

Internal Audit Progress Report



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Lincolnshire County Council March 2021

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The matters raised in this report are only those that came to our attention during the course of our work – there may be weaknesses in governance, risk management and the system of internal control that we are not aware of because they did not form part of our work programme, were excluded from the scope of individual audit engagements or were not brought to our attention. The opinion is based solely the work undertaken as part of the agreed internal audit plan.

Introduction

The purpose of this report is to:

- Provide details of the audit work during the period 14th October to 15th February 2021
- Give an update on outstanding management actions from previous audits
- Raise any other matters that may be relevant to the Audit Committee role

Key Messages

Assurances

The following audit work has been completed

High Assurance:

- Carers follow up audit
- Pensions Admin (Highlight report)

Substantial:

- Education Health care plans
- Capital programme

Limited:

- ICT Network Infrastructure Security
- ICT Business Continuity and Disaster Recovery

Consultancy:

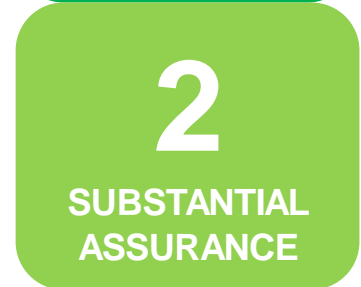
- Assurance Mapping

Audit reports at draft

We have six pieces of audit work at draft report stage:

- Implementation of Mosaic Finance
- Bank Reconciliation
- ICT Mobile Devices / Agile Working
- ICT Software Asset Management
- Transport Providers
- LFR training records system

Note: The assurance expressed is at the time of issue of the report but before the full implementation of the agreed management action plan. The definitions for each level are shown in Appendix 1.



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Key Messages

We are making good progress towards completing the revised 2020-21 audit plan. Progress has been made more difficult by the on-going impact of Covid-19 and staff capacity issues within the team. We have had a number of sickness absences and have been unable to recruit to vacant auditor posts. We continue to utilise additional specialist resources to support the delivery of ICT audits and additional external resources have been contracted to help deliver the remaining audits in the plan. All audits have been allocated – given the challenges to delivery this year we are now working to complete the plan by the end of April 2021.

Our recruitment activity this year has demonstrated the limited availability of experienced auditors. Moving forward, we are looking to build capacity and ‘grow our own’ through recruiting apprentices in 2021/22. We are also looking at succession planning through an ‘acting up’ opportunity where one of our senior auditors has stepped up to Principal level, supporting our management capacity.

We continue to provide advice and insight on risk and controls to the Business World Re-design project. As previously reported, implementation has been rescheduled for a November 2021 go-live. Project assurance remains Amber as work to finalise the Shareholder agreement with Hereford Council is continuing and there has been some slippage against the project delivery plan due to delays in completing the second round of data reconciliation. The Shareholder agreement along with the supporting Service Level and On Boarding agreements are now a standing agenda item for Project Board meetings. The project team has reported that they expect slippage to be made up as work progresses to reach the User Acceptance stage that is planned to start in April 2021.

Before Christmas, the Project Sponsor also engaged an external project management and IT consultancy to provide additional insight on project readiness and delivery. Their report is due to be shared with the Project Board in March.

The Assistant Director IMT & Enterprise Architecture will be attending this Audit Committee to provide Members with an update on the two recent limited ICT audits seen in appendix 4.

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2021/22 Audit Plan

The annual Combined Assurance report was completed and reported to the Audit Committee in February 2021. The assurances around critical activities, projects and risks, along with additional intelligence gathered from wider internal and external audit sources will be used to develop the audit plan for 2021/22.

Given the current position with the pandemic, ongoing delivