

## Rother District Council

<b>Report to:</b>	Audit and Standards Committee
<b>Date:</b>	7 December 2020
<b>Title:</b>	Internal Audit Report to 30 September 2020
<b>Report of:</b>	Gary Angell, Audit Manager
<b>Purpose of Report:</b>	To report on Internal Audit activity in the second quarter of 2020/21 and to provide a progress update on the implementation of audit recommendations made in earlier periods.
<b>Officer Recommendation(s):</b>	It be <b>RESOLVED:</b> That the Internal Audit report to 30 September 2020 be noted.

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### Introduction

1. The Council is required to ensure that it has reliable and effective internal control systems in place. The adequacy of these systems is tested by both Internal and External Audit.
2. The Council's Internal Audit Service operates in accordance with the Public Sector Internal Audit Standards. It is a requirement of these Standards that we report to the Audit and Standards Committee on audit matters and any emerging issues not only in relation to audit, but also to risk management and corporate governance.

### Summary of Activity to 30 September 2020

3. Seven audit reports were issued in the quarter. An overview of the findings arising from each of these audits is given in the Executive Summaries which are reproduced in Appendix A.
4. All of these audits provided good or substantial assurance on those areas reviewed. It should be noted however that all of the reviews, apart from ICT Governance audit, were very limited in nature and do not provide any assurance beyond those areas stated in the scope and objectives.
5. Other activity during the quarter included counter fraud work, helping out with the Discretionary Business Grants eligibility checks, and providing audit advice on a number of matters.

### Implementation of Audit Recommendations

6. Each quarter, Members are updated on the progress made on implementing the audit recommendations reported at previous meetings. Appendix B shows a summary of the current position.
7. The Chief Executive has now reviewed all long outstanding recommendations with the Assistant Director Resources. The purpose of this review was to

evaluate the progress made to address the issues raised by Internal Audit and to assess the risks if they continue to remain unresolved. As a result of this exercise, the Assistant Director Resources has now agreed to accept the risk of taking no further action in three cases and the corresponding recommendations have therefore been closed, unresolved. All of these matters are considered low/minimal risk and the risks that have been accepted are outlined below.

- **Data Protection** – *the risk that data may be retained for longer than necessary in the absence of a corporate document retention policy.*  
Compensating control: Data retention periods are included in the privacy notices on the Council's website.
- **ICT Governance** – *the risk that the Council may struggle to recover from a major disaster involving loss of key infrastructure hardware (e.g. fire in server room) if its off-site disaster recovery facilities are not tested.*  
Compensating controls: (1) The Council has a contract for the provision of replacement hardware/operating facilities in the event of a disaster. (2) Various improvements have been made to the structure and resilience of the Rother ICT network in recent years which better facilitate onsite recovery.
- **Payroll** – *the risk of fraud/error due to HR officers having access to enter data on the Payroll module.*  
Compensating control: The HR Manager, who has no involvement in Payroll data input, reviews and signs off the final payroll each month.

8. A position update on the remaining long outstanding cases is provided in Appendix C. From this it can be seen that many of the issues have lain dormant for some time due to other priorities, including the Council's response to the COVID-19 pandemic. The Chief Executive will be closely monitoring progress over the next few months to ensure that these matters are resolved.

9. Progress on the recommendations made in 2019/20 should also improve in the next quarter as management has confirmed that a number of the outstanding issues will shortly be resolved.

## Conclusion

10. A number of short reviews, focused on specific risks, have been completed this quarter. All long outstanding recommendations have now been reviewed, and action is being taken to ensure that all remaining issues are resolved as soon as possible.

Other Implications	Applies?	Other Implications	Applies?
Human Rights	No	Equalities and Diversity	No
Crime and Disorder	No	Consultation	No
Environmental	No	Access to Information	No
Sustainability	No	Exempt from publication	No
Risk Management	No		

Chief Executive:	Malcolm Johnston
Proper Officer:	Malcolm Johnston, Head of Paid Service
Report Contact	Gary Angell, Audit Manager

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Officer:	
e-mail address:	<a href="mailto:gary.angell@rother.gov.uk">gary.angell@rother.gov.uk</a>
Appendices:	A – Audit Reports issued during Quarter to 30 September 2020 B – Summary of Progress on Recommendations Made up to 30 June 2020 C – Long Outstanding Recommendations – Position Update
Relevant Previous Minutes:	AS20/23
Background Papers:	None.
Reference Documents:	None.

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**AUDIT REPORTS ISSUED DURING QUARTER TO 30 SEPTEMBER 2020**

**JOINT WASTE CONTRACT - CENTRAL ADMIN AUDIT 2020/21 (PART 1)**

Service Manager: Madeleine Gorman

Officer(s) Responsible for Implementing Recommendations: Lucy Yates

Overall Level of Assurance: **GOOD**

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**Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

**Scope and Objectives**

The audit focused on checking the initial contract uplift calculation and all changes made to the Bill of Quantities for the core element of the contract.

NB - The uplift calculation for 2020/21 will be checked as part of a separate review scheduled for later this year.

**Findings**

The initial uplift calculation and changes to the Bill of Quantities were independently checked and agreed at the audit.

It is noted however that certain aspects of the calculation methodology specified in the contract could be open to interpretation. A low risk recommendation is therefore made to obtain written confirmation from the contractor agreeing to the current, mutually accepted approach. This is to guard against the possibility of a different interpretation being made in the future.

**Level of Assurance**

Based on the findings of the audit we have determined that good assurance can be given on those aspects covered by this review.

**Executive Summary**

No significant issues were found, and it was only necessary to make one low risk recommendation to management to further enhance the governance arrangements.

Internal Audit Service  
July 2020

## ICT GOVERNANCE AUDIT

Head of Service: Robin Vennard

Officer(s) Responsible for Implementing Recommendations: Graham McCallum

Overall Level of Assurance: **SUBSTANTIAL**

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### Purpose and Objectives

The purpose of the audit is to provide organisational and departmental management with an assurance as to the adequacy of the control systems based on compliance with the control objectives set out in the table below.

These objectives are designed to assess the extent to which the organisation meets its legal requirements, its own needs and those of its stakeholders and how the control systems in place contribute to the overall governance arrangements and securing value for money from the Council's services and operations.

### Control Objectives

The audit opinion is based on the extent of compliance with the objectives (below), which have either been met in full (M), partially met (P) or not met (N).

<b>Access Control</b> – ICT access security arrangements are adequate.	<b>P</b>
<b>Security of Data</b> – Data is held securely and can be recovered in the event of a disaster.	<b>P</b>
<b>Change Control</b> – Software updates and change controls are properly managed.	<b>M</b>

### Level of Assurance

Based on the findings from the audit we have determined that substantial assurance can be given on the governance arrangements.

Few new issues were found as a result of this review, and all were minor in nature. However, two areas where recommendations have been made at previous audits are still outstanding, and this has been taken into account when determining the overall level of assurance given.

The matters which are yet to be resolved are as follows:

- **ICT Continuity Plan** – The need to update and reissue the existing ICT Continuity Plan has been raised at every ICT Governance audit since 2016/17 but only limited progress has so far been made to address the issue.
- **Disaster Recovery Exercise** – Disaster recovery has not been properly tested since October 2013. A recommendation was made in the 2017/18 audit to carry out an off-site disaster recovery exercise, but this has never been implemented. However, plans were being made to carry out an onsite exercise, but this work has had to be postponed on more than one occasion, most recently due to the coronavirus outbreak.

No new audit recommendations are made in respect of the above issues, as all action taken to resolve the original recommendations continues to be monitored by the Audit Manager and is regularly reported to, and followed up by, the Executive Director (MJ).

### **Executive Summary**

Overall, the control objectives are considered to have largely been met. Only one new (low risk) recommendation was made to management as part of this review, and this has already been implemented. However, it is noted that currently, there are two recommendations from previous audits which still need to be addressed.

Internal Audit Service  
July 2020

# ESTATES INCOME – COVID-19 RISKS – INTERIM AUDIT REVIEW 2020/21

Head of Service: Ben Hook

Overall Level of Assurance: **GOOD**

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## **Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

## **Scope and Objectives**

The audit evaluated the action taken by management to support Estates tenants during the current pandemic in order to save businesses and jobs, whilst also ensuring that suitable controls are in place to minimise financial losses to the Council.

## **Findings**

The Council's treatment of its Estates tenants was found to be both fair and proportionate.

The implementation of a rent deferral scheme in the first quarter of 2020/21 and the cessation of all recovery action in the same period will no doubt have helped some businesses to survive. The Council will shortly be billing its tenants once more with the intention of collecting all deferred rent and other COVID-19 related arrears by the end of the current financial year. However, it is difficult to predict at this stage how well they respond as some businesses will clearly be in a stronger financial position than others.

Management has allowed £200,000 for bad debts. This would appear to be a reasonable estimate at the current time, but it will need to be kept under review.

## **Level of Assurance**

Based on the findings of the audit we have determined that good assurance can be given on the action taken so far.

## **Executive Summary**

No issues were found at this stage.

A further review will be scheduled for later in the year once the financial position has become clearer.

Internal Audit Service  
July 2020

# **BUSINESS SUPPORT GRANTS AUDIT 2020/21**

Head of Service: Robin Vennard

Overall Level of Assurance: **SUBSTANTIAL**

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## **Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

## **Scope and Objectives**

A review to ensure that the process of awarding Business Support Grants has been carried out in line with Government guidance and monitored to reduce the risk of erroneous payments, and that prompt action is taken to recover any grant paid in error.

The review covered a total of £24.7 million in Business Support Grant payments, made up of 2,171 individual cases.

## **Findings**

None of the grants had been paid into bank accounts identified by the National Anti-Fraud Network (NAFN) as being involved in fraudulent applications.

A sample of 30 grant payments was reviewed, and in all cases the business met the relevant criteria, and the amount awarded was correct.

A data matching exercise to identify payments made in respect of the same applicant, the same property, or to the same bank account found potential issues with a small number of cases, although some of these were already known by the Revenues and Benefits team and had been acted upon. The fact there are a few issues is hardly surprising given the volume of grants processed and the urgency with which they had to be paid. However, it is reassuring to note that the vast majority of the payments appear to be correct.

## **Level of Assurance**

Based on the findings of the audit we have determined that substantial assurance can be given on the validity of the grant payments made.

## **Executive Summary**

The grant award process appears to have gone well and no problems were found with most of the payments made.

Details of the few potential issues identified at the audit were passed to the Revenues and Benefits Manager for further action where appropriate.

Internal Audit Service  
August 2020



# CAR PARK CASH INCOME – BANKING OF PRE-LOCKDOWN COLLECTIONS

Head of Service: Joe Powell

Overall Level of Assurance: **GOOD**

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## **Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

## **Scope and Objectives**

A review of car park cash income in the weeks leading up to lockdown was carried out to ensure that all cash had been promptly collected by the Council's contractor (Jade) and paid over in full.

## **Findings**

Car park cash collections were recorded and reconciled throughout the period prior to lockdown. No significant cash differences were found between the machine reads and the cash collected.

## **Level of Assurance**

Based on the findings of the audit we have determined that good assurance can be given that all cash collections made from the Council car parks in the run up to the lockdown have been banked.

## **Executive Summary**

No issues were found.

Internal Audit Service  
August 2020

# CIL INCOME – COVID-19 RISKS – INTERIM AUDIT REVIEW 2020/21

Head of Service: Tim Hickling

Overall Level of Assurance: **GOOD**

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## **Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

## **Scope and Objectives**

To ensure that the payment of the Community Infrastructure Levy (CIL) continues to be monitored and enforced as appropriate, and that any changes in legislation have been incorporated into the Council's processes.

## **Findings**

The Government has announced proposals to amend the CIL Regulations to allow for greater discretion in the application of late payment interest and surcharges. However, at the time of the audit, these changes had yet to be formally introduced.

At the present time, no action is being taken in respect of overdue CIL liabilities in anticipation of the revised CIL Regulations coming into force. This approach appears reasonable given the current circumstances.

CIL becomes payable as soon as building work commences. A sample of recent commencements was reviewed, and in all cases where there was a CIL liability, the demand notice was issued prior to or on the date of commencement. This was true for commencements both prior to and after the lockdown period.

All but one of the CIL invoices with due dates after 23 March 2020 had been paid at the time of the audit check. In line with the Council's current approach, no enforcement action had been carried out in respect of this overdue invoice.

## **Level of Assurance**

Based on the findings of the audit we have determined that good assurance can be given regarding the protection of CIL income. Collection has continued throughout the COVID-19 crisis (albeit for fewer transactions) and the decision to halt enforcement action has had a minimal impact to date.

## **Executive Summary**

No issues were found at this stage.

A further review will be scheduled for later in the financial year once the proposed changes to CIL legislation have taken effect.

Internal Audit Service  
August 2020

## **RISK MANAGEMENT OF COVID-19**

Executive Directors: Malcolm Johnston and Dr. Tony Leonard

Officer Responsible for Implementing Recommendation: Ben Hook

Overall Level of Assurance: **SUBSTANTIAL**

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### **Introduction**

This review has been carried out in accordance with the revised 2020/21 Audit Plan. This places an emphasis on auditing the key risks which would have most impact on the Council during the COVID-19 crisis and reporting any findings promptly to management so that swift remedial action can be taken if necessary.

### **Scope and Objectives**

To determine if management have assessed and evaluated the risks relating to COVID-19 in their areas of responsibility and that appropriate mitigating action has been taken to manage these risks.

### **Findings**

The Council's overall response to the COVID-19 pandemic has been coordinated by Senior Management throughout the crisis, and the key risks are covered in the Corporate Risk Register.

Most Heads of Service could provide written evidence that the risks associated with the COVID-19 pandemic had been evaluated and that mitigating actions had been taken to reduce the impact of these risks.

### **Level of Assurance**

Based on the findings of the audit we have determined that substantial assurance can be given on the action taken so far.

The only issue found relates to one service area, where no formal record has been kept of the risks affecting that service. Whilst COVID-19 related risks were clearly considered by management in this service area, without any formal record of this, it is unclear what risks have been identified and what mitigating action has been taken to address them.

It is therefore recommended that the relevant Head of Service document all COVID-19 risks and mitigating actions in his service area to help manage the impact of these risks moving forward.

### **Executive Summary**

No significant issues were found, but we have made one medium risk recommendation to management to ensure that all service areas are fully prepared in the event of further disruption in the months ahead.

Internal Audit Service  
September 2020

## SUMMARY OF PROGRESS ON RECOMMENDATIONS MADE UP TO 30 JUNE 2020

### *Audit Recommendations 2017/18 and 2018/19*

*Previous quarter's performance shown in brackets*

Risk	Issued	Implemented *	Work-in-Progress	Not Started
High	5	5 (5)	0 (0)	0 (0)
Medium	77	72 (70)	5 (7)	0 (0)
Low	58	56 (54)	2 (4)	0 (0)
<b>Total</b>	<b>140</b>	<b>133 (129)</b>	<b>7 (11)</b>	<b>0 (0)</b>
		<b>95.0%</b> (92.1%)	<b>5.0%</b> (7.9%)	<b>0%</b> (0%)

\* The totals this quarter include 3 recommendations which have been removed, unresolved. This follows a decision by the Assistant Director Resources to accept the risk of taking no further action in these cases.

Breakdown of outstanding audit recommendations for 2017/18 and 2018/19 by Head of Service:

#### **Robin Vennard (Resources)**

- Data Protection – issued 22/09/17 (1 Medium)
- Procurement – issued 05/10/18 (2 Medium)
- Council Tax – issued 04/01/19 (1 Low)
- ICT Network Security – issued 16/01/19 (1 Low)
- Creditors (2018/19 Review) – issued 12/03/19 (1 Medium)
- ICT Governance (2018/19 Review) – issued 12/04/19 (1 Medium)

For further details of the progress made on these cases see Appendix C.

### *Audit Recommendations 2019/20*

*Previous quarter's performance shown in brackets*

Risk	Issued	Implemented	Work-in-Progress	Not Started
High	0	0 (0)	0 (0)	0 (0)
Medium	32	23 (24)	7 (7)	2 (1)
Low	14	11 (7)	1 (4)	2 (3)
<b>Total</b>	<b>46</b>	<b>34 (31)</b>	<b>8 (11)</b>	<b>4 (4)</b>
		<b>73.9%</b> (67.4%)	<b>17.4%</b> (23.9%)	<b>8.7%</b> (8.7%)

## LONG OUTSTANDING AUDIT RECOMMENDATIONS – POSITION UPDATE

Data Protection Report 2017/18 – issued 22/09/17					
Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
1.4	<p><b>Finding</b></p> <p>Staff refresher training was last held in March 2017 but at least one fifth of the workforce never attended.</p> <p><b>Risk</b></p> <p>Human error is the main reason for data breaches and a thorough training programme is essential to reduce the risk of data loss and consequential reputational damage and financial penalties.</p>	<p><b>Data protection training</b> – All staff should be required to attend regular data protection training and the DPO should maintain a list (and run additional sessions as necessary) to ensure 100% attendance.</p> <p><u>Note</u> – The need to be able to demonstrate that all staff are receiving regular data protection training is now more important than ever following the introduction of GDPR.</p>	Medium	<p>The implementation of this recommendation has also been delayed because it was originally directed at a former DPO.</p> <p>Following an unsuccessful attempt to introduce online compulsory training using an existing provider in early 2019, the matter was passed to Human Resources to source a corporate solution. This work resulted in the launch of a new online training suite (iHASCO) in January 2020 which includes mandatory training for all staff and Members on GDPR Essentials and Cyber Security Awareness. However, not everyone has so far completed it.</p>	<p>The mandatory GDPR training is yet to be completed by 42 officers and 7 Councillors almost nine months after it was first introduced.</p> <p>The Assistant Director Resources has requested Heads of Service ensure all officers that can complete the training do so by the 30 November 2020. The only exceptions to meeting this date will be if an officer is on sick leave or does not have access to an RDC computer. Any officer who does not complete the training by this date will have their access to their systems temporarily suspended until it is complete.</p> <p>Status: <b>Work-in-progress</b></p>

**Procurement Report 2018/19 – issued 05/10/18**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
1.1(1)	<p><b>Finding</b></p> <p>The Council does not currently have a Procurement Strategy.</p> <p>It is understood that the East Sussex Procurement Hub (ESPH) will be drafting a strategy on the Council’s behalf by December 2018, but this task has remained outstanding for several years and its implementation will need to be closely monitored.</p> <p><b>Risk</b></p> <p>Goods and services may be procured which do not offer good value for money to the Council.</p>	<p><b>Procurement Strategy</b></p> <p>– Finance officers should liaise with officers at the ESPH to ensure a Procurement Strategy is produced without further delay.</p>	Medium	<p>A draft Procurement Strategy was produced by the ESPH in September 2019 following consultation with Council Officers and Members and the final version was agreed in early 2020.</p> <p>The formal approval process was then delayed by the COVID-19 pandemic, and the draft strategy was eventually reported to the rescheduled Audit and Standards Committee held on 18 May 2020. It was resolved at this meeting that Cabinet be requested to recommend to Council that the draft Procurement Strategy be approved and adopted. However this is yet to be done.</p>	<p>The Assistant Director Resources will liaise with the Democratic Services Manager to ensure that the draft Procurement Strategy is reported to Cabinet and a recommendation made to Council for it to be approved and adopted.</p> <p>Status: <b>Work-in-progress</b></p>

**Procurement Report 2018/19 – issued 05/10/18**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
1.1(2)	<p><b>Finding</b></p> <p>No contract/Service Level Agreement is currently in place regarding the service provided by the East Sussex Procurement Hub (ESPH).</p> <p><b>Risk</b></p> <p>Responsibility and accountability for procurement processes is unclear; resolution mechanisms are not specified meaning that disputes are not easily resolved.</p>	<p><b>ESPH Service Level Agreement</b> – The Council should continue to liaise with the ESPH to ensure that a contract or Service Level Agreement (SLA) for the shared service is put in place as soon as possible.</p>	Medium	<p>The original SLA between the ESPH and Rother District Council was established in 2014. As Lead Authority, Wealden District Council requested that a robust review of the service and charges take place before a revised SLA is developed and issued to both Rother and Hastings.</p> <p>This exercise has now been completed and included a review of the current level of service, the volume of support being provided and the value for money obtained by each authority. It also benchmarked the ESPH service against other Procurement Shared Services in the South East. However, the outcome of this review and draft SLA was initially delayed due to the long term sickness of the relevant manager at Wealden.</p> <p>A draft SLA has since been received and the Assistant Director Resources planned to consult internally and discuss with ESPH in early 2020.</p>	<p>The Assistant Director Resources will make contact with the ESPH to ensure the draft SLA remains valid and restart the process with consultation with Heads of Service. This will commence in the new year.</p> <p>Status: <b>Work-in-progress</b></p>

**Council Tax Report 2018/19 – issued 04/01/19**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
4.11	<p><b>Finding</b></p> <p>At present, Financial Procedure Rules require that all write-offs under £4,000 should be approved by the Executive Director (now Chief Executive) and any exceeding this amount should be approved by Cabinet.</p> <p>This means that the current procedure is rather convoluted, with four different officers reviewing each write-off and supporting evidence prior to this being passed to the Chief Executive for final approval. This drawn out process means that it can take as long as six months for write-offs to be approved from the time that paperwork is prepared.</p> <p><b>Risk</b></p> <p>Operational delays experienced by the Revenues team as accounts flagged for write-off will continually appear on exception reports whilst they remain outstanding.</p>	<p><b>Write-off approval –</b> Management should consider amending the Financial Procedure Rules to allow other managers to approve write-offs under £4,000.</p>	Low	<p>The Executive Director (now Chief Executive), Assistant Director Resources, and Revenues and Benefits Manager all welcomed this proposal as it would help streamline the write-off process. The current process only serves to delay the writing off of bad debts which, in turn, causes issues for the Recovery Team.</p> <p>The Assistant Director Resources agreed to liaise with the Revenues and Benefits Manager to amend the wording of the rules prior to submission to Members for approval. However, nothing has so far been done to amend the Financial Procedure Rules due to other priorities.</p>	<p>The Assistant Director Resources originally intended to include an amendment to the Financial Procedure Rules in a constitution update report but there have been none. There have been no write-off reports this year either due to the suspension of recovery action because of the COVID-19 pandemic.</p> <p>It is understood that a review of the constitution will commence shortly involving Members. This will be included in that review.</p> <p>Status: <b>Work-in-progress</b></p>



**ICT Network Security Report 2018/19 – issued 16/01/19**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
1.1(2)	<p><b>Finding</b></p> <p>The ICT Security Policy has not been updated since it was last revised in May 2014. The policy states that it should be reviewed every two years.</p> <p><b>Risk</b></p> <p>Certain aspects of the policy may no longer be relevant or enforceable. A lack of proper guidance may lead to inappropriate use of network facilities, potential business disruption and reputational damage.</p>	<p><b>ICT Security Policy –</b></p> <p>The ICT Security Policy should be reviewed and updated to ensure that it is fit for purpose.</p>	Low	<p>A revised policy document was drafted in July 2019 and circulated for comment. However, this is yet to be fully updated and reissued.</p> <p>In February 2020, the ICT Manager confirmed the next stage will be to section the document into a more modern format.</p>	<p>Management agree that the policy should be finalised, however they consider the risk to be low due to the way the environment is managed and controlled.</p> <p>Further work will be undertaken in the new year as priorities allow.</p> <p>Status: <b>Work-in-progress</b></p>

**Creditors Report 2018/19 – issued 12/03/19**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position
2.6	<p><b>Finding</b></p> <p>Three instances were found where the total value of invoices exceeded the invoice tolerance level of 2.5%, but where the additional expenditure had not been passed back through workflow for approval. This is a result of a design flaw which allows orders to be over delivered.</p> <p><b>Risk</b></p> <p>Payments are made to suppliers without formal approval leading to potential budgetary overspend or financial loss.</p>	<p><b>Approval of invoices with no purchase order</b> – Embridge (the consultancy firm who built the system) should be asked to correct the current flaw and to ensure all invoices which exceed the 2.5% tolerance threshold go back through workflow for approval.</p>	Medium	<p>The Financial Systems Administrator was assigned the task of investigating whether the system parameters could be amended to fix this issue and to carry out all associated testing. However, no progress was made due to the continued absence of this officer.</p> <p>A Deputy Systems Administrator has since been appointed, and the Finance Manager confirmed in September 2020 that he is now investigating the matter.</p>	<p>The Deputy Systems Administrator has tried to test this control but the parameter (tick box) that would have enabled it to be implemented has been switched off in the test environment. He will therefore need to liaise with colleagues in Hastings Borough Council to find out how this can be enabled and tested.</p> <p>Status: <b>Work-in-progress</b></p>

**ICT Governance Report 2018/19 – issued 12/04/19**

Ref	Finding/Risk	Recommendation	Risk Rating	Summary of Progress to Date	Current Position						
2.2	<p><b>Finding</b></p> <p>The ICT Continuity Plan is not being properly maintained, and a new version has not been formally issued since April 2016.</p> <p>This matter has been raised at every audit since 2016/17 but, with the exception of a few minor changes, no-one has so far taken ownership of the issue, Confidence in the reliability of the plan has therefore diminished over time.</p> <p><b>Risk</b></p> <p>Disaster recovery procedures are not clearly specified or followed increasing the likelihood of prolonged business disruption, costly mistakes, and permanent data loss.</p>	<p><b>ICT Continuity Plan</b></p> <ol style="list-style-type: none"> <li>1) Management should ensure that someone now takes ownership of the ICT Continuity Plan.</li> <li>2) The existing plan should then be quickly updated and reissued to ensure that the Council still has a viable plan for most disaster scenarios.</li> <li>3) A more detailed review of the plan (and possible re-write) should then be carried out as and when time permits.</li> </ol>	Medium	<p>When this recommendation was made the Assistant Director Resources was yet to assign responsibility for maintaining the plan. The original timetable agreed to implement this three part recommendation was as follows:</p> <table border="1"> <tr> <td><b>Assign responsibility:</b></td> <td>30/04/19</td> </tr> <tr> <td><b>Update and re-issue existing plan:</b></td> <td>31/05/19</td> </tr> <tr> <td><b>Re-write plan:</b></td> <td>31/01/20</td> </tr> </table> <p>The ICT Manager was subsequently nominated for this role and he produced an updated version of the existing ICT Continuity Plan in January 2020. However, this is yet to be finalised and formally issued.</p> <p>Even when this is done a more detailed review of the plan may still be required at some point in the future.</p>	<b>Assign responsibility:</b>	30/04/19	<b>Update and re-issue existing plan:</b>	31/05/19	<b>Re-write plan:</b>	31/01/20	<p>Management agree that the plan should be finalised, however they consider the risk to be low due to the way the environment is managed and state that the key information held is relevant and current.</p> <p>Further work will be undertaken in the new year as priorities allow.</p> <p>Status: <b>Work-in-progress</b></p>
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