



**Annual Internal Audit Report and Opinion  
2022/23**

## 1. Introduction and context

- 1.1 This report outlines the audit work carried out by the Internal Audit Service for the year ended 31<sup>st</sup> March 2023.
- 1.2 Internal audit is an independent, objective assurance and consulting activity designed to add value and improve the organisation's operations. Internal audit helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control, compliance and governance processes.
- 1.3 Internal audit is a statutory requirement for local authorities, in accordance with:
- Section 151 of the Local Government Act 1972 – which requires every local authority to make arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs; and
  - The Accounts and Audit Regulations 2018 (England) – which state that “A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.
- 1.4 Internal audit independence is achieved by reporting lines which allow for unrestricted access to the Chief Executive, Corporate Leadership Team (which includes the Section 151 Officer), and the Chair of the Audit and Standards Committee. Internal auditors have no direct operational responsibility or authority over any of the activities audited and the Internal Audit Charter sets out how independence and objectivity is maintained and evidenced.
- 1.5 The Public Sector Internal Audit Standards require the Chief Internal Auditor to provide an annual opinion, based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control (i.e. the organisation's system of internal control). This is achieved through a risk-based plan of work, which should provide a reasonable level of assurance, subject to the inherent limitations described below and set out in Appendix 1 and takes into account other sources of assurance, as appropriate. The opinion does not imply that Internal Audit has reviewed all risks relating to the organisation.
- 1.6 As such, the Annual Report contains:
- the 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 2022/23

2.1 Based upon the work undertaken by Internal Audit during the year, the Chief Internal Auditor's overall opinion on the Council's system of internal control is set out below:

I am satisfied that sufficient internal audit work has been undertaken to inform an opinion on the adequacy and effectiveness of governance, risk management and internal control for 2022/23. In giving this opinion, it should be noted that assurance can never be absolute. The most that the internal audit service can provide is reasonable assurance that there are no major weaknesses in the system of internal control.

It is my opinion that **Satisfactory Assurance** can be given over the adequacy and effectiveness of the Council's control environment for 2022/23 – see definition of assurance opinions in section 4.1 of this report. This control environment comprises of the system of internal control, governance arrangements and risk management. Any limitations over this opinion are detailed and explained further below.

### **Financial control**

Controls relating to the key financial systems which were reviewed during the year were concluded to be operating at a level of Satisfactory Assurance. Audit sample testing of five starters and five leavers and 25 variable payments/deductions confirmed that payroll key controls had been designed well and were broadly operating as expected. Evidence of approval of honorariums, in line with delegations, was noted as an area where compliance was not consistent.

Controls over the completeness and accuracy of financial records are in place and testing confirmed bank reconciliations had been performed regularly. Reconciling items had not, however, been reviewed and cleared in a timely manner increasing the risk that errors or fraud could go undetected.

The arrangements for creating sundry debtor invoices and credit notes were found to be sound. Furthermore, Internal Audit has confirmed that necessary steps are being taken to enhance sundry debt recovery through a focussed review. Audit testing confirmed that the newly created post of Income and Sustainability Officer had made a positive impact on the collection of current rent arrears however the level of outstanding debt for both current and former tenant arrears remains high.

### **Risk management**

The Council's structures and processes for identifying, assessing and managing risk have remained generally consistent during 2022/23. Strategic and directorate level risk registers have been subject to review during the year and the strategic risk register was reported to the Audit and Standards Committee in September 2022 and March 2023.

### **Internal control**

For the audits completed by the Internal Audit service in 2022/23 and finalised at the time of reporting, 96% of the opinions given in relation to the control environment and compliance have been of at least Satisfactory Assurance.

The audit plan coverage had targeted areas of known risk and was informed through consultation with senior management and the Audit and Standards Committee. Based on the audit findings, an opinion of Limited Assurance was given on compliance with controls for Licensing. This was primarily due to the lack of enforcement activity. An action plan was agreed with management and assurances given the Audit and Standards Committee over actions being taken.

There have been no audits resulted in an opinion of Major organisational risk during 2022/23.

Of the agreed management actions due for implementation during 2022/23, 58% had been completed during the year.

There have been no incidences during 2022/23 where the internal audit team have highlighted a fundamental risk or weakness and management have sought to accept the risk, rather than agree an appropriate action.

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 undertaken throughout the year from the risk-based Internal Audit plan. Assurances from other sources have also been taken into consideration, where appropriate.
- 2.3 The assessment has taken account of the relative materiality of areas highlighted for improvement and management's progress in addressing any control weaknesses.

### 3. Summary of findings

- 3.1 All final reports have agreed action plans, dates and responsible officers, where required. The audit opinions arising from the work of Internal Audit are summarised in Table 1, split by assurance area.

Table 1 – Summary of audit opinions 2022/23:

Area	Substantial	Good	Satisfactory	Limited	No
Financial systems	-	-	2	-	-
Corporate governance and counter fraud	-	1	3	-	-
Key corporate controls and policies	-	5	3	-	-
Growth and Regeneration – risk based audit coverage	1	1	1	1	-
Housing and Communities – risk based audit coverage	3	3	2	-	-
<b>Total</b>	<b>4</b>	<b>10</b>	<b>11</b>	<b>1</b>	<b>-</b>
<b>Summary</b>	<b>15%</b>	<b>39%</b>	<b>42%</b>	<b>4%</b>	<b>-</b>
<b>Summary (2021/22) for comparison</b>	<b>15%</b>	<b>34%</b>	<b>42%</b>	<b>7%</b>	

- 3.2 The Internal Audit team’s work has been targeted upon areas of identified risk and has sought to support service areas in identifying and prioritising areas for improvement.

## 4. Review of audit coverage

### Audit opinion on individual audits

- 4.1 The Committee is reminded that the following assurance opinions were assigned during 2022/23, in accordance with the Internal Audit Charter:

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 as expected and either no, or only 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 and 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.

- 4.2 All individual reports represented in this Annual Report are final reports, unless otherwise stated. As such, the findings have been agreed with management, together with the accompanying action plans.

#### Summary of audit work

- 4.3 Table 3 details the assurance levels resulting from all audits undertaken in 2022/23 and the date of the Committee meeting at which the outcome of the audit was presented.
- 4.4 All completed assignments have been delivered in accordance with the agreed audit planning records and provide assurance in relation to the areas included in the specified scope.

Table 3 – Summary of finalised audit opinions 2022/23:

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
<b>Financial systems</b> – providing assurance that the Council has made arrangements for the proper administration of its financial affairs				
Financial system key controls	Satisfactory 	Satisfactory 	Moderate 	July 2023
<b>Corporate governance and counter fraud</b>				
Procurement compliance	Satisfactory 	Good 	Minor 	July 2023
Cyber security	Satisfactory 	Satisfactory 	Moderate 	July 2023
<b>Key corporate policies and controls</b>				
Fixed assets	Good 	Good 	Minor 	November 2022
Special expenses	Good 	Good 	Minor 	November 2022
Information governance	Satisfactory 	Good 	Minor 	July 2023
Business continuity management	Satisfactory 	Satisfactory 	Moderate 	January 2023
<b>Growth and Regeneration – risk based audit coverage</b>				
Licensing	Limited 	Satisfactory 	Moderate 	November 2022
Health and Leisure project	Substantial 	Good 	Minor 	January 2023
<b>Housing and Communities – risk based audit coverage</b>				
Housing repairs contract	Satisfactory 	Satisfactory 	Moderate 	November 2022

Audit Area	Design of Control Environment	Compliance	Organisational Impact	Committee Date
Management of the Housing Revenue Account	<b>Substantial</b> ●	<b>Substantial</b> ●	<b>Minor</b> ●	January 2023
Right to Buy applications	<b>Good</b> ●	<b>Good</b> ●	<b>Minor</b> ●	March 2023
Landlord health and safety	<b>Substantial</b> ●	<b>Good</b> ●	<b>Minor</b> ●	November 2022

4.5 Audit outcomes have been reported to the Audit and Standards Committee during the 2022/23 financial year. All audit reports finalised since the last committee meeting are summarised in Appendix 2 to this report.

### **Implementation of agreed management actions**

- 4.6 Internal Audit follow up on progress made against all agreed actions arising from completed assignments to ensure that they have been fully and promptly implemented. Internal Audit trace follow up action on a regular basis and report updates at every Audit and Standards Committee meeting.
- 4.7 A total of 42 agreed actions have been implemented by officers during 2022/23, which represents 58% of the actions which were due for implementation.
- 4.8 Details of the implementation rate for the agreed management actions during 2022/23 are provided in Table 4, as at 31<sup>st</sup> March 2023.



Table 4 - Implementation of agreed management actions due in 2022/23:

	'High' priority	'Medium' priority	'Low' priority	Total
Agreed and <b>implemented</b>	8	22	12	42 (58%)
Agreed and <b>due within last 3 months</b> , but not implemented	4	13	1	18 (24%)
Agreed and <b>due over 3 months ago</b> , but not implemented	2	5	6	13 (18%)
<b>Total</b>	<b>14</b>	<b>40</b>	<b>19</b>	<b>73</b> <b>(100%)</b>
Agreed and not yet due for implementation	<b>8</b>	<b>25</b>	<b>8</b>	<b>41</b>

4.9 A full overview of overdue actions is provided in Table 5.

Table 5 - Summary of overdue recommendations at 31<sup>st</sup> March 2023

Audit	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Intensive housing management	19/20	1	-	-	-	-	-
Lifeline	20/21	-	-	-	-	3	-
Housing repairs	21/22	1	-	1	-	-	-
Asset management	21/22	-	-	1	-	1	-
Key financial systems	21/22	-	-	-	-	1	-
Starters and leavers	21/22	-	-	1	-	-	-
Temporary accommodation	21/22	-	-	2	-	-	-
Licensing	22/23	-	-	-	3	1	1

Audit	Audit Year	High		Medium		Low	
		Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue	Over 3 months overdue	Under 3 months overdue
Planning enforcement	21/22	-	3	-	5	-	-
Business continuity	22/23	-	1	-	5	-	-
<b>Totals</b>		<b>2</b>	<b>4</b>	<b>5</b>	<b>13</b>	<b>6</b>	<b>1</b>

## Performance

- 5.1 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 constructive support and advice to assist the Council in new areas of work.
- 5.2 Since 1<sup>st</sup> April 2022, the Council's internal audit service has been delivered by an in-house team. During this year, a number of successful recruitment campaigns have resulted in the appointment of auditors from a variety of backgrounds which will serve to strengthen the depth and breadth of the team. The team have built effective working relationships with service areas and seek to continue to build upon the positive feedback and reputation built to date.
- 5.3 In April 2023, the Internal Audit service had issued draft or final reports on 100% of the in-house assignments from the 2022/23 Audit Plan. All reports have been issued as at the time of producing the annual report.
- 5.4 In order to seek feedback on the quality of the internal audit work, customer satisfaction surveys are issued following the conclusion of audit assignments. The feedback received on audits delivered during the 2022/23 year is summarised in table. Of the feedback received 94% rated the elements of the service as either 'good' or 'outstanding'. The communication during audit assignments was noted as receiving particularly high feedback in 2022/23, with 38% of respondents rating the communication as 'outstanding'.

Table 5 – Customer satisfaction survey results

Aspects of audit assignments	Outstanding	Good	Satisfactory	Poor
Design of assignment	25%	67%	8%	-
Communication during assignments	25%	75%	-	-
Quality of reporting	25%	67%	8%	-
Quality of recommendations	17%	75%	8%	-

- 5.5 Additional comments received on the customer surveys included:
- very happy with the approach and feel this provides a thorough and objective assessment of a key strategic area. We really value audit; and
  - the audit is invaluable as is the insight provided by the auditor.

## Internal Audit contribution in wider areas

5.6 Key additional areas of Internal Audit contribution to the Council in 2022/23 are set out in Table 6:

Table 6 – Internal Audit contribution

Area of Activity	Benefit to the Council
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.
Sharing advice and fraud alerts.	Pro-active counter fraud support and learning from other authorities.
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.
Support for the development on new processes and systems - providing “critical friend” advice to ensure that effective controls are built in at the outset.	Supporting the Council to strengthen its control environment at the earliest opportunity.
Maintaining good working relationships with External Audit.	Maximising value of audit resources.

## Professional Standards

5.7 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.

5.8 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.

5.9 From 1<sup>st</sup> April 2022, the Internal Audit service has been delegated to North Northamptonshire Council and a Quality and Improvement Plan is overseen by the current Chief Internal Auditor to support ongoing development, in line with the Standards. Assessment against the Standards will be embedded in the delivery of the service and

ongoing development work. An external assessment must be completed at least every five years and the timing of the first external assessment will be agreed with the S151 Officer and Chair of the Audit and Standards Committee. The Institute of Internal Auditors are currently conducting a review of Standards with a view to introducing new Global Internal Audit Standards, which may introduce some changes to the requirements. The approach to external assessments should be informed by the outcome of this review.

- 5.10 A self-assessment by the Chief Internal Auditor confirms that the service is operating in general conformance with the Standards. The Quality and Improvement Plan for the Internal Audit team for the year ahead includes developing work on a Data Analytics Strategy for the audit service; and raising the profile of the Internal Audit service.
- 5.11 The Chief Internal Auditor can confirm that there has been no evidence of impairment of the independence of the Internal Audit team during 2022/23 and no auditors have reviewed systems/controls which they have been responsible for delivering. Every member of the Internal Audit team completes an annual declaration of any interests which could present a conflict of interest and confirmation of acceptance of the code of ethics.

## Counter fraud activity

- 6.1 Internal Audit are set up to receive and handle (where appropriate) referrals regarding allegations of fraud, misconduct and irregularities via a number of channels. There is a fraud reporting mailbox available to internal and external stakeholders, in addition to the whistleblowing procedures and general service referrals.
- 6.2 All referrals made to Internal Audit are logged, assessed and allocated to the relevant party for investigation, where appropriate. Included in Table 7 is a summary of referral activity within the service during the financial year to date. Whilst investigations are progressing, it is not appropriate for further details of allegations to be shared at the risk of jeopardising formal investigation outcomes.

Table 7 – Investigation activity in 2022/23

Description	Number	Comments
<b>Referrals received in 2022/23</b>	<b>7</b>	
<b>Breakdown of referral type:</b>		
Single person discount	3	Referrals received via dedicated 'report fraud' email address.
Housing	2	
Council tax avoidance	1	
Business rates	1	
<b>Referrals closed at time of reporting</b>	<b>5</b>	
<b>Breakdown of outcomes:</b>		
Referral to Department of Work and Pensions (DWP)	1	
Single Person Discount cancelled	2	
Single Person Discount review completed	1	
No further action – insufficient evidence to pursue further	1	-

- 6.3 The internal audit team has also supported the Council with participation in the latest National Fraud Initiative (NFI) data matching exercise. All datasets were uploaded ahead of the deadlines in September and November 2022. The matches generated by the exercise are being investigated, with outcomes reported to the Cabinet Office. Outcomes will be reported to the Audit and Standards Committee upon conclusion.
- 6.4 In addition, the Council participated in a pilot exercise led by the Cabinet Office to explore use of new data sources to identify potential social housing fraud. Officers are working through these matches and assessing any need for formal investigation. The outcomes of these matches will be reported upon conclusion of the exercise.

## Appendix 1: Limitations

### Limitations inherent to the Internal Audit's work:

Internal Audit work has been performed subject to the limitations outlined below:

#### Opinion

The opinion is based solely on the work undertaken as part of the agreed internal audit plan. There might be weaknesses in the system of internal control that we are not aware of because they did not form part of our agreed annual programme of work, were excluded from the scope of individual internal audit assignments or were not brought to our attention. As a consequence management and the Audit and Standards Committee should be aware that our opinion may have differed if our programme of work or scope for individual reviews was extended or other relevant matters were brought to our attention.

#### Internal control

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

#### Future periods

Our assessment of controls relating to the areas audited is for the period 1<sup>st</sup> April 2022 to 31<sup>st</sup> March 2023. Historic evaluation of effectiveness may not be relevant to future periods due to the risk that:

- The design of controls may become inadequate because of changes in operating environment, law, regulation or other; or
- The degree of compliance with policies and procedures may deteriorate.

#### Responsibilities of management and internal auditors

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, and our examinations as internal auditors should not be relied upon to disclose all fraud, defalcations or other irregularities which may exist.

## Appendix 2: Audit reports finalised since Audit & Standards Committee in March 2023

### Procurement compliance




The Council's Contract Procedure Rules (CPRs) are designed to ensure probity and value for money when procuring goods, works or services that meet the Council's needs and comply with legal requirements. The audit was carried out to provide assurance that officers are complying with the approved rules and practices. Current CPRs can be accessed by all staff on the intranet/SharePoint together with a detailed procurement toolkit and templates.

An audit sample was selected to cover all departments and a range of financial thresholds, where possible. The sample contained one contract from the published expenditure report and five entries from the Contract Register. Of the contracts tested, all were awarded in compliance with CPR requirements. In one case it was found that the contract was treated as exempt from CPR requirements, with approvals to do so suitably evidenced. In a further case, the spend related to ongoing maintenance costs associated with a software package which was to be decommissioned, so was unavoidable spend but not linked to a live contract.

Whilst contract awards tested had been conducted in line with the CPRs, it was noted that the contracts were not consistently included within the contracts register following award.

To comply with the Local Government Transparency Code, the Council publishes all expenditure over £500 on its website together with a link to the online contracts register. Review of expenditure reports for 2022/23 and comparison to the contracts register identified a number of discrepancies where spend could not be matched to a register entry. Concerns regarding the completeness and accuracy of the contracts register have been reported in previous years and there remains scope for improvement in this area. Due to the audit findings, it was identified that there is a need for a wider review of the arrangements whereby contracts are added on to the Council's contracts register. Investigation into the ongoing issues that have caused this are essential, with a review due to commence shortly by the Head of Welland Procurement.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

Assurance Opinion	
Control environment	Satisfactory 
Compliance	Good 
Organisational impact	Minor 

### Financial system key controls

The Council operates a number of systems designed to ensure that transactions are recorded in a timely, accurate and complete manner, free from fraud or error. These systems are often referred to as 'Key' or 'Fundamental' financial systems. The Council's Chief Financial (section 151) Officer is required to include a statement in the annual accounts to certify that proper

accounting records have been kept, that are up to date, and reasonable steps have been taken for the prevention and detection of fraud and other irregularities. Internal Audit's control evaluation and compliance testing supports the s151 officer in exercising this duty and combines a risk-based approach to areas highlighted during the last twelve months as increased risk, along with a cyclical approach to coverage of key financial systems. The audit this year provided cyclical coverage on payroll controls and the main accounting system; and included risk-based coverage on sundry debtors and housing rent arrears management and recovery.

Audit sample testing of five starters and five leavers and 25 variable payments/deductions has confirmed that payroll key controls have been designed well and are broadly operating as expected. One overtime error was identified as resulting in an overpayment of £48.95 and evidence of an appropriate level of review or approval had not been retained in three instances, relating to employment contracts and honorarium payments.

Controls over the completeness and accuracy of financial records are in place and testing confirmed bank reconciliations are performed regularly. Reconciling items, however, have not been reviewed and cleared in a timely manner increasing the risk that errors or fraud could go undetected. Sample testing established new ledger codes are fully justified and all 20 journal transfers in the audit sample were found to be complete, clear, accurate and supported by relevant documentation. Suspense accounts are cleared monthly.

The arrangements for creating sundry debtor invoices and credit notes are good. There is an appropriate level of segregation of duties in place and sample testing of 25 invoices and five credit notes confirmed compliance with procedures. Furthermore, Internal Audit has confirmed that necessary steps are being taken to enhance sundry debt recovery through a focussed review undertaken by the Interim Revenues and Benefits Manager.

Audit testing confirmed that the newly created post of Income and Sustainability Officer has made a positive impact on the collection of current rent arrears however the level of outstanding debt for both current and former tenant arrears remains high. The provision of additional short-term resources to carry out a focussed review would help strengthen arrangements in this area and consideration should be given to bringing rent arrears collection processes for both former and current tenants into one team to promote consistency and a streamlined process. The performance of rent arrears collection is monitored at a Directorate level but key performance indicators relating to rent arrears are not formally reported to Members via the Corporate Performance Framework.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

<b>Assurance Opinion</b>	
<b>Control environment</b>	Satisfactory ●
<b>Compliance</b>	Satisfactory ●
<b>Organisational impact</b>	Moderate ●



**Cyber security (Leicestershire ICT Partnership) – delivered by the internal audit service by Melton Borough Council, on behalf of all partner councils**

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. Leicestershire ICT Partnership (LICTP) has clearly recognised the increased threat of cyber-crime and has implemented a number of measures to actively manage the risks. Regular penetration testing is completed and remedial plans delivered to address reported vulnerabilities; enabling successful Public Sector Network (PSN) certification for all partner councils in July 2022. Until December 2022, the partnership also held the Cyber Essentials accreditation and work is underway to clarify the latest requirements for re-accreditation. Since the partnership was brought in house 14 months ago, it is acknowledged that there have been a number of areas relating to the IT estate, policies/procedures and infrastructure requiring urgent improvement, and this is progressing well.

The objective of this audit was to establish the controls, and sources of assurance available, in relation to the partnership’s management of the cyber security risks. The Internal Audit service is not qualified to conduct a full, technical assessment or penetration testing of the networks, but takes assurance from such assessments by professional bodies and adopted an audit approach that covers the key expected controls and assurances. It is evident from the audit, and discussions with LICTP management, that whilst the audit has some areas for further improvement, the majority of these issues had been recognised and the action plan was intended to support and assist in focusing the work in this area going forward.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

<b>Assurance Opinion</b>	
<b>Control environment</b>	Satisfactory ●
<b>Compliance</b>	Satisfactory ●
<b>Organisational impact</b>	Moderate ●

**Information governance**

The primary aim of information governance is to establish compliance with statutory obligations set out in the UK General Data Protection Regulation (UK GDPR) and Data Protection Act 2018 (DPA 2018). Following the introduction of the UK GDPR in May 2018, an internal audit took place in December 2018 to review compliance against the regulations, with overall satisfactory assurance given. The objective of this audit was to provide assurance that controls are in place to ensure personal data is processed in accordance with the UK GDPR Principles. This review focused on controls over data sharing, data breaches/incidents, an individual’s data rights and transparency.



Based on the audit testing performed, the Council appears to be generally compliant with the regulations in the areas within the scope of this audit. The Council has established sound information governance working practices, with guidance available to both staff and customers via the Council’s intranet, ‘information’ drive and internet. The Council has various information governance and data protection policies in place, whilst there is a need to review and update

some of these documents, this will be addressed as part of the development of an Information Governance Framework, the need for which has been identified by the Data Protection Officer (DPO). The Information Governance Framework should set out the data protection and privacy arrangements to enable the Council to meet their obligations under the UK GDPR and DPA 2018. Work on the development of the Information Governance Framework will commence when an appointment to the role of Information Governance Lead is made.

The use of Data Protection Impact Assessments is established, with guidance and support available to staff. Evidence was provided to demonstrate data breaches/incidents are managed and investigated. Assurance was provided that the Council holds a Record of Processing Activity which is compliant with the Information Commissioners Office (ICO) requirements – and there is evidence that it is subject to updates.

Testing of the Council’s transparency obligations identified some areas of improvement with regards to published privacy notices and record keeping. It was also highlighted, during testing, that a review of the data stored on the Council’s ‘information drive’ (accessible by all staff) is required to ensure that no personal or special category data is stored in this location in accordance with data protection regulations.

Based upon the findings, Internal Audit has given the following assurance opinions over the management of the associated risks:

<b>Assurance Opinion</b>	
<b>Control environment</b>	Satisfactory 
<b>Compliance</b>	Good 
<b>Organisational impact</b>	Minor 