary of overdue recommendations as at 31st March 2021

		Essential		Important		Standard	
Audit issue	**Audit Year**	**Over 3 months overdue**	**Under 3 months overdue**	**Over 3 months overdue**	**Under 3 months overdue**	**Over 3 months overdue**	**Under 3 months overdue**
Contract register	2019/20	1	-	-	-	-	-
Totals		**1**	**0**	**0**	**0**	**0**	**0**

Other sources of assurance

3.11   In addition to the Internal Audit work, assurances from other sources are also taken into consideration in informing the annual Internal Audit opinion.

3.12   It is noted that the Council's Public Sector Network compliance certificate was awarded in July 2020. This provides some assurances over the security of the Council's IT networks.

4.0   Internal Audit contribution

Added value

4.1   It is important that Internal Audit demonstrates its value to the organisation. The service provides assurance to management and members via its programme of work and also offers support and advice to assist the Council in new areas of work.

4.2   The Council commissioned 200 days from the delegated Internal Audit service to deliver the 2020/21 Audit Plan. This involved delivery of the current year Audit Plan, client liaison, support, reporting and attendance at the Finance and Assets Committee.

4.3   Internal Audit has delivered **100%** of the assignments from the 2020/21 Audit Plan.

Internal Audit contribution in wider areas

4.4   Key additional areas of Internal Audit contribution to the Council in 2020/21 are set out in Table 6:

Table 6 – Internal Audit contribution

Area of Activity	Benefit to the Council
Sharing advice and fraud alerts in relation to the Covid-19 business grants.	Pro-active counter fraud support and learning from other authorities.
Promotion of fraud awareness week in November 2020 and maintaining a fraud reporting mailbox to enable concerns to be raised directly with Internal Audit.	Supporting the Council in its Counter Fraud strategy and reinforcing a zero tolerance culture.
Maintaining good working relationships with External Audit.	Reducing duplication and maximising value of audit resources.
Ad hoc advice and assistance.	Assistance with ad-hoc queries and advice. Raising the profile of Internal Audit with service leads to increase the effectiveness of the service.

Professional Standards

4.5   The Public Sector Internal Audit Standards (PSIAS) were adopted by the Chartered Institute of Public Finance and Accountancy (CIPFA) from April 2013. The standards are intended to promote further improvement in the professionalism, quality, consistency and effectiveness of Internal Audit across the public sector.

4.6   The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector;
- Set basic principles for carrying out internal audit in the UK public sector;
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations; and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning.

4.7   A detailed self-assessment against the PSIAS has been completed by the Head of Internal Audit, a copy of which can be provided on request. The outcome of the assessment was that the Internal Audit service is operating in general conformance with the Standards.

ARP - National non-domestic rates (NNDR)

This key system review, conducted on an annual basis, considers the key risks to achieve the objectives of the ARP to deliver revenues and benefits services to five partner authorities, providing a robust and flexible service to their councils.

Assurance was gained that:
- Parameters for NNDR multipliers were correct on Academy for 2020/21.
- Batch totals for NNDR bills expected, produced and posted agreed for all authorities, and checks were completed promptly by appropriate officers.
- Reliefs sampled during the course of the audit were all calculated accurately.
- A new relief of Expanded Retail Discount was introduced in 2020/21 and sampling confirmed the relief has been applied and calculated in accordance with Government criteria.
- Income collection via direct debit was processed and authorised correctly, including management of individual direct debit rejections.
- Income suspense accounts hold minimal balances and show evidence of prompt action to allocate income correctly.
- ARP officers have access to partner councils' Anti Money Laundering Policies.
- Both individual refunds and refund BACS payment files are approved by an appropriate independent officer.

It was, however, noted that:

- Areas for improvement remain consistent with issues identified in previous years:
  - o VO Reconciliations for four of the five councils were seen to contain errors or omissions, and therefore the existing action has been reassessed as a high risk priority.
  - o Debt recovery management has not progressed significantly. The impact of COVID-19 meant that ARP has been unable to progress debt recovery via court for a significant portion of the period under review and the adjusted in-year income collection rate remains on target. However, review of monitoring arrangements and sampling of accounts found that delays in recovery remain a risk area independently of the impact of COVID-19.
- Reliefs have been identified as a new area for improvement. In particular, the introduction of a COVID-19 business grant in 2020/21 has highlighted weaknesses in the process for managing Small Business Rate Relief. The root cause of some issues with SBRR is driven by national policy decisions to deregulate this relief, but additional controls have been recommended to improve the local risk profile where possible.
- Ratepayer data quality was requested as a supplemental area for assurance to S151 Officers in 2020/21, following concerns raised from the use of NNDR data to support the administration of COVID-19 business grants. This audit does not provide assurance on the risks affecting grants administered by sovereign councils as its scope is the administration of NNDR. Review of ratepayer data quality indicates that quality issues do exist, and mitigating controls could be introduced to improve the information available. However, the observed data quality issues are ad hoc in nature and have not been seen to cause significant issues for NNDR purposes. A medium risk priority action has been raised to address the issues found.

The systems and processes of internal control are overall deemed as Satisfactory in managing the risks associated with the NNDR system.

ARP - Enforcement

This key system review, conducted on an annual basis, considers the key risks to achieve the objectives of the ARP Enforcement Agency to deliver services to five partner authorities, providing a robust and flexible service to their councils.

Assurance was gained that:
- The Enforcement Team has good working practices in place that work effectively with a successful collection rate across all areas of debt
- Working practices have been adapted as a result of the COVID-19 pandemic. Agents are sympathetic to circumstances customers may find themselves in.
- System Access - A sound control process is in place for case histories within the One Step system, with good audit trails and records kept of all interactions, including the status and progress of the accounts.
- System Access - The system administration for One Step users is proactively checked on a quarterly basis to ensure only authorised users are active and that access levels are accurate and appropriate.
- Payment Collection - All methods of payments are promoted.
- The ICT shared finance and enforcement drives have provided direct access to supporting documentation for testing and evidence requirements.
- All staff contacted during the audit process were efficient and effective in their work and provided background and supporting information promptly
- To date, there have been no failed BAC's payments to the partner Authorities.
- To date, there has been no requirement to action 'Recovery of Goods'
- All key areas of debt are being recovered on across the partnership, 83% of which are for Council Tax.

It was noted that:

- The Strategic Manager confirmed that as a result of the COVID-19 pandemic, Enforcement visits were suspended by Government from March 2020 and re-commenced on 24 August 2020.
- The published performance report for July 2020/21 stated that the team have collected £1m compared to £1.838m at the same time the previous year.
- The Team will be taking on parking enforcement for East and West Suffolk.
- A number of unallocated payments have been actioned and allocated to relevant accounts. There are still some historic payments that require further action and these are due to be discussed and progressed by the Enforcement Manager, Strategic Manager and Senior Accountant at the earliest opportunity. They endeavour to allocate historic debt accordingly and progress is being made.
- A new 'standard action' has been developed and set up within CAPITA to improve the communication channels for key information. The Billing Team must complete and advise the Enforcement Team of any change of circumstances. The Enforcement Manager is hopeful that this new process should improve the updating of the system and subsequently prevent inefficient use of Agent time.
- Collection rates have been affected by the COVID-19 pandemic and as a result are lower than anticipated.

- The Enforcement Team has not yet had the need to recover goods; therefore there were no records to review for seized goods and compliance with requirements.
- A locked receptacle now currently provided for retention of receipt books.

The systems and processes of internal control are overall deemed as Good in managing the risks associated with the ARP Enforcement Agency system.

Budgetary control

The public sector continues to face many challenges due to the rapid pace of change with regards to the way in which services are delivered; organisational structures and relationships; and ongoing reductions in government funding. As new policy developments are introduced, the need for effective governance and budgetary control arrangements to ensure probity and sound financial management remain undiminished.

Part 4 of the Council's Constitution (Rules of Procedure) includes matters in relation to budget monitoring and control; the documenting of operational procedures and a budget monitoring timetable would provide assurance that roles and responsibilities are clearly communicated, and may enhance control and improve operational efficiency.

Budget data is uploaded to the financial system (Unit4 - Agresso) in line with the agreed timescales, and budget holders are able to access the financial system in order to review the budgetary position and complete the budget monitoring process. Internal Audit review confirmed that all 22 budget holders had been granted access appropriate to their role.

It is understood that budget monitoring arrangements provide for the timely identification, investigation and reporting of significant variances, and whilst template budget monitoring returns are not submitted by budget holders each month, the relevant information is obtained via other channels in line with quarterly reporting requirements. Introducing a comments column within the budget monitoring reports would enable budget holders to consistently record the relevant reasons for any significant variances.

Commitments are accounted for in the budget monitoring process, it is however noted that 45% of outstanding purchase orders totalling £415,566 as at 7th June 2021 had been raised over six months ago, and as such, may no longer be required, and may need to be removed from the financial system.

Material variances are reported to the Finance and Assets Committee and Operational Services Committee on a quarterly basis. A value above which such variances are defined as material, and reported upon, should be detailed going forward to ensure consistent and transparent reporting practices. It is noted that one virement had been processed during 2020/21, a review of which confirmed that controls had operated as intended.

Internal Audit review confirmed that quarterly budget monitoring reports had been presented to the Corporate Management Team (CMT) and relevant Committees in line with timetabled meetings.

Creditors

The audit of creditor payments forms part of the 2020/21 suite of annually performed key financial system reviews and is undertaken in order to inform the Head of Internal Audit's overall opinion on the financial control environment, which supports the Annual Governance Statement. All creditor

payments are processed through the Unit4 Business World system (Unit4) and administered by the Finance Team. The objective of the audit was to review the design of, and compliance with, key controls within the creditor payments system, and to provide assurance over the controls to prevent and detect fraud and error. The scope of testing for the 2020/21 review has been in relation to raising requisitions, authorisation of purchase orders and invoices, control of credit notes, and changes to supplier standing data.

The review has identified that the authorisation levels for expenditure set up within Unit4 do not currently match those set out in Financial Procedure Rules which the Council adopted in February 2019. This has led to payments over £50,000 not being authorised on the system at Director level in 18 cases out of the 20 payments over this value made in the period April 2020 to December 2020. Of these, five had been signed off by the Finance Manager and five by the Head of ECSS. Action is required to ensure access permissions within Unit4 are compliant with Financial Procedure Rules.

Testing of controls over ordering and approval of invoices for payment, suppliers standing data, urgent payments and credit notes confirmed that these had operated effectively.

Debtors

The audit of the debtors system forms part of the 2020/21 suite of annually performed key financial system reviews and is undertaken in order to inform the Head of Internal Audit's overall opinion on the financial control environment, which supports the Annual Governance Statement. All debtor invoices raised are processed through the Unit4 Business World system (Unit4) and administered by the Finance Team. The objective of the audit was to review the design of, and compliance with, key controls within the debtors system, and to provide assurance over the controls to prevent and detect fraud and error. The scope of testing for the 2020/21 review has been in relation to the accurate raising of invoices, new debtors and changes to standing data, credit notes and cancelled invoices. Testing did not cover debt recovery which was last reviewed by Internal Audit in the financial year 2019/20.

There are documented procedure notes which are available to the relevant staff to enable them to fulfill their debtor responsibilities however these had not been reviewed for a number of years and should be updated. Access to the debtors system is restricted to only two members of staff. This allows for an appropriate separation of duties between key tasks such as creating and amending debtor standing data, generating invoices and raising of credit notes / cancellation of invoices. Sample testing of these area confirmed that key controls had operated as intended in all cases tested.

Payroll

The audit of payroll forms part of the 2020/21 suite of annually performed key financial system reviews and is undertaken in order to inform the Head of Internal Audit's overall opinion on the financial control environment, which supports the Annual Governance Statement. Staff costs account for a significant proportion of the Council's total annual spend, therefore it is important to ensure that a sound framework of controls is in place to manage this expenditure effectively and minimize the risk of fraud or error. Responsibility for administering the Council's payroll was transferred to Midland HR(MHR) with effect from 1st April 2018. The Council has retained an in-house Payroll Officer post and the Human Resources service. The objective of the audit was to review the design of, and compliance with, key controls within the payroll and HR system, and to provide assurance over the controls to prevent and detect fraud and error. The scope of testing for the 2020/21 review has been in relation to new employees, leavers and non-standard payments.

Testing completed on a sample of new employees and leavers confirmed that data had been correctly input onto iTrent from the supporting documentation held, however it was identified that one new employee who commenced employment on 28th September 2020 had not received the back pay that was due to them in their October 2020 salary, resulting in a minor underpayment of £238.93. This has now been paid to the employee.

Testing completed on a sample of additional payments and deductions (additional hours, overtime, mileage, childcare payments etc.) found that all had been processed accurately, were properly supported and approved, in accordance with relevant policies.

Off contract spend

Off-contract purchases refer to the procurement of goods and services from a single supplier for which there is no valid contract in place, in breach of the Council's procurement rules. Off-contract spend can potentially result in poor value for money, lack of transparency and may result in legal challenge.

The Council's Contract Procedure Rules are designed to ensure probity and value for money when procuring goods, works or services that meet the needs of local residents and comply with legal and regulatory requirements in respect of competition and transparency. This year's audit was carried out against a backdrop of the Covid-19 pandemic and associated national and regional restrictions. In these circumstances, full compliance with Contract Procedure Rules may not have been possible in all cases and this has been taken into account during the audit. Nevertheless, effective governance and transparency of decision making remains important to ensure contracts are procured or extended in a fair and transparent manner and achieve value for money.

A review of all payments with a value over £15k covering the period April 2020 to December 2020 has confirmed that where they related to the supply of goods, works or services there was evidence to confirm that there was a contract, service level agreement or framework agreement in place which covered the expenditure. There were payments included in the sample that related to other expenditure such as local government pension payments and business rates payments that were not subject to the requirements of Contract Procedure Rules. To comply with the Local Government Transparency Code, the Council is required to publish payments over £5k in the contracts register. Testing has identified a number of payments that were not included in the contracts register and therefore the Council was not compliant with the requirements of the Code. This area of non-compliance has been covered and reported upon as part of the Internal Audit review of Procurement Compliance.

Asset management

The Council has a range of responsibilities in relation to the ongoing maintenance and inspection of its corporate buildings, in order to ensure these comply with relevant legislation and standards and align with its duty of care to staff and users of the buildings. In addition, the Council must manage the risks arising from the management of its wider portfolio of assets and seek to maximise income to be generated from these to support front line services. There are many aspects of property management which are required if the assets are to be maintained properly, costs and income are to be effectively managed and the landlord/tenant relationship is to remain effective.

It is evident that Council officers have sound systems in place for monitoring and evidencing compliance with statutory compliance regimes for operational assets (i.e. including gas safety, electrical installation certification and asbestos management). Records are maintained by the Assets Manager and flag when inspections or services are due. Officers have been provided with training on

water safety and asbestos which should enable them to competently conduct the regular checks throughout the year, between commissioned assessments/servicing.

In sample testing, two of the selected leased assets did not have a signed legal agreement in place with the tenants and these require addressing as a matter of priority. Rents for the selected properties were found to have been charged in line with the contractual figure, or in line with the latest uplift. It is also noted that all leases are required to be signed by the Council's Chief Executive or Legal Services Manager and in sample testing this was found to be consistently complied with. There is scope, however, to clarify and formalise the processes in relation to rent reviews, condition surveys and visits – recommendations have been raised in these areas to tighten controls and audit trails. It was also noted that there was no evidence of EPC ratings being obtained for new or renewed leases in the last twelve months, contrary to legal requirements, and procedures must be implemented to address this for all assets going forward.

There is no Asset Management Plan or Development Programme currently in place and, as such, the medium to long term plans are not documented. There are also no related performance indicators. It would be good practice to document and seek approval of such plans in order to inform maintenance plans, forward planning and budget forecasting.

S106 monitoring

Section 106 Planning Obligations are legal agreements formed between the Council and developers as part of the planning application process. These legal agreements allow the Council to control the impact of development, beyond that which can be achieved via planning conditions. Planning obligations are an established mechanism to secure the delivery of services or facilities needed as a result of new development. Contributions to infrastructure are delivered by way of either physical works (on or off-site), land transfer, or financial contributions. Planning obligations are typically secured towards infrastructure and facilities such as affordable housing, open space, education, community facilities and transport improvements.

The Council's Supplementary Planning Document on Developer Contributions sets out the Council's approach to seeking developer contributions for infrastructure or environmental improvements required as a result of new developments. Sound controls are in place to ensure that developments requiring s106 contributions are appropriately identified, negotiated, recorded and monitored.

Sample testing completed as part of the review has confirmed that S106 Agreements have been drawn up in a timely manner, all covenants included in individual S106 Agreements have been accurately input onto the S106 administration system (EXACOM) and that where works have commenced, demand notices for contributions due had been issued in a timely manner and for the correct amount.

Under the Community Infrastructure Levy (Amendment) (England) Regulations 2019 No. 1103, local authorities are required to produce an Infrastructure Funding Statement which is required to be published by December each year. It was confirmed that the Infrastructure Funding Statement for the financial year 2019/20 had been published on the Council's website.

Cyber security

The National Crime Agency estimates that the cost of cyber-crime to the UK economy is billions of pounds per annum – and increasing. Councils must ensure that they have suitable controls in place to protect their systems and data and to enable recovery of systems in the event of an attack.

The Council has recognised the threat of cyber-crime and is implementing a number of measures to actively manage the risks. Penetration testing was last completed in 2020 and a remedial plan was delivered to address all vulnerabilities reported; enabling successful PSN certification in July 2020. As part of the Eastnet Project Offering, the Council is introducing further controls, including intruder prevention and detection systems; and extensive work on disaster recovery planning concluded in January 2021 with the adoption of a new disaster recovery plan. The plan now requires testing to ensure it is robust and would support timely recovery.

Upon adoption of the new systems, the Council would benefit from a documented active monitoring strategy to clarify how these tools will be applied in practice and to include reference to vulnerability scanning and patching processes.

Remote access to the Council's network is via a secure portal requiring multi factor authentication and records in relation to hardware issued to network users are regularly updated. It is noted that checks on network user accounts require further work, with audit testing identifying a number of named and generic user accounts which had been obsolete for over a year. There is also currently a lack of records in relation to software and it is strongly recommended that a software register be developed and maintained to ensure effective monitoring of licences and security updates.

Training has been rolled out to network users but has not been subject to monitoring of completion rates. There is a risk therefore that some users may not have completed the sessions and not be alert to the risks - there is scope for further work in this area.

It is recommended that policies and protocols on passwords, use of auto-forwarding and removable media also be reviewed to ensure that the potential cyber security risks are actively managed.