APPENDIX A

PETERBOROUGH
CITY COUNCIL

INTERNAL AUDIT MID-YEAR
PROGRESS REPORT 2021 / 2022
TO 30 SEPTEMBER 2021

1. **<u>INTRODUCTION</u>**

1.1 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2021 / 2022 Internal Audit Plan. The information included in the progress report will feed into and inform our overall opinion in the Annual Audit Opinion report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.

1.2 Internal Audit use an assessment tool which allows us to continually assess risks and prioritise our work accordingly. As such, this report details the audits we plan to conduct, or which are underway, based on our current assessment of risk. Audits which are new have been highlighted in the table below. We will continue to appraise risk and refine our audit plans, therefore the audits listed in Appendix B that have yet to be started could be replaced if risk levels change.

1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, we look at the number and type of recommendations we make in each report and are summarised below:

AUDIT ASSURANCE OPINIONS	
Assurance	**Definitions**
Substantial	The internal control system is well designed to meet objectives and address relevant risks, and key controls are consistently applied. There may be some scope to improve the design of, or compliance with, the control framework in order to increase efficiency and effectiveness.
Reasonable	The internal control system is generally sound but there are some weaknesses in the design of controls and / or the inconsistent application of controls. Opportunities exist to strengthen the control framework and mitigate further against potential risks.
Limited	The internal control system is poorly designed and / or there is significant non-compliance with controls, which can put the system objectives at risk. Therefore, there is a need to introduce additional controls and improve compliance with existing ones to reduce the risk exposure for the Authority.
No	There are significant weaknesses in the design of the internal control system, and there is consistent non-compliance with those controls that exist. Failure to improve controls will expose the Authority to significant risk, which could lead to major financial loss, embarrassment or failure to achieve key service objectives.

1.4 Should an audit report identify **LIMITED** or **NO** assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However management is responsible for developing and maintaining an internal control framework**.

1.5   Our recommendations are graded, dependent on the severity of the findings, see below:

RECOMMENDATION RATINGS		
Status	**Definitions**	**Implementation**
Critical	Extreme control weakness that jeopardises the complete operation of the service.	Immediately
High	Fundamental control weakness which significantly increases the risk / scope for error, fraud, or loss of efficiency.	As a matter of priority
Medium	Significant control weakness which reduces the effectiveness of procedures designed to protect assets and revenue of the Authority.	At the first opportunity
Low	Control weakness, which, if corrected, will enhance control procedures that are already relatively robust.	As soon as reasonably practical

17

2.   **EXTERNAL WORK and OTHER DUTIES**

2.1   The Chief Internal Auditor also is charged with management responsibility for both the Insurance and the Investigations Teams at Peterborough City Council (PCC), and separate reports are provided to the Audit Committee for these areas. During the year to date these have included outturn reports for Insurance and the Investigations teams. The CIA also undertakes any Stage 2 Corporate Complaint reviews, as deemed appropriate, is a member of the Job Evaluation Panel as well as having some responsibilities for risk management via the Risk Management Board. In addition during this year a leadership programme has been delivered which has included a number presentations from the CIA with regards to the services that are undertaken by the teams.

2.2   Some audit staff also support the organisation during the election process. Time has been spend this year assisting with local, the Cambridge and Peterborough Combined Authority and Police and Crime Commissioner elections.

2.3   To the end of September, one member of the team continues to support the Covid-19 Co-ordination Hub on an agreed secondment which is due to continue to the end of March 2022.   This was extended from the previous year and is supported by grant funding.

2.4   The team is not providing external audit services elsewhere at present. Previous assurance work undertaken for Vivacity-Peterborough has been integrated into this audit plan according to risk and is therefore focussing on governance and the transition back into the business. Further consideration for exploring any additional external work capacity will be reviewed during the year in accordance with the internal audit business case.

