



Audit and Governance Committee

Monday, 20 September 2021 at 6.30pm

Meeting to be held at Belle Vue Suite, Belle Vue Offices, Skipton

Committee Members: The Chair (Councillor Hull) and Councillors Barrett, Handley, Harbron, Lis, Mercer, Noland, Place and Wheeler.

Independent Person: Greg Robinson

Please note the following advice in advance of the meeting:

The Government temporarily removed the legal requirement for local authorities to hold meetings in person during the Covid-19 pandemic. All local authorities were given new powers to enable meetings to take place virtually. The Council's powers to hold remote meetings expired on 7 May 2021.

Whilst the return to face to face meetings provides significant challenges, the Council has undertaken a great deal of work to ensure that face to face meetings are delivered in a COVID safe environment.

Due to social distancing measures, spaces for public attendance are limited and so registration is essential to secure a place.

Everyone who attends this meeting will be required to wear a face covering, unless exempt.

Council staff, elected members and members of the public are urged to take advantage of the national 'next step safely' campaign and access a free, rapid lateral flow test in advance of the meeting:

<https://www.nhs.uk/conditions/coronavirus-covid-19/testing/> Please note that whilst this is advised, it is not a requirement for entry to the meeting.

Anyone displaying Covid-19 symptoms is asked not to attend.

For more information email committees@cravendc.gov.uk

Thank you.

Exclusion of the Public: In accordance with the Council's Access to Information Procedure Rules, Members are recommended to exclude the public from the meeting during the consideration of agenda item \$8(g) on the grounds that it is likely that if members of the public were present that there would be disclosure to them of exempt information as defined in Paragraph 3 (relates to the financial or business affairs of any person including the Authority holding that information) of those Rules and Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

AGENDA

1. **Apologies for Absence** – To receive any apologies for absence.
2. **Minutes** – To approve the minutes of the meeting held on 28 June 2021.
3. **Public Participation** – In the event that any questions/statements are received or members of the public attend, the public participation session will proceed for a period of up to fifteen minutes.
4. **Declarations of Interest** – All Members are invited to declare at this point any interests they have in items appearing on this agenda, including the nature of those interests.

(Note: Declarations should be in the form of:

a **“disclosable pecuniary interest”** under Appendix A to the Council's Code of Conduct, or **“other interests”** under Appendix B or under Paragraph 15 where a matter arises at the meeting which relates to a financial interest of a friend, relative or close associate.

A Member of Council who has a disclosable pecuniary interest must leave the room and not take part in the discussion or vote. When declaring interests under Appendix B or Paragraph 15 of the Code, Members must move to the public seating area, not vote, and speak only if members of the public are also allowed to speak at the meeting.)

5. **Risk Management 2020/2021 Final Audit Report – Report of the Chief Finance Officer.**
Purpose of Report – To present the final Risk Management 2020/2021 Audit Report.
6. **Corporate Risks Local Government Reorganisation – Report of the Chief Finance Officer.**

REPORT TO FOLLOW

7. **Internal Audit:**

- a) **Internal Audit Recommendations Q1**

- Purpose of Report – To update committee members on progress against recommendations made by the Internal Audit team.

- b) **Internal Audit Recommendations Q2**

- Purpose of Report – To update committee members on progress against recommendations made by the Internal Audit team.

- c) **Internal Audit Progress Report 2021/2022**

- Purpose of Report – To update Committee Members on the progress made against the 2021/22 Internal Audit plan up to 6th September 2021.

- d) **Business Continuity & Disaster Recovery 2020/21 Final Audit Report**

Purpose of Report – To present the final Business Continuity & Disaster Recovery 2020/21 Audit Report.

e) S106 Audit Report – Verbal update.

f) General Data Protection Regulation (GDPR) 2019/20 Final Audit Report

Purpose of Report – To present the final General Data Protection Regulation (GDPR) 2019/20 Audit Report.

g) (EXEMPT) Data Security 2020/21 Final Audit Report

Purpose of Report – To present the final Data Security 2020/21 Audit Report.

8. **Any other items** which the Chairman decides are urgent in accordance with Section 100B(4) of the Local Government Act, 1972.
9. **Date and Time of Next Meeting** – Monday, 20 September 2021 at 6.30pm.

Agenda Contact Officer:

Hannah Scales, Democratic Services and Scrutiny Officer

E-mail: hscscales@cravendc.gov.uk

Recording at Council Meetings: Recording is allowed at Council, Committee and Sub-Committee meetings which are open to the public, subject to

- (a) the recording being conducted with the full knowledge of the Chairman of the meeting; and
- (b) compliance with the Council's protocol on audio/visual recording and photography at meetings, a copy of which is available on request. Anyone wishing to record must contact the Agenda Contact Officer prior to the start of the meeting. Any recording must be conducted openly and not disrupt proceedings.

AUDIT AND GOVERNANCE COMMITTEE

28 June 2021

Present – The Chairman (Councillor Hull) and Councillors Handley, Lis, Noland, Place and Independent Person Greg Robinson.

Officers – Chief Finance Officer (s151 Officer), Solicitor to the Council and Monitoring Officer, Performance Manager and Exchequer and Democratic Services and Scrutiny Officer.

Apologies for absence were received from Councillors Wheeler, Barrett, Mercer and Harbron.

Start: 6.30pm

Finish: 7.40pm

Resolved – That the minutes of the meeting held on 22 March 2021 were approved as a correct record.

Minutes for Report

AC.395

S106 Audit Final Report

The Chief Finance Officer introduced a report which presented the final S106 Audit undertaken as part of the Annual Audit Plan for 2020/21.

There were several recommendations made, none of which were priority one and Members noted that the overall audit opinion on the determinations of Planning Applications under delegated authority excluded the S106 element of the process. It was suggested the Committee continued to review the Audit and looked into it when the assessment of follow up actions were reviewed. Members were pleased to note the overall assurance was good.

Members expressed their concern in relation to the lack of response from management on several recommendations. The Chief Finance Officer noted Members' comments and suggested the Committee deferred the item when Internal Audit and Planning were able attend the meeting.

Resolved – That, the item is deferred.

AC.396

CDC Parking Income Final Report

The Chief Finance Officer briefly introduced the report which presented the final CDC Parking Income audit.

Resolved – That, the content of the report is noted.

AC.397

Internal Audit Plan 2021/22

The Chief Finance Officer (s151) introduced a report which presented the Internal Audit Plan 2021/22. Because all of the key financial systems within the Council had either awarded “significant” or “good” levels of assurance with regards to the internal control environment, Members noted that the approach from now on was to adopt a more risk based approach whereby other internal controls were assessed.

Members noted that the focus of the upcoming audit work would be based on risks identified during the Covid-19 pandemic, its effect on the Authority, and the recovery process following. Part of the audit plan would also be allocated to work relating to the allocation of the business support grant funds. Members noted the 180 days agreed and the 20 days contingency which hadn't been drawn on previously.

The Independent Person suggested the plan could be more clearly linked to risks by the addition of columns, risks and how each Audit addressed the risk including when the Audit would take place.

Resolved – That, the Internal Audit Plan 2021/22 is approved.

AC.398

Annual Internal Audit Report

The Chief Finance Officer (s151) introduced a report which considered the key findings and conclusions from audit work undertaken in 2020/21 and give an opinion on the overall adequacy and effectiveness of the Council's arrangements for risk management and governance and on its internal controls.

Members noted that the overall opinion was that, based on the audit work undertaken during 2020/21, the Council's framework of governance, risk management and internal control was satisfactory and operating effectively in practice.

Resolved – That, the content of the report and the opinion are noted.

AC.399

Internal Audit Recommendations (Progress at Q1 2021)

The Performance Manager and Exchequer presented a report which described the progress against the recommendations provided by the Internal Audit team. Members noted that there were 3 outstanding recommendations and a plan in place to address these by September. Members also noted that there were a further two audits which would be addressed at the subsequent meeting.

Resolved – That, the progress against the Internal Audit Recommendations is noted.

AC.400

Risk Action Plan

The Chief Finance Officer (s151) introduced a report which updated Members on the proposed action plan to address the findings of the recent Internal Audit report in Risk Management.

Members noted the 9 separate recommendations which covered two broad areas of improvement:

- Training support and reference materials required to be refreshed and updated;
- Ensure that policies are reviewed regularly and implement checks to ensure they are applied consistently.

The Plan described the approach to address the recommendations and ensure that the Risk Management activity was consistent and effective by October 2021. Members were pleased to be informed of the planned re-introduction of the Risk Management Group.

Resolved – That, the content of the proposed action plan is noted and the actions in the proposed action plan are agreed.

AC.401 **Performance Framework 2021/23**

The Performance Manager and Exchequer presented a report which updated Members on the Council's Performance Framework for the coming two financial years and invited Members to agree dates and reporting mechanisms. Members were pleased to see the progress in achieving actions identified in the Climate Emergency Strategic Plan was included within the Framework.

Resolved – The monitoring and reporting mechanisms described in the Council's Performance Framework for the Financial Years 2021/22 and 2022/23 are noted and the described reporting arrangements for 2021/22, including the dates in the Performance Framework Document are agreed.

AC.402 **Draft Annual Governance Statement**

The Chief Finance Officer (s151) introduced a report which updated Committee Members on the Council's Annual Governance Statement for 2020/21 and sought approval for inclusion in the Statement of Accounts.

The Performance Manager and Exchequer advised Members that it was an opportunity to review the draft version of the Annual Governance Statement. The Annual Governance Statement described how well the Council had done, the things we said we would do which included work such as the annual review of the Constitution.

Resolved – 1) That, the content of the Draft Annual Governance Statement, including progress against actions and the actions proposed for 2021/22 are noted
2) That the inclusion of the Annual Governance Statement in the 2020/21 Statement of Accounts is approved.

AC.403 **Contract Procedure Rules and Exemption Report**

The Chief Finance Officer (s151) introduced a report which presented the exemptions granted from the Contract Procedure Rules in Quarter 1, 2021/22. Exemptions were granted for the extension of a contract for the provision of Project Management services for affordable housing developments on Council Land and for the purchase of an ex-demonstration Refuse Collection Vehicle directly from the vehicle manufacturer.

Resolved – That, the two exemptions granted from the Councils Contract Procedure Rules are noted.

AC. 404

Any Other Business

The Chairperson wished to place on record her thanks to the Chief Finance Officer (s151) and wished him the best of luck in his new role.

Minutes for Decision

Chairman.



Audit Services Report
Risk Management 2020/21
Report ref: C9/2020

Report

Draft: 19/03/21

Final: 09/04/21

Partial Level of
Assurance

Contents

Background	page 2
Scope	page 2
Audit Opinion	page 3
Detailed Findings & Action Plan	page 4 onwards

Distribution

Job Title
Chief Executive
Chief Finance Officer
Exchequer and Performance Manager

1 Background

- 1.1 This audit has been undertaken as part of the annual audit plan for 2020/21 and has sought to determine compliance with the following key control objective
KCO1 : The Council's Risk Management function is operating effectively
- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, misappropriation or other irregularities which may exist.
- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 Risk Management is the process which helps organisations understand, evaluate and take action on all their risks with a view to increasing the probability of success and reducing the likelihood of failure.
- 1.5 There is no specific Risk Manager post at the Council; the control and facilitation of the Council's risk management arrangements ensuring process implementation being part of 2 roles within Finance. In recent years, staff movement has resulted in this becoming the responsibility of a number of different officers.

2 Audit Scope

- 2.1 The scope of the audit involved a review of the key control by undertaking compliance testing as well as documentation review and discussion with staff. Testing has concentrated on the following:
- Ensuring that Members and officers are properly trained
 - Ensuring that risks are identified using the established process
 - Confirming that a risk assessment scoring system is in place
 - Evidencing that the Council's risk appetite has been defined
 - Ensuring that risk responsibility is assigned to specific roles and control measures identified & implemented
 - Establishing that arrangements are in place to ensure monitoring, review and reporting are appropriate

3 Audit Opinion

3.1 A summary of Audit Services' opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

- 3.2 Based on this report's findings, Audit Services have given a Partial Level of Assurance on the Internal Control Framework within the function in line with the Public Sector Internal Audit Standards.
- 3.3 Good practice was noted in the additional mid-year review of the risk register to reflect both amendments to existing, and introduction of new, risks arising from the Covid pandemic.
- 3.4 With reference to the key control being reviewed, this is considered to be partly met; the key risks for which are set out in the main body of the report. There are 9 recommendations that have been made in total; 1 at priority1, 7 at priority 2, and 1 at priority 3.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of Management, therefore KCO's with adequate controls are not included.

Recommendations are prioritised as follows:

Priority 1 - These relate to significant gaps in the Internal Control Framework

Priority 2 - These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 - These relate to minor issues of non-compliance with controls.

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO1: The Council's Risk Management function is operating effectively					
1	Members of Audit & Governance received training on Governance & Risk Management in June 2019. However, current Members were not party to this.	R1: Priority 2 Training surrounding Risk should be arranged for Members of Audit & Governance			Chief Finance Officer / Exchequer & Performance Manager 09/10//21
2	Members of CLT,SLT, and Service Managers received Governance & Risk Management training in July 2018. However, given staff movement since, those not trained in these groups overall is currently estimated to be 32%. This was borne out from the differences observed in the way the risk register was completed; anomalies being found between service areas in: * Interpretation of cause, event and effect * Potential failure to update supporting data, or, potential raw score mis-calculation * Total score remaining unchanged from raw score although control measures were in place * Control measures being stated as in place but not described * Target score being higher than total score * Action plan being omitted yet scoring threshold for which this is required being exceeded * Action plan being omitted yet target score being lower than total score * Target score being omitted yet controls indicated as not sufficiently reducing risk and an action plan being set out * Implementation date omitted of actions to achieve target score where controls indicated as not sufficiently reducing risk Total incidence of these anomalies was calculated at 10%	R2: Priority 2 Training surrounding Risk should be arranged for those officers for whom it is currently outstanding	Risk is not fully understood and decision making potentially adversely affected.		Chief Finance Officer / Exchequer & Performance Manager 09/10/21

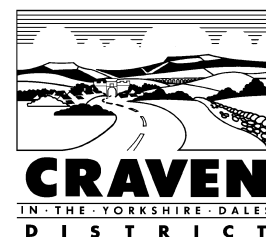
Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
3	Risk Management training as well as guidance documentation is held within the Financial Management folder of the network. However, this documentation is not more widely available. Furthermore, the guidance documentation does not, in part, reflect current practice	R3: Priority 2 Risk Management guidance documentation should be reviewed and updated and published on the intranet together with the Risk Management training documentation	Officers with responsibility for risk have no readily accessible source of up to date reference material potentially leading to errors		Chief Finance Officer / Exchequer & Performance Manager 09/10/21
4	The Strategy states that the risk management process is continual and any new risks identified may be submitted by service areas at any time. However, in practice the approach followed does not match the approved Strategy; new risks being identified only at the time of the annual review instigated by Finance	R4: Priority 2 Arrangements should be introduced which enable proactive risk identification and submission	Risk identification and analysis is not timely and implementation of necessary control measures delayed		Chief Finance Officer / Exchequer & Performance Manager 09/10/21
5	The Risk Management Strategy refers to its annual review in September by CLT, SLT & the Corporate Risk Management Group. However, the Strategy has not been reviewed or updated since June 2017, nor is it visible on the intranet.	R5: Priority 2 The Risk Management Strategy should be reviewed, updated where necessary, reported to A&G for approval and made available on the intranet	Aims and objectives, and the processes by which they are to be achieved, may be unclear		Chief Finance Officer / Exchequer & Performance Manager 09/10/21
6	Where further mitigating action is required, the risk register allows for implementation dates and updates on actions to be entered. However, review of the risk register found one of the following in the majority of these instances: * Implementation dates had since passed * No implementation dates and no updates on actions * No implementation dates and updates on actions dates had since passed	R6 : Priority 2 Realistically achievable implementation dates should be established where further mitigating actions are required and revised implementation dates established where necessary	Planning and decision making potentially adversely affected		Chief Finance Officer / Exchequer & Performance Manager 09/10/21

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
7	<p>The Auditor was informed that the scoring threshold for which an action plan is required has been set at 8 points.</p> <p>However, the Risk Register Review reported to Audit & Governance in April 2019 states this as 10.</p> <p>There were 6 risks observed from the risk register without mention of corresponding action plans that had total scores greater than or equal to 8; 3 of which were greater than or equal to 10.</p> <p>Instructions state that if no action can be taken then this should be stated as such, however, there was nothing to this effect in the case of these 6.</p>	<p>R7 : Priority 2</p> <p>The threshold for which an action plan is required should be clarified and such plans noted on the risk register, or, if applicable, it is stated that no action is possible</p>	<p>The necessity for mitigating action is unclear</p>		<p>Chief Finance Officer / Exchequer & Performance Manager</p> <p>09/10/21</p>
8	<p>Of the 9 corporate risks on the risk register, 3 were observed where the RAG status did not align with the risk score</p>	<p>R8 : Priority 3</p> <p>Care should be taken to ensure that the appropriate RAG status of risk scores is applied</p>	<p>Misleading presentation of information</p>		<p>Chief Finance Officer / Exchequer & Performance Manager</p> <p>09/10/21</p>
9	<p>The Risk Management Strategy refers to SLT and Service Managers providing updates on progress against action plans and quarterly reporting to both CLT and Audit & Governance</p> <p>However, there is little evidence of such reporting, contrary to the Strategy.</p>	<p>R9 : Priority 1</p> <p>The monitoring, review and reporting cycle of actions should be adhered to</p>	<p>Absence of regular monitoring and challenge of actions, potentially allowing for non-implementation</p>		<p>Chief Finance Officer / Exchequer & Performance Manager</p> <p>09/10/21</p>

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 extension 58586. Audit Services would like to thank the officers involved for their assistance during this audit.

Audit & Governance Committee – 28th July 2021

Internal Audit Recommendations – Progress Report



Report of the Audit Services and Fraud Manager

Lead Member – Councillor P. Mulligan

Ward(s) affected: All

1. **Purpose of Report** – To update committee members on progress against recommendations made by the Internal Audit team.
2. **Recommendations** – Members are recommended to:
 - 2.1 Note progress against Internal Audit recommendations
3. **Background Information**

The Council's Internal Audit team carries out an agreed programme of work to ensure that the controls that the Council has put in place to meet its objectives, comply with current legislation and ensure best value both reflect good practice and are being consistently and rigorously observed.

During 2020/21, the Internal Audit team focused on ensuring that the arrangements for Covid-19 financial support were robust and that the risk of fraud was minimised. This resulted in fewer Internal Audit recommendations relating to other areas of work than would normally be expected. The majority of outstanding Internal Audit recommendations from 2019/20 have been addressed over the past year.

There are 3 recommendations outstanding, none of which are Priority 1 recommendations. 2 recommended actions are expected to be completed during Q2 2021/22. One action is currently being reviewed.

The regular Internal Audit programme has now restarted. Two substantial audits completed during Q4 2020/21 (relating to the GDPR, and to the Council's Business Continuity and Disaster Recovery arrangements, have resulted in a further 18 recommendations. These recommendations are detailed in the attached report.

Table 1 – Summary of Internal Audit recommendations

	Priority 1	Priority 2	Priority 3
Audit Recommendations completed	2	5	9
Audit Recommendations outstanding		1	2
New Audit Recommendations		12	6

Table 2 – Age and status of recommendations described in this report

	Months				
	0-3	4-6	7-9	10-12	Over 1 year
Green (all satisfied during this period)	3	1	2	6	4
Amber			1		2
New Recommendations	16				

4. **Financial and Value for Money (vfm) Implications** – An effective programme of Internal Audit is a key component of the Council’s Performance Framework and assurance activity, preventing financial loss and ensuring value for money.

5. **Legal Implications** – none

6. **Contribution to Council Priorities**

6.1 No direct impact on Council Priorities. Effective Risk Management improves the likelihood of the successful delivery of Council Priorities

6.2 **Impact on the declared Climate Emergency** – No specific impact on the declared Climate Emergency

7. **Risk Management**

The Internal Audit programme includes regular review of the Council’s Risk Management arrangements. Recommendations relating to Risk Management are described in this report.

7.2 **Chief Finance Officer (s151 Officer) Statement**

7.3 **Monitoring Officer Statement**

8. **Equality Analysis** – not applicable

9. **Consultations with Others**

CLT, SLT members with assigned recommendations, Internal Audit team

10. **Background Documents**

11. **Appendices** –

Appendix I – ‘Internal Audit Recommendations – Progress at Q1 Monthly Update 2021/22

12. **Author of the Report**

Gill Hoyes, Auditor and Alison Johnson, Audit Services and Fraud Manager
 Telephone: 01423 500600 (58336)
 e-mail: gill.hoyes@harrogate.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

Internal Audit Recommendations – Progress Update, Quarter 1 Monthly Update 2021/22

Internal Audit – Recommendations satisfied since the previous report (June 2021)

Note – all recommendations in this section are rated **Green** as they have been completed

Action Name	Priority Level	Action Service	Comment
Finance could undertake periodic monitor to establish reasons credit notes and cancelled invoices required and appropriate action be taken	2	Financial Services	The Majority of the Credit Notes will be because of the way the current trade Waste system amends contracts – cancelling the remaining debt and re-billing. Processes will be implemented to ensure valid and justified reasons are ascertained – so common themes as to reasons can be resolved to remove instances occurring again
A revision to the terms and conditions of hire could be introduced requiring payment to be made in advance of event occurrence. For large monetary value events a deposit could be taken at time of booking and remaining balance paid prior to event. Alignment of payment terms should be made to ensure consistent approach. Payment options could be limited to direct debit for tenants paying rental invoices monthly.	3	Financial Services	Revised Skipton Town Hall Terms and Condition of hire have been updated to include "Any Hirer that is acting for general commercial purposes in the sense that they cannot meet the requirements of clause 14.1 above shall be required to make payment to the Council of the Amount Due plus VAT shortly after receipt of an invoice ensuring in any case that it is settled in full before commencement of the Period of Hire" Events booking procedure now reviewed, new process created with schedule of fees, SAG process built into booking procedure. Advance booking fees and deposit now introduced. Internal Audit email to request copies of documents included in the new process.
Performance speed of Agresso could be revisited especially for agile workers. Better checks should be undertaken when files are prepared for interface with Agresso The Wi-Fi and Network points have been recently upgraded at BVS, the Crematorium and Craven Leisure Centre. It is assumed this will improve connectivity and increase performance of the systems. As the current Waste mgmt. system is being	2	Information Services/ Financial Services	The Agresso system and server are monitored on a monthly basis to ensure optimal performance.

replaced – it is not yet known how the new system will deal with terminations.			
Services should ensure then respond to finance within 7 days of receipt of outstanding debt email showing the action that has been taken to recover debt.	1	Financial Services	The Debtors Officer continues to circulate a breakdown of outstanding debts to service managers. Legal Services are currently reviewing their requirements and these will then form part of an updated debt recovery process alongside the required response time of seven days
Data protection should be reviewed in respect of the payroll transactions within Agresso general ledger.	1	Financial Services	We will continue to produce and import the payment file as we do now, from iTrent. But we will format the DC so that no officers, outside of the DC Role for salaries will be able to see the information. Officers can be added into this role, so Budget Holders and Finance staff will continue to have access, but not your standard users of the system. Requested extracts from Agresso to detail changes implemented.
Over and under transactions could be allocated direct to the relevant service area by means of a unique account code linked to individual cost centres.	3	Financial Services	A process in place to investigate any over or unders above a material level
Further promotion of the use of purchase orders to ensure compliance with financial rules and regulations. (Please note that within the Creditors Audit Report 2018/19 a similar recommendation was made.)	2	Financial Services	The use of purchase orders has been further promoted, with new guidance and forms available on the Intranet, updates at CLT and SLT meetings, 2 core brief articles and a league table of PO performance shared with Senior Managers. Copies or links to the core brief articles relating to this recommendation.
Revision of goods receipting instructions, relating to staged payments. Investigate the possibility of including money based products	3	Financial Services	Revised guidance relating to goods receipting issued to CDC staff

A minimum balance should be stated and maintained, due to the overdraft facilities being removed from Craven DC.	3	Financial Services	Although no minimum balance is stated, the current TM Officer keeps a prudent balance of between £800k to £1m in the account. This is considered appropriate so the Council can meet its current liabilities with cash.
Documents detailing authorisation of investment transactions should be retained.	2	Financial Services	No trades or payments are made without paperwork being completed, so the missing evidence must have been present and then been mis-filed. More diligence will be exercised in future record keeping. Spot checks will be carried out on a regular basis to ensure records are accurate and complete.
The annual training and development plan document could be revised to include funding and expenditure relating to the apprenticeship training undertaken.	3	HR	The Training and Development Plan 2020-2021 is located on the intranet
Apprenticeship Policy should be introduced to define the scheme, both for "apprenticeship positions" and for upskilling of existing workforce.	3	HR	The Apprenticeship Policy has been approved: the report and the decision taken fully satisfies the recommendation
Undertake formal reporting of apprenticeship training within Craven DC either within the annual training and development report or as a separate report.	3	HR	2020-2021 Training and Development Plan Policy taken to Policy Committee, this includes reporting of apprenticeship training
CCS&P monitoring document, for POS, which is a current work in progress should be completed to include a list of details (as specified in the full audit report)	3	Planning	Work had already begun before the audit on the monitoring document. This has been revised further to incorporate the recommendations made in the audit report and this has now been completed.
Processes should be introduced to ensure compliance with current procurement rules.	2	Planning	106 Award Letter has been amended to ensure includes requirement to adhere to CDC procurement rules and specifically state expenditure thresholds and need to obtain quotes. As part on internal processes invoices will

Any evidence to show compliance with the rules, together with copies of invoices and evidence that the works meet the minimum standards should be retained for a period of 2 years following completion of the agreement or repayment of funds to the developer.				need to be submitted before payment is released as well as photographic evidence of work having taking place
--	--	--	--	--

The error found in the internal allocation of planning gain, relating to Parks and Open Space should be addressed and corrected. Work has commenced on this recommendation.	3	Planning		Revised spreadsheet has been provided and meets the recommendation
--	---	----------	--	--

Internal Audit – Recommendations remaining outstanding from previous reporting period

Note – all 3 recommendations in this section are rated Amber, as they were not met within the expected timescale but do have a plan in place

Action Name	Priority Level	Action Service	Status	Due Date	Expected Date	Comment
A sundry debt policy should be introduced.	2	Financial Services	Amber	Sep 2019	Jul 2021	Near complete but delayed to resource requirements during pandemic - now due for completion in July 2021
The authority should develop a consistent approach to procurement and communicate it to all managers (Agency Staff)	3	Human Resources	Amber	Feb 2019	Oct 2021	A procurement exercise to improve compliance for the procurement of agency staff was included in the 2020/21 Procurement Strategy but was not started due to resource availability caused by the pandemic. Resource is now unlikely to be available for the approach originally considered (i.e. to develop a local framework for agency staff appointments), which may also no longer be the most appropriate course of action due to Local Government Reorganisation. We are reviewing our approach. We will report on the new approach that we are taking in the next quarter.

The council's financial management system (Agresso) should be revised to ensure that all planning gain from S106 agreements are identifiable to the service they relate too.	3	Finance	Amber	Mar 2021	Pending update
--	---	---------	-------	----------	----------------

Internal Audit – New recommendations arising from audits completed during this reporting period

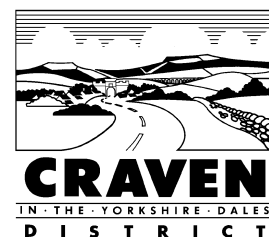
Action Name	Priority Level	Action Service
Actions arising from the audit of GDPR		
The outstanding data protection training for Members should be completed	2	Information Services
The proposed data protection staff survey should be carried out	3	Information Services
The outstanding GDPR awareness training for new starters should be completed.	2	Information Services
The listing of all data sharing agreements in place should be completed	3	Information Services
The identification of all contracts with processors council wide should progress and a full register of such compiled	2	Information Services
Outstanding contracts with processors should be reviewed to ensure that they comply with GDPR requirements	2	Information Services
Website information should be expanded to cover all new rights of individuals under the GDPR	3	Information Services

The creation of a secure self-service system for customers to directly access their information should be progressed and implemented	3	Information Services
Responses to subject access requests should include ICO contact details and the legal basis for processing the data	3	Information Services
Succession planning for the data protection officer role should be addressed	2	Information Services
Actions arising from the audit of Business Continuity and Disaster Recovery		
The BCMS Policy & Strategy should be made accessible from the Intranet's Policy Centre	2	Information Services
The BCMS Policy & Strategy should be reviewed to ensure it is reflective of the revised standard ISO22301:2019 and arrangements made for regular review thereafter	2	Information Services
Version control of the BCMS Policy & Strategy should be introduced	3	Information Services
It should be ensured that a BIA is in place for each service area	2	Information Services
Progress into the review of the BIA template should continue, to ensure it is reflective of the revised standard ISO22301:2019, and updates made where necessary	2	Information Services
Production of the updated documented corporate incident plan should be progressed.	2	Information Services
Production of updated documented service area incident management plans should be progressed.	2	Information Services

Service areas should ensure that they have confirmation from any external vendor, supplier, or contractor on whom they depend, of business continuity plans	2	Information Services
---	---	----------------------

Audit & Governance Committee – 20th September 2021

Internal Audit Recommendations – Progress Report



Report of the Audit Services and Fraud Manager

Lead Member – Councillor P. Mulligan

Ward(s) affected: All

1. **Purpose of Report** – To update committee members on progress against recommendations made by the Internal Audit team.
2. **Recommendations** – Members are recommended to:
 - 2.1 Note progress against Internal Audit recommendations
3. **Background Information**

The Council's Internal Audit team carries out an agreed programme of work to ensure that the controls that the Council has put in place to meet its objectives, comply with current legislation and ensure best value both reflect good practice and are being consistently and rigorously observed.

During 2020/21, the Internal Audit team focused on ensuring that the arrangements for Covid-19 financial support were robust and that the risk of fraud was minimised. This resulted in fewer Internal Audit recommendations relating to other areas of work than would normally be expected. The majority of outstanding Internal Audit recommendations from 2019/20 have been addressed over the past year.

There are 14 recommendations outstanding, only one of which is a Priority 1 recommendation. 5 recommended actions are expected to be completed during Q2 2021/22.

Table 1 – Summary of Internal Audit recommendations

	Priority 1	Priority 2	Priority 3
Audit Recommendations completed		2	2
Audit Recommendations outstanding	1	8	5
New Audit Recommendations	Nil	Nil	Nil

Table 2 – Age and status of recommendations described in this report

	Months				
	0-3	4-6	7-9	10-12	Over 1 year
Green (all satisfied during this period)	1	1		2	
Amber	4				10

4. Financial and Value for Money (vfm) Implications – An effective programme of Internal Audit is a key component of the Council's Performance Framework and assurance activity, preventing financial loss and ensuring value for money.

5. Legal Implications – none

6. Contribution to Council Priorities

6.1 No direct impact on Council Priorities. Effective Risk Management improves the likelihood of the successful delivery of Council Priorities

6.2 **Impact on the declared Climate Emergency** – No specific impact on the declared Climate Emergency

7. Risk Management

The Internal Audit programme includes regular review of the Council's Risk Management arrangements. Recommendations relating to Risk Management are described in this report.

7.2 **Chief Finance Officer (s151 Officer) Statement**

7.3 **Monitoring Officer Statement**

8. Equality Analysis – not applicable

9. Consultations with Others

CLT, SLT members with assigned recommendations, Internal Audit team

10. Background Documents

11. Appendices –

Appendix I – 'Internal Audit Recommendations – Q2 Progress Report 2021/22

12. Author of the Report

Gill Hoyes, Auditor
Telephone: 01423 500600 (58584)
e-mail: gill.hoyes@harrogate.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

Internal Audit Recommendations – Progress Update, Quarter 2 2021/22

Internal Audit – Recommendations satisfied since the previous report (July 2021)

*Note – all recommendations in this section are rated **Green** as they have been completed*

Action Name	Priority Level	Action Service	Comment
Substitute system administrator roles should be looked at for business continuity. Ref 343	2	Financial Services	This has been completed and is being conducted by a member of the Finance team
Treasury Management Strategy and associated reports should be made easily accessible on Craven DC website. Ref 349	2	Financial Services	Implementation complete.
Communicate to managers and staff about apprenticeship schemes covering upskilling of current employees. Ref 353	3	Information Services/ Financial Services	Apprenticeship policy document presented and approved at policy committee 20/10/20. Fully adopted. Policy details upskilling of current staff
The council's financial management system (Agresso) should re-revised to ensure that all planning gain from S106 agreements are identifiable to the service they relate too. Ref 418	3	Finance	This is now complete. The publication of the Council's IFS has also led to the production of the attached process map – which at each step details notifications and record updates for each department. The new coding which identifies the sites codes, which were already in place, but now has the attributes for the class of associated I&E. Whether that be for Affordable Housing, Open Space, Infrastructure or the other types of classifications that exists in the S106 framework.

Internal Audit – Recommendations remaining outstanding from previous reporting period

Note – all recommendations in this section are rated *Amber*, as they have not been met within the expected timescale

Action Name	Priority Level	Action Service	Status	Due Date	Expected Date	Comment
A sundry debt policy should be introduced. Ref 216	2	Financial Services	Amber	Sep 2019	Apr 2022	The Policy is in draft. The Policy will be completed and reviewed once the new CFO is in position (September 21). This will be completed by the end of the Financial year 21/22.
The authority should develop a consistent approach to procurement and communicate it to all managers (Agency Staff) Ref 275	3	Human Resources	Amber	Feb 2019	Oct 2021	A procurement exercise to improve compliance for the procurement of agency staff was included in the 2020/21 Procurement Strategy but was not started due to resource availability caused by the pandemic. Resource is now unlikely to be available for the approach originally considered (i.e. to develop a local framework for agency staff appointments), which may also no longer be the most appropriate course of action due to Local Government Reorganisation. We are reviewing our approach. We will report on the new approach that we are taking in the next quarter.
An annual statement of health & safety, including past performance, incident summary, any issues and outlining priorities for the upcoming year, should be re-introduced for reporting to the Council. Ref 265	2	HR	Amber	Apr 2020		The statement has now been drafted by the Council's Health & Safety advisor and an annual process drawn up. Verification from CLT and publication on the Intranet are pending, however the statement should be available during July 2021
Outstanding commitments should feed through onto Agresso general ledger, to	2	Finance	Amber	Apr 2020		This exploration has not yet commenced due to other work commitments for the Systems admin and more pressing functionality updates to the system. The commitments are still being monitored through

enable full financial monitoring to take place.
Regular "housekeeping" should be undertaken to ensure that only relevant orders are outstanding.

budget monitoring on the quarterly basis and included in forecasts where appropriate.

Ref 341

Action should be taken to ensure that paperwork held in the Workshop's office containing personal and/or sensitive information is appropriately secured.	2	Waste Management	Amber	Apr 2020
--	---	------------------	-------	----------

Ref 359

A record of the training undertaken by the MOT tester should be retained.	3	Waste Management	Amber	Apr 2020
---	---	------------------	-------	----------

Ref 362

The increased fee should be applied to all future MOTs.	2	Waste Management	Amber	Feb 2020
---	---	------------------	-------	----------

Ref 363

The figures from the reconciliation between the stock holding account and the recharge sheet should be agreed to those of the annual physical stock check when this is carried out.	2	Waste Management	Amber	Oct 2020
---	---	------------------	-------	----------

Ref 364

The outstanding roof repairs at the Workshop should be addressed.	1	Waste Management	Amber	Apr 2020
---	---	------------------	-------	----------

Records no longer required to be retained for legislative or business purposes should be disposed of. Ref 372	3	Waste Management	Amber	Apr 2020
Finance should introduce financial monitoring to the relevant service on a regular basis which would show, by individual obligation: Details of receipt of planning obligation Details of expenditure and commitments Up to date balance remaining. Ensure that this information is included in reports seeking approval to spend. Work on this recommendation has commenced. Ref 414	3	Finance	Amber	August 2021
The on-going legal dispute should be resolved as soon as possible. Where the resolution is against CDC; Existing processes should be reviewed and amended to remove practices that would lead to similar disputes. Review signed S106 agreements and deed of variations to establish and resolve similar instances. Ref 419	2	Planning	Amber	August 2021
A review of planning applications which under delegated authority were refused planning permission due to failure to reach conclusion for S106 agreements	2	Planning	Amber	August 2021

for October 2018 to September 2020 be undertaken.

Ref 421

The up to date strategy is finalised and published as soon as possible. Future strategies should be implemented to updated and implemented to ensure CDC have a strategy in place for all years.

3

Information Services

Amber

July 2021

Oct 2021

The timetable for the Strategy to go to Policy Committee has slipped from June to July (due to Full agenda) and then to September due to postponement of all Council meetings in July. It is anticipated that it will be reviewed at September's committee.

Ref 434

Audit & Governance Committee – 20th September 2021

Audit Services Progress Report as at 6th September 2021



Report of the Audit Services Manager – Shared Internal Audit Service

Ward(s) affected: All

1. Purpose of Report

- 1.1 To update Committee Members on the progress made against the 2021/22 Internal Audit plan up to 6th September 2021

2. Recommendations

Members are recommended to:-

- 2.1 Note the contents of the report and the attached Appendix.

3. Background Information

- 3.1 The work undertaken by Audit Services is governed by the Accounts and Audit (England) Regulations 2011 and the Public Sector Internal Audit Standards (PSIAS). In accordance with paragraph 2.11 of the Standards, the Audit Committee must receive progress reports detailing progress made against the agreed Annual Audit Plan.

4. The Report

- 4.1 This report details the work undertaken by Audit Services and contains a summary of completed reviews along with the overall audit opinion given.
- 4.2 Audit Services resources have continued to be required on COVID business support schemes due to the requirement to have pre- checks in place for schemes open during the first quarter of 2021/22.
- 4.3 The effect of this is that commencement of work on the Audit plan was delayed in quarter 1. Work on normal audit work has now resumed during quarter 2.

- 4.5 The following table shows the progress against the 2021/22 operational plan for the period 1st April 2021 to 6th September 2021.

Audit Area	Total Days per approved Audit Plan 2021/22	Days spent as at 6th September 2021
Follow up Audit work	20	0.4
ICT	8	1.9
Management	20	5
Service Areas	72	10.4
Fraud	10	0.3
Fundamentals	48	1.1
Duplicate Payments	2	0.3
TOTAL	180	19.4

- 4.6 The current position on the 2021/221 Audit Assignments as at 6th September 2021 is as follows:

Status of Audits	Number of Audits	Percentage of Plan
Final report issued	0	0%
Draft report issued	0	0%
Managers Review	0	0%
In progress	6	55%
Yet to start	5	45%
Total	11	100%

5. Priority Areas to 31st March 2022

5.1 Completion of the Audit Plan.

The Quarter 2 and 3 focus will be on CDC audit assignments, in order for all audits to be completed in line with the agreed plan.

6. Conclusion

- 6.1 All Audits will be completed in line with the agreed plan. Update meetings will continue to be held with the Chief Finance Officer, s151 Officer or Exchequer and Performance Manager, Financial Services to provide assurance that audit work is progressing as planned.

7. Implications

7.1 Financial and Value for Money Implications

None

7.2 Legal implications

None

7.3 Contribution to Council Priorities

The delivery of an Internal Audit Service contributes to:

- Carbon Neutral – Facilitating economic growth in low carbon Craven
- Supporting the Wellbeing of our Communities – Developing vibrant, connected and health communities.
- Attracting and Retaining Younger People – Creating a district that attracts people of working age to live and work
- Financial Sustainability – Ensuring a self-sustainable Council

7.4 Risk Management

New and unpredicted COVID restrictions and Business Support Grant Scheme are a current risk to the completion of the audit plan, however contingency in the plan will allow for some mitigation of this risk.

7.5 Equality Impact Assessment

The Council's Equality Impact Assessment Procedure **has been** followed. An Equality Impact Assessment **has not** been completed on the proposals as completion of **Stage 1- Initial Screening** of the Procedure identified that the proposed policy, strategy, procedure or function **does not have** the potential to cause negative impact or discriminate against different groups in the community based on •age • disability •gender • race/ethnicity • religion or religious belief (faith) •sexual orientation, or • rural isolation.

8. Consultations with Others

Chief Finance Officer and s151 Officer, Financial Services

9. Access to Information : Background Documents

None

10. Author of the Report

Gill Hoyes, Auditor, Craven District Council and Harrogate Borough Council
Shared Audit Service.
gill.hoyes@harrogate.gov.uk

Note: Members are invited to contact the author in advance of the meeting with any detailed queries or questions.

11. Appendices

Internal Audit Plan 2021/22 April – 6th September 2021 Monitoring

Internal Audit Plan April – 6th September 2021 MONITORING

Audits (includes audits brought forward 2020/21 audits)	Approved Plan (Days)	Actual April-Jan (Days)	Comments (at time of writing)
2020/21 audits			
Risk Management	12	1	Final report issued
Duplicate Payments	1	0.3	NA

2021/22 audits

Housing Benefits	10	0	Yet to start
Payroll	10	0	Yet to start
Creditors	10	0.3	In progress
Debtors	10	0.8	In progress
Project Management	12	0	Yet to start
Health and Safety	10	9.2	In progress
Empty Properties & High Street Recovery	10	0.5	In progress
Recording and Inspection of Assets	10	0.7	In progress
Climate Change	10	0	Yet to start
Data Breaches	8	1.9	In progress
Procurement Rules	8	0	Yet to start
Business Support Grant Verification	10	0.3	Ongoing
Duplicate Payments	2	0.3	Ongoing
Follow up work	20	0.4	Ongoing
Management	20	5	Ongoing
Contingency	20	0	Ongoing
Total	180	19.4	

*** Key – Levels of Assurance**

Level	Definition
Significant	The system of internal control is designed to support the Councils corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the area reviewed.
None	There are weaknesses in control, or inconsistent non-compliance which places corporate and service objectives at risk in the area reviewed.



Audit Services Report

Business Continuity & Disaster Recovery 2020/21 Report ref: C4/2020

Report

Draft: 25/02/21

Final: 23/03/21

Good Level of
Assurance

Contents

Background	pages 2 - 3
Scope	page 3
Audit Opinion	pages 3 - 4
Detailed Findings & Action Plan	page 4 onwards

Distribution

Job Title
Chief Executive
Director of Services
CIO and Head of Assets & Commercial
Environmental Services Manager

1 Background

- 1.1 This audit has been undertaken as part of the annual audit plan for 2020/21 and has sought to determine compliance with the following key control objectives
- KCO1 : A clear business continuity management policy is in place
 - KCO2 : A business impact review has been undertaken and assessment made of risk
 - KCO3 : Business continuity plans have been prepared
 - KCO4 : Appropriate testing is carried out
 - KCO5 : A plan has been prepared detailing procedures which allow recovery from a partial or total loss of IT services in a controlled manner

- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.

We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.

Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, misappropriation or other irregularities which may exist.

- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 Business continuity (BC) and disaster recovery (DR) are closely related practices that describe an organisation's preparation for risks to continued operations. Business continuity is more proactive and generally refers to the processes and procedures an organisation must implement to ensure that critical functions can continue during and after a disaster. Disaster recovery is more reactive and, by focusing on the technology infrastructure, comprises specific steps an organisation must take to resume operations following an incident.
- 1.5 Covid-19 however has brought about many unforeseen issues for organisations due to the speed with which it has spread worldwide and in order to better prepare for its impact, research has found that many organisations have sought to improve their continuity plans. Craven produced its current Pandemic Management Plan in March 2020.
- 1.6 North Yorkshire County Council's Resilience & Emergencies Team provides advice and assistance in relation to business continuity management at Craven.

1.7 The piece of legislation governing the function is the Civil Contingencies Act 2004.

2 Audit Scope

2.1 The scope of the audit involved the review of the key controls by undertaking compliance testing as well as documentation review and discussion with staff.

3 Audit Opinion

3.1 A summary of Audit Services' opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

3.2 Based on this report's findings, Audit Services have given a Good Level of Assurance on the Internal Control Framework within the function in line with the Public Sector Internal Audit Standards.

3.3 Good practice was noted in that:

- prior to the pandemic, communications links had been resized to increase capacity and allow for greater numbers of remote workers in the event of an incident.
- laptop stocks were sufficient to enable remote working at the beginning of the UK lockdown with minimal delay.
- in order to prepare for the impact of Covid-19, a Pandemic Management Plan was produced containing risks, impacts, mitigating action and critical services.
- in terms of employee safety, appropriate measures were introduced to ensure the wellbeing of employees during the pandemic
- regular communications from senior management provided employees with situational updates regarding Covid
- Resilience Direct, a secure online platform created by the Cabinet Office, is used as an additional document storage area providing added resilience

- 3.4 Notable areas for improvement were observed in that::
- updates are required to corporate and individual service area incident management plans
- 3.5 Reference to the previous DR site on the current risk register was identified by Audit and a recommendation made in the draft report for this to reflect the current location. Following amendment prior to final reporting, the original recommendation has consequently been removed.
- 3.6 Disaster Recovery appears to be well managed and although Craven are in the process of undertaking a thorough review of Business Continuity throughout the Authority, further work on this aspect has not yet been completed.
- 3.7 With reference to the key controls being reviewed, 2, KCO4 and KCO5, are considered to be met and the remaining 3 partly met, the key risks for which are set out in the main body of the report. Eight recommendations have been made in total, 1 at priority 3 and the remainder at priority 2.

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of Management, therefore KCO's with adequate controls are not included.

Recommendations are prioritised as follows:

Priority 1 - These relate to significant gaps in the Internal Control Framework

Priority 2 - These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 - These relate to minor issues of non-compliance with controls.

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO1: A clear business continuity management policy is in place					
1	The Business Continuity Management System (BCMS) Policy & Strategy refers to development in line with the international standard ISO22301:2012. However, Audit Services are aware that this standard has since been revised to ISO22301:2019.	R1: Priority 2 The BCMS Policy & Strategy should be reviewed to ensure it is reflective of the revised standard ISO22301:2019 and arrangements made for regular review thereafter	The BCMS Policy & Strategy may no longer be fully fit for purpose leading to potential less effective targeting of resources	Agreed	Environmental Services Manager 23/09/21
2	Version control of the BCMS Policy & Strategy was found to be absent.	R2: Priority 3 Version control of the BCMS Policy & Strategy should be introduced	The version, revision date, revision author, revision description and subsequent expected review date of the BCMS Policy & Strategy are unclear, potentially causing confusion over how current and therefore relevant the document is	Agreed	Environmental Services Manager 23/09/21
3	The BCMS Policy & Strategy refers to responsibilities of staff at various levels. However, this Policy & Strategy was not visible on the staff intranet	R3: Priority 2 The BCMS Policy & Strategy should be made accessible from the Intranet's Policy Centre	Staff beneath Management level may be unfamiliar with what is expected of them, potentially causing additional processing disruption following an incident.	Agreed	Environmental Services Manager 23/09/21

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO2: A business impact review has been undertaken and assessment made of risk					
4	Business Impact Analysis (BIA) documents were found to exist for the majority of service areas with the exception of Economic Development, Licensing, Car Parking, Community Safety and Corporate Safety.	R4: Priority 2 It should be ensured that a BIA is in place for each service area	Services' key functions, and the time within which they require recovery, are not defined, potentially causing additional processing disruption following an incident.	Agreed	Environmental Services Manager 23/09/21
5	Audit Services understand that the new standard ISO22301:2019 has introduced new requirements surrounding the BIA. We were informed that the BIA template is currently being reviewed against this standard.	R5: Priority 2 Progress into the review of the BIA template should continue, to ensure it is reflective of the revised standard ISO22301:2019, and updates made where necessary	Components of the BIA may not be fully fit for purpose rendering it less effective following an incident	Agreed	Environmental Services Manager 23/09/21
KCO3: Business continuity plans have been prepared					
6	An Emergency Response & Business Continuity Guide was found to exist; being the corporate guidance framework for all incident and business continuity response. However, this was dated February 2016 and contained outdated references. It was explained that, as part of the review of Business Continuity, an incident plan is due to be produced	R6: Priority 2 Production of the updated documented corporate incident plan should be progressed.	Strategic and tactical responses to an incident are potentially unclear	Agreed	Environmental Services Manager 23/09/21

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
7	<p>Service area incident management plans (IMPs) were found to exist. However, these had not been reviewed in some time and included outdated contact details in the majority of cases. It was explained that, as part of the review of Business Continuity, review and update has been timetabled for 2021; having been delayed due to the pandemic.</p>	<p>R7: Priority 2 Production of updated documented service area incident management plans should be progressed.</p>	<p>Current alternative working arrangements are unclear. Uncertainty around correct contacts.</p>	<p>Agreed</p>	<p>Environmental Services Manager 23/09/21</p>
8	<p>Service areas are expected to confirm that any external vendors, suppliers or contractors, on whom they depend, have plans in place to enable continuity of service provision during periods of disruption. However, from review of the service areas' BIAs where dependence had been indicated on a total of 36 providers, 13 (36%) providers were known to maintain their own plans, 19 (53%) were unknown, and 4 (11%) were assumed to maintain plans. There were 6 service areas who indicated one or more of their providers' plans as unknown or assumed as being in place</p>	<p>R8: Priority 2 Service areas should ensure that they have confirmation from any external vendor, supplier, or contractor on whom they depend, of business continuity plans</p>	<p>External vendors, suppliers or contractors may be ill equipped to cope in the event of an incident and continuity of service provision to the Council disrupted</p>	<p>Agreed</p>	<p>Environmental Services Manager 23/09/21</p>

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 extension 58586. Audit Services would like to thank the officers involved for their assistance during this audit.



Audit Services Report

General Data Protection Regulation (GDPR) 2019/20 Report ref: C7/2019

Report

Draft: 24/03/20

Final: 27/03/20

Good Level of
Assurance

Contents

Background	page 2
Scope	page 3
Audit Opinion	pages 3 - 4
Detailed Findings & Action Plan	page 4 onwards

Distribution

Job Title
Chief Executive
Director of Services
CIO and Assets & Commercial Services
Information Governance Manager and Complaints Manager

1 Background

- 1.1 This audit has been undertaken as part of the annual audit plan for 2019/20 and has sought to determine compliance with the following key control objectives
- KCO1 : Key Council staff are aware of the GDPR and have received training
 - KCO2 : The Council has documented what personal data it holds, how it is stored, where it comes from and with whom it is shared
 - KCO3 : Privacy notices adequately reflect the GDPR
 - KCO4 : Procedures cover all the rights individuals have under the GDPR and these are complied with in practice
 - KCO5 : Procedures describe how Subject Access Requests (SARs) are handled under the GDPR and these are complied with in practice
 - KCO6 : All types of data processing carried out have been reviewed and the lawful basis for processing identified and documented.
 - KCO7 : Consent is sought, recorded and managed in accordance with the GDPR
 - KCO8 : Systems verify individuals' ages and parental or guardian consent is obtained where data processing relates to children
 - KCO9 : The Council has the right procedures in place to detect, report and investigate a personal data breach which are complied with in practice
 - KCO10 : The Council has established how and when to implement Data Protection Impact Assessments (DPIAs) and this is complied with in practice
 - KCO11 : There is a designated officer who takes responsibility for data protection compliance
 - KCO12 : An appropriate data protection supervisory authority has been identified for international operations.
 - KCO13 : A risk register is in place that documents and manages non compliance
- 1.2 It is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.
- We endeavour to plan our work so that we have a reasonable expectation of detecting significant control weaknesses and, if detected, we shall carry out additional work directed towards identification of consequent fraud or other irregularities. However, internal audit procedures alone, even when carried out with due professional care, do not guarantee that fraud will be detected.
- Accordingly, our examinations as internal auditors should not be relied upon solely to disclose fraud, defalcations or other irregularities which may exist.
- 1.3 Internal Auditing is an independent, objective assurance and consulting activity to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.
- 1.4 The General Data Protection Regulation (GDPR) was introduced to strengthen and unify data protection law within the European Union. It has applied in the UK from 25/05/18 to both data controllers and processors. The GDPR applies to personal data, which means any information relating to an identifiable person who can be directly or indirectly identified in particular by reference to an identifier.

2 Audit Scope

- 2.1 The scope of the audit involved the review of the key controls by undertaking compliance testing as well as documentation review and discussion with staff.

3 Audit Opinion

- 3.1 A summary of Audit Services' opinion levels and their definitions is provided below:

Level	Definition
Significant Level of Assurance	The system of internal control is designed to support the Council's corporate and service objectives and controls are consistently applied in all the areas reviewed.
Good Level of Assurance	There is generally a sound system of control designed to support the Council's corporate and service objectives. However, some improvements to the design or application of controls is required.
Partial Level of Assurance	Weaknesses are identified in the design or inconsistent application of controls which put the achievement of some of the Council's corporate and service objectives at risk in the areas reviewed.
No Level of Assurance	There are weaknesses in control, or consistent non-compliance which places corporate and service objectives at risk in the areas reviewed.