3. **RESOURCES**

3.1   The 2021 / 2022 plan was compiled on the basis of an in house team with an establishment of 6.1 full time equivalent staff (FTE). Within that establishment figure the Chief Internal Auditor (CIA) also has responsibilities for Investigations, Insurance and Complaints. Management of these activities included within the plan was budgeted to be just over 0.5 FTE bringing direct audit time to 5.6 FTE. One full time Senior Auditor post was vacant at the time of producing the plan, leaving 4.6 FTE resource, and therefore the original plan highlighted those audits that would not be achievable if the vacancy was not filled.

3.2   In addition to the above there was an assumption that a member of the team previously seconded to the covid support hub would be returning to audit activities from April 2021. This did not happen with the secondment being further extended until March 2022. A senior auditor was procured via the new agency agreement during June which resulted in resources of 3.6 FTE for the first quarter of the year.

3.3   At this point in the year the Senior Auditor post remains vacant. However, a recruitment process has been undertaken resulting in the post being filled from 2 November. The individual appointed has been covering the seconded role to date so the overall impact is that the team has one Senior Auditor for 75% the year rather than the establishment of two. This brings the FTE for the year, for staff in post, to 4.35 FTE (excluding the CIA's other areas of responsibility).

3.4   The audit plan, detailed in Appendix B, continues to highlight those audits that are not achievable within the currently available resource levels. All reviews that have materialised in year due to changing risk or new areas of work have been assessed, prioritised as required and are identified as 'NEW'. As new areas of work are identified through our assessment process it will result in other audit activities moving to the category of non-deliverable due to resources.   To date 5 reviews included within the original plan have been either identified as no longer required, reassessed to be revisited due to timing, service changes such as restructuring or they have a lower priority than new areas of work. The 5 reviews are Housing / Revenue Account, Property Asset Management, Parking Services, IT Disaster Recovery Project and ICT Shared Services.

4. **PERFORMANCE and OUTPUTS**

4.1   A detailed commentary of the progress of the 2021 / 22 Annual Plan is documented at **Appendix B**. The table below gives a summary of the status of all audit projects. The figures for the 'current plan' include the additional grant work and reprioritised audit activities. As the plan continues to be prioritised on an ongoing basis these figures may be subject to change.

	Peterborough
Planned Activity	
Original Plan	**57**
Actual Activity	
Complete	24
In Progress	26
Yet to do	11
Current Plan	**61**

4.2   As stated in 3.1/2 the annual plan has previously based on resources of 4.6 FTE and the anticipated FTE is now expected to be 4.35. A breakdown of how time has been spent as of 30 September 2021 is detailed in the table below.

4.3   The table below shows the proportion of time spent to September 2021 on PCC audit work and other duties and highlights how that impacts on the resource levels.

	Posts		Resources Planned for	Audit Work PCC	Other duties (see para 2.1)
	No.	FTE	FTE	%	%
Chief Internal Auditor	1.0	1.0	1.0	37%	63%
Group Auditor	2.0	1.6	1.6	96%	4%
Principal Auditor	1.0	0.5	0.5	100%	-
Senior Auditor	2.0	2.0	0.75	100%	-
Auditor	1.0	1.0	1.0	97%	3%
TOTAL	**7.0**	**6.1**	**4.85**	**66%**	**26%**

4.4   There has been significant non audit additional work carried out by the Chief Internal Auditor in the first six months, compared to that originally planned. This is due to an increased amount of time required to focus on complaints along with being an integral part of a Leadership Programme where training has been delivered to the organisation. The Leadership Programme has concluded therefore the percentage split between audit/non audit work is likely to change during the second half of the year.

4.5   There has been one finalised reports with a **LIMITED** assurance rating to date. The executive summaries of the Cyber Security report is attached at **Appendix C**. Audit Committee will be advised of any future reports falling within these categories as part of the audit committee timetable.

4.6   It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2020 / 2021 audit plans. There are no significant issues to be brought to the Committee's attention at this time.

5   COVID – 19

5.1   We have continued to spend time on government led initiatives to support the economy, the key one being Business Support Grants. Initial advice was given during the scheme set-up and work continues to be underway to provide assurance that payments have been in line with the criteria set. This work is being carried out under the guidance from the Department of Business, Energy and Industrial Strategy and includes monthly reporting requirements; risk assessments for each scheme; development of post-payment assurance plans and testing work to identify fraud and error.

5.2   In addition to the Business Support Grant, Internal Audit have been required to certify a further 5 covid related grants which are detailed within the grants certification in Appendix B.

PROGRESS AGAINST AGREED AUDIT PLAN

Where audits are "shaded", these represent those jobs not started at 30 September 2021.

AUDIT ACTIVITY	COMMENTARY
AUDIT ACTIVITIES **Provision for Governance and Anti-Fraud activities that are not subject to risk assessment**	
Annual Audit Opinion	Produce report detailing work carried out and Head of Internal Audit Opinion of Governance, Risk and Control, in accordance with PSIAS. **Completed -** Annual Opinion 2020 / 2021 presented to Audit Committee on 29 July 2021.
Annual Governance Statement Review	• Review of senior management self-assessment assurance statements. • Development of the AGS in conjunction with the Corporate Director of Resources **Completed -** Annual Governance Statement 2020 / 2021 presented to Audit Committee on 29 July 2021.
Annual Investigations Report	**Completed** Annual Report 2020 / 2021 presented to Audit Committee on 29 July 2021.
Mid-Year Audit Progress Report	**Completed** Annual Audit Progress Report 2021 /2022 being presented to Audit Committee at this meeting, on 29 November 2021.
Internal Audit Effectiveness	**On-going** On-going monitoring, review and update against the PSIAS standards and associated action plan.
Audit Committee Support	**On-going** This includes a review of Audit Committee effectiveness, update of the Audit Committee Handbook, provision of training and attendance at meetings.

AUDIT ACTIVITY	**COMMENTARY**
AUDIT ACTIVITIES **Provision for Governance and Anti-Fraud activities that are not subject to risk assessment**	
Shareholder Cabinet Committee	**Completed** Report providing SCC with details of all audit activities undertaken to support the workings of the committee. Presented to Committee on 13 September 2021.
Information Governance Board	**Ongoing** Attendance at the Information Management Strategic Board, a shared arrangement with PCC and CCC.
Risk Management Board	**Ongoing** Chief Internal Auditor is a member of the Risk Management Board which is chaired by the Corporate Director of Resources. A review of the risk management process has been undertaken and is detailed independently within this report.
National Fraud Initiative	**In Progress** Review of data matches and investigation of 2020 matches. Data matches include reviews such as blue badge cases, concessionary fares, benefit / council tax, right to work etc. (Further works have also utilised NFI processes and these are identified separately in relation to Business Grants paid due to Covid-19)
Fraud/Compliance activities	**Not Started** • Investigations into alleged fraud or irregular activity, as required.
Annual Audit Planning	**To commence quarter 3** Establishment of the future plans for 2022 / 2023, including a review of the Strategy, Charter and Code of Ethics and a pre-planning report on emerging themes

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION **Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.**		
CARRY FORWARD ACTIVITIES		
Payment Data Analysis	Resources	On-going Leading on a project to instigate real time analysis of creditor payments with a view to preventing duplicate payments. £8.5k worth of duplicates discovered during research phase. (A business case has been raised for further development)
Payments in Lieu of Notice	Resources	In draft A review of the process for, and payments made under, PILON arrangements.

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION **Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.**		
CONSULTANCY ADVICE		
Waste Collection Refunds	Resources	In progress Consultancy advice on the automated process for customer refunds regarding brown bins
ITSM System Approval Process	Customer & Digital	Complete Advice regarding alternative proposals for providing upfront management authorisation of certain types of ICT service requests in the new Hornbill/ITSM system
Digital Signatures Project	Customer & Digital	In progress Consultancy advice regarding a new project to implement digital signature software across the authority
Mosaic Payment Controls	P&C	Complete Consultancy advice regarding the changes in process for changes in system payments.
Skanska Contract Approvals	P&E	**Complete** Consultancy advice in relation to contract approval processes to include Financial Regulations and Contract Rules.
FOLLOW UP PROVISION		
IT Asset Management Follow up	Customer & Digital	In progress A follow up of the previous report findings and the implementation of the 11 associated recommendations.
Sundry Debtors Follow up	Resources / Serco	In progress A follow up of the previous report and the implementation of the 12 associated recommendations.

AUDIT ACTIVITY	Department	COMMENTARY
OTHER RESOURCE PROVISION **Throughout the year audit activities will include reviews that have not been specified within the plan and may include management requests for consultancy advice. We also carry out follow ups six months after an audit to track the implementation of recommendations. Finally, a number of jobs will overlap between financial years and require some time to complete.**		
Teachers Pensions – Premature Retirement Costs Follow up	Governance	In progress A follow up of the previous report and the implementation of the 6 associated recommendations.
External Bodies Oversight – Shareholder Cabinet Committee	Governance	Complete A follow up of the previous report and the implementation of the 6 associated recommendations.
Procurement Card System follow up	Resources	In progress A follow up of the previous report and the implementation of 8 associated recommendations.

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
CERTIFICATION **Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.**			
Disabled Facilities	P&C	**In progress**	Non ring-fenced capital funding towards Disabled Facilities grants that PCC can award to disabled clients for necessary housing alterations.
Bus Service Operators	P&E	**Certified**	A DfT grant to support bus services, including community transport services.
Integrated Transport Grant	P&E	**Certified**	A DfT scheme via the CPCA to help local authorities cut carbon emissions and create local growth.
Highways Maintenance	P&E	**Certified**	A DfT grant via the CPCA. This grant is used by local authorities for small transport improvement schemes costing less than £5 million and also for planning and managing the road networks
Pothole Action Fund	P&E	**Certified**	A capital funded DfT grant via the CPCA to support pothole repairs.
National Productivity Investment Fund	P&E	**Certified**	DfT funding via the CPCA for 2018/19 to improve local road networks and public transport.
Local Transport Capital Funding	P&E	**Certified**	An additional highways grant from the DfT (non CPCA) to support highways maintenance.

CERTIFICATION (Continued) Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.			
Connecting Families	P&C	**Ongoing**	A payments by results scheme from Department for Levelling Up, Housing and Communities. Claims are made monthly and there is a requirement to verify 10% of these. We are also required to review the Outcome's Plan, which describes how the Council will apply the qualification and success criteria.
Mayor's Charities Fund	Governance	**Certified**	• The accounts maintained in relation to fund-raising for the Mayor's Charities in 2020 / 2021 have been audited in line with the Charity Commission requirements. • Following the review of the accounting statements for 2019/20 4 recommendations were made to support the record management process moving forward for the charity. Progress against the implementation of recommendations will be reported independently of the certification work undertaken.
Hampton Hargate School NCTL NEW	P&C	**Certified**	Various funding streams received from the DfE to support establishments with teaching school status.
City College – Arts Grant Certification NEW	P&C	**Certified**	Additional funding received from the Arts Council to support cultural organisations during the covid pandemic where services were affected due to government restrictions.
Emergency Active Travel Grant **NEW**	P&E	**Certified**	Additional DfT grant funding via the CPCA to support and assist travel arrangement during the Covid pandemic

AUDIT ACTIVITY	Department	ASSURANCE LEVEL	COMMENTARY
CERTIFICATION (Continued) **Certification of grant claims in relation to funding received from government and other funding bodies, as well as other submissions we are required to make to government. These are not subject to risk assessment as they must be completed.**			
Home to School Transport – Additional Funding **NEW**	P&C	**In progress**	Additional covid grant funding allocated via the CPCA to assist and support travel arrangements for students.
Restart Grant Certification **NEW**	Resources	**In progress**	Review processes and payments as part of the Covid-19 support grant to ensure conditions are met.
Covid-19 Compliance and Enforcement Grant **NEW**	P&E	**Certified**	Additional funding received to support additional regulatory resources as a result of operational changes during the pandemic.

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review **The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.**			
Section 1 – Audits achievable with planned resources			
Financial Resilience	All		A review of the arrangements in place to ensure that savings targets are robust and that they are achieved. The scope of the review will be determined based on the activity within the organisation and where internal audit can add value. This may cover the review of proposed business cases, reviewing the associated risks of service delivery and progress of some specific savings proposals.
Covid related grant activities.	Corporate		In progress Business Support Grants - Post Payment Assurance work in respect of all post lockdown 1 Business Support Grants (9 schemes with a total expenditure of approx. £25m). This includes the production of fraud risk assessments and assurance plans; extensive testing of transactions; and provision of documentary evidence of our work to BEIS. Work will be ongoing to March 22.
Contracts	Various		A review of contract management and/or open book reviews of the operation of key contracts, for example: • Peterborough Highways Services – Revised contract with Skanska)
			In progress (CCC acting as Lead) • Integrated Community Equipment Service (contract is due to commence 1/4/2021. A review of financial and operational performance. Pooled budget with the CCG. Joint contract with CCC).
Information Governance	Governance /All		Review of processes in areas of high data breach / changes of processes due to remote working and or a review of assurance provided by Information Governance Team.

30

AUDIT ACTIVITY	Department	**Assurance Level**	COMMENTARY
Prioritised Audits for Review **The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.**			
Section 1 – Audits achievable with planned resources			
Cyber Security	Customer & Digital	Limited	Complete A review of Cyber Security Controls (see Appendix C) There are 12 recommendations comprising 9 high and 3 medium priorities.
Sundry Debtors **NEW**	Resources/ Serco	Reasonable	Complete A review to assess the adequacy of sundry debt management to ensure that revenue due to the Council is maximised, avoiding the need to write off uncollected debt. There are 12 recommendations comprising 6 medium and 6 low priorities.
Business Continuity	Customer & Digital / All		In Progress Follow up arrangements for work previously undertaken in 2020 and further expanding on strategy to include directorate arrangements
Human Resources / Absence Management	Governance	Reasonable	Complete A review of the absence management system which was implemented during 2020. Audit to review operation of the system and associated management data. There are 7 recommendations comprising 5 medium and 2 low priorities.
Town Deal Funding	P&E		In progress Successful bid for Town Deal funding where up to £23m has been awarded. A review of the audit framework for managing funds following the successful bit for Town Funding (£23m)

AUDIT ACTIVITY	Department	**Assurance Level**	COMMENTARY
Prioritised Audits for Review **The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.**			
Section 1 – Audits achievable with planned resources (Continued)			
Risk Management	Corporate		In draft A review of risk management arrangements to include the function of the Risk Management Board, strategy and risk register information
Programme / Project Management Governance	Customer and Digital		In progress Review of project management processes incorporating POWA - (a new centralised project management system which has replaced VERTO)
Safeguarding Clients Assets - Appointeeships	P&C		In progress A review of appointeeship arrangements resulting from service users being unable to manage personal finances (Joint working with CCC, PCC to lead)
Middleholme Project **NEW**	P&E		In progress A review of project governance controls over plans to remediate Middleholme and prepare it for onward sale and development.
Payroll and Pension Processes **NEW**	Resources / Serco		In progress Reviewing the arrangements between Payroll and Pension Services for making amendments to posts etc., the frequency of changes being made and checks performed by each on the accuracy of calculations.

AUDIT ACTIVITY	Department	**Assurance Level**	COMMENTARY
Prioritised Audits for Review **The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.**			
Section 1 – Audits achievable with planned resources (Continued)			
Risk Management – Shared Service Process NEW	Resources		In progress PCC is making use of POWA software to record its operational and corporate risks following moving away from VERTO. CCC are looking to migrate their risks on to the same platform. The review is focusing on the risk management processes in place at each to ensure there is consistency and that the software can meet each requirements.
Financial Systems	Corporate		Pro-active fraud testing of vulnerable financial systems, eg, Payments IDEA - Data mining exercise to identify and prevent past and current duplicate payments
Regional Adoption Agency	P&C		A review of new system services and processes (Joint working with CCC – PCC to lead)
Brexit Procurement Processes	Resources / Legal and Governance		Review of changes to procurement processes resulting from the green paper review requiring constitutional changes (due to be implemented 2022)
City College - Vivacity	P&C		Review to cover the newly formed Governance / Board arrangements, associated policies and insourcing arrangements.
Aragon - Vivacity	P&E		A review of the newly formed Governance / Board arrangements, associated policies and insourcing arrangements for the leisure aspects (Sports Centres etc) of the business now being managed by Aragon.
Planning Approval Process	P&E		A review of the Governance arrangements and information to inform committee decision making

AUDIT ACTIVITY	Department	Assurance Level	COMMENTARY
Prioritised Audits for Review **The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements.**			
Section 1 – Audits achievable with planned resources (Continued)			
CHC Joint Funded Assessment Tool	P&C		A review of the process for administering and managing the joint funded tool (Joint working with CCC – PCC to lead)
Housing / Revenue Account	P&E		A review of the Housing Revenue Account Project **Review reassessed as 'not required' due to the HRA Project being suspended.**
Property Asset Management	Resources/NPS		A review of the organisations property asset management system (Technology Forge) to incorporate all aspects of property management **Review reprioritised as 'on hold' following a potential project to replace Technology Forge.**

Prioritised Audits for Review
The following audit areas have been subject to an assessment (of size, corporate importance, stability, vulnerability and specific concerns) and ranked accordingly. The assessment, and therefore the ranking, may change during the year as circumstances alter and new risks emerge. Audit reviews will be prioritised on the basis of this ranking, along with the number of audit days available, the knowledge and experience of staff and any timing requirements. The shaded areas represent audits that will not be possible with current resources.

Section 2 – Audits not achievable with planned resources

SERVICE OR SYSTEM	COUNCIL OBJECTIVE	DIRECTORATE	OUTLINE AUDIT SCOPE	Priority	
				Rating	Score
Parking Services	3	Place & Economy	A review of the Parking Strategy and achievement of the associated savings targets.	H	50
Aragon	1,4,6	Place & Economy	A review of refuse collection arrangements, processes and performance	H	50
Aragon	1,4,6	Place & Economy	A review of billing and charging arrangements to ensure prompt settlement of accounts.	H	50
University PropCo	1,2	Place & Economy	A review of the governance of this joint venture between the Council and the Combined Authority, which will be responsible for the delivery and management of the proposed university buildings.	H	50
IT Disaster Recovery	All	Customer & Digital	A review of the Disaster Recovery Project (ITDS77) which is due to be implemented during 2021	H	50
ICT Joint Strategy – Shared Service Review	All	Customer & Digital	Review of the shared service arrangement with CCC following the insourcing of the previous PCC serco contract	H	50
City College	2	People & Communities	A review of the arms length governance arrangements.	M	49
Peterborough Investment Partnership	1	Place & Economy	A review of the business case and project for the replacement of the Regional Pool Facility	M	49

SERVICE OR SYSTEM	COUNCIL OBJECTIVE	DIRECTORATE	OUTLINE AUDIT SCOPE	Priority	
				Rating	Score
Human Resources / Expenses Module	3, 6	Chief Exec	A review of the expenses module due to be implemented within the HR management system.	M	48
Covid Grant Reconciliation	All	Resources	A review of the processes and controls to ensure that all grants are captured and reconciled	M	48
Payroll	All	Corporate	A review of system processes to include legislative changes	M	46
Mobile Phone Refresh	All	Customer & Digital	A review of the project process and delivery outcomes.	M	45
Bushfield Court	3, 7	Place & Economy	A review of the policy regarding the re-establishment of the building for homeless accommodation	M	45
Mental Health and Wellbeing	7	Corporate	A review of Management overview of the Council's Mental Health Strategy and its implementation.to support and address changing working environments resulting from the pandemic and potential future arrangements.	M	39
Council Tax	All	Resources	Review of system controls and processes to include single person discount and impact on collection resulting from Covid..	M	38

Appendix C

FINAL AUDIT REPORTS ISSUED: OPINION OF LIMITED ASSURANCE OR NO ASSURANCE

AUDIT ACTIVITY	ASSURANCE RATING	DATE TO AUDIT COMMITTEE
Cyber Security	Limited	November 2021

Executive Summary – Cyber Security

Introduction

From 2009 to 2020, IT services, including cyber security, were provided for the Council under a managed ICT contract with Serco Ltd. In October 2020, IT services were transferred back in-house with ICT personnel returning back to the Council under TUPE arrangement.

IT & Digital Services (ITDS) are provided by a shared services team that support Peterborough City Council (PCC) and Cambridgeshire County Council (CCC). PCC and CCC share IT infrastructure and have joint IT governance arrangements including an Information Management Strategic Board (IMSB) and Cyber Security Board (CSB) which was formed at the end of 2020 to be chaired by the Assistant Director of IT and Digital Services, although this governance forum has not yet started.

Cyber security controls are regular tested by specialist IT external auditors, including:

- Cyber Essentials Compliance Review, by Intertek NTA.
- Ransomware Security Assessment, by NCC Group.
- Penetration Testing, by Pen Test Partners and Barclays as part of Payment Card Industry (PCI) testing.

PCI compliance is required to ensure that processes for handling, storing and transmitting credit card information occur within a secure environment. PCI compliance self-assessments are performed quarterly, and Data Security and Protection Toolkit (DSPT) self-assessments, required for health and care organisations, are is performed annually.

Objectives and Scope

The overall objective of this review was to assess the adequacy and effectiveness of Council cyber security controls in place for the following key areas:

- Vulnerability assessments
- Penetration testing
- Software and hardware patching
- Anti-virus software processes
- Security breach monitoring and reporting
- Data back-up and recovery testing
- Physical data centre and server access controls
- Access management controls

- Asset security management
- Incident management
- Cyber Security training and awareness processes

The adequacy of Cyber security strategy, policy, procedures and risk management procedures was assessed as well as management consideration of cyber security controls over remote working arrangements.

The audit considered self-assessments and external IT audit reviews, and assessed the progress of action taken to address previously raised audit findings.

Main Findings

- The creation of a Cyber Security Board was initiated in 2020 to provide specific governance over IT and cyber security. However, no meetings have yet taken place.
- Council cyber security arrangements are subject to extensive external IT audit which have identified remedial actions which need to be addressed, e.g. use of unsupported operating systems, Citrix and server patch management, and Cyber Incident Management Plan updates.
- IT action plans indicate that key remedial actions remain outstanding. IT action plans provided do not include target dates for completion. There needs to be enhanced oversight and challenge of outstanding cyber security actions.

Conclusion and Opinion

The Council relies on external IT audits to identify key cyber security process weakness. These audits have identified key corrective actions required such as the replacement of unsupported operating systems. Key remedial actions remain outstanding, and IT plans provided contain no target dates for addressing outstanding actions.

It is our opinion that there is an opportunity to enhance cyber security governance by reinstating the Cyber Security Committee, updating policies and procedures, and allowing greater oversight and challenge of IT and cyber security management. Cyber security remedial action plans provided by IT appear incomplete without target action dates, and with key actions outstanding. Without effective planning, oversight and challenge of required remedial activity, the Council remains exposed to higher risk of cyber-attack and disrupted service.

The audit opinion is Limited Assurance.

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