- 3.2 Based on this report's findings, Audit Services have given a Good Level of Assurance on the Internal Control Framework within the function in line with the Public Sector Internal Audit Standards
- 3.3 Good practice was noted across the board. The main issue in Internal Audit's view surrounds business continuity in that data protection knowledge and experience sits with only one officer.
- 3.4 GDPR best practice recommends a secure self-service system to provide customers with direct access to their information. This has not been implemented at Craven as yet, it being a mid term objective and one which would be purely efficiency driven. As this is only best practice, the decision not to implement ultimately lies with the Council and Internal Audit accepts this position.
- 3.5 Areas that have not been possible to verify or fully test due to outstanding information required are listed below
- That a process is in place for the officer responsible for data protection to be notified of new starters to whom training needs to be delivered
 - Whether records of trained Members and new staff exist to enable the extent of outstanding training to be determined, as well as the length of time that any training has been outstanding for.
 - A sample of contracts with processors to test for GDPR compliance
 - Evidence that consent is separate from other terms and conditions and hasn't been a precondition of signing up to a service.

3.6 With reference to the key controls being reviewed, 1 is not applicable to Craven ie KCO12, 7 are considered met ie KCO's 3,5,7,8,9,10 and 13 and the remainder partly met, key risks for which are set out in the main body of the report. 9 recommendations have been made in total; 5 at priority 2 and 4 at priority 3.

3.7 Recommendation implementation timeframes have been extended due to service disruption from the coronavirus

4 Detailed Findings & Action Plan

The audit findings are detailed in this section on an exception basis only for the attention of Management, therefore KCO's with adequate controls are not included.

Recommendations are prioritised as follows:

Priority 1 - These relate to significant gaps in the Internal Control Framework

Priority 2 - These relate to minor gaps in the Internal Control Framework or significant issues of non-compliance with key controls

Priority 3 - These relate to minor issues of non-compliance with controls.

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO1 : Key Council staff are aware of the GDPR and have received training					
1	Members have received documentation explaining their role in relation to data protection. However, associated training has not yet been rolled out to all Members	R1 : Priority 2 The outstanding data protection training for Members should be completed	Without a proper understanding of the regulation, actions may be taken which could potentially lead to a fine	Agreed: Basic data protection messages have already been conveyed to members however the absence of face-to-face training sessions is considered most unlikely to lead to any ICO enforcement action.	CIO and Assets & Commercial Services 30/09/20

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
2	GDPR literature has been circulated amongst staff and the monthly Core Brief is used to highlight issues and remind staff of key points in the absence of specific refresher training. In addition, the Information Governance & Complaints Manager has indicated his desire to carry out a staff data protection survey. However, this survey has not yet been undertaken.	R2 : Priority 3 The proposed data protection staff survey should be carried out	Reliance is placed on staff reading content and consequently the extent of understanding cannot be gauged; non-compliant staff actions potentially resulting in a fine	Not agreed: We meet all necessary training requirements and reporting on our Information Awareness training packages shows each user's completion status. A staff survey is not a short term objective as existing training is to be enforced beforehand but could be considered in the future Audit Comment: Accepted	N/A
3	A GDPR awareness package is provided for new staff which is delivered face to face as part of induction. However, there is a delay in the delivery of this new starter training at present.	R3 : Priority 2 The outstanding GDPR awareness training for new starters should be completed.	Without a proper understanding of the regulation, actions may be taken which could potentially lead to a fine	Agreed: New starters are set up on Bob's Business training modules and thereby automatically receive the core packages	CIO and Assets & Commercial Services 30/09/20
KCO2 : The Council has documented what personal data it holds, how it is stored, where it comes from and with whom it is shared					
4	There is a list of data sharing agreements. However, this list is not comprehensive	R4 : Priority 3 The listing of all data sharing agreements in place should be completed	No fully complete, central visibility or accurate monitoring	Agreed	CIO and Assets & Commercial Services 30/09/20

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
5	<p>Certain contracts with data processors, of which the DPO is aware, have been reviewed for GDPR compliance. However, there is no definitive register of such contracts and identification of all is ongoing.</p>	<p>R5 : Priority 2 The identification of all contracts with data processors council wide should progress and a full register of such compiled</p>	<p>No fully complete central visibility or accurate monitoring. Unidentified contracts may be in breach of the GDPR.</p>	<p>Agreed</p>	<p>CIO and Assets & Commercial Services 30/09/20</p>
		<p>R6 : Priority 2 Outstanding contracts with processors should be reviewed to ensure that they comply with GDPR requirements</p>	<p>Specific terms or clauses set out in Article 28(3) of the GDPR are not included which could potentially lead to enforcement action</p>	<p>Agreed</p>	<p>CIO and Assets & Commercial Services 30/09/20</p>

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO4 : Procedures cover all the rights individuals have under the GDPR and these are complied with in practice					
6	<p>The website includes information surrounding the majority of the GDPR's new rights of individuals. However, not all rights are specifically set out and made clear.</p>	<p>R7 : Priority 3 Website information should be expanded to cover all new rights of individuals under the GDPR</p>	Lack of transparency	<p>Not agreed The obligation to provide information on individual rights is only explicitly required to be communicated in Privacy Notices (Article 13) and in response to an individual exercising their right of access (Article 15). There is no obligation or requirement on data controllers to provide this information on the website or otherwise. A hyperlink to ICO guidance regarding individuals' rights will however be inserted on the website Audit Comment: Audit Services consider it necessary to report that in our opinion the above arrangement does not fully mitigate against the risk and is not sufficient. The ICO is clear on transparent and easy to understand instructions being paramount. We note that the Council has chosen to accept this risk.</p>	N/A

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO6 : All types of data processing carried out have been reviewed and the lawful basis for processing identified and documented.					
7	Response letters to subject access requests do not always include the contact details of the Information Commissioner's Office (ICO), nor the legal basis for processing the data.	R8 : Priority 3 Responses to subject access requests should include ICO contact details and the legal basis for processing the data	Appeals are incorrectly addressed. The legal basis for processing is not clearly stated.	Agreed: Final decision letters responding to Subject Access Requests since May 2018 were either provided by hand or to legal representatives and in all other cases gave the right of appeal to the ICO. All the other requirements of Article 15 have not been referred to but this will be implemented with immediate effect Audit Comment: Verification of letters will be undertaken at the time of the review of this report's recommendations	CIO and Assets & Commercial Services 30/09/20

Ref	Findings	Recommendations	Risk	Management Response	Officer Responsible and Implementation Date
KCO11 : There is a designated officer who takes responsibility for data protection compliance					
8	There is an experienced and knowledgeable officer who is responsible for data protection at the Council. However, succession planning in relation to this role has not yet been addressed.	R9 : Priority 2 Succession planning for the data protection officer role should be addressed	Business continuity issues in the absence of the officer currently dealing with data protection	Not agreed: In the absence of the current officer, responsibility reverts to the CIO & Assets and Commercial Services of which the Corporate Leadership Team are aware. Audit Comment: It is the opinion of Audit Services that the current succession planning arrangements do not fully address the situation should the current officer responsible for data protection be unavailable for any length of time, or leave council employment. Whilst we note that the Council are willing to accept this risk, we consider it necessary to report our considered weakness in control.	N/A

Any queries or requests for further information regarding this report should be directed to Audit Services on 01423 500600 extension 58586. Audit Services would like to thank the officers involved for their assistance during this audit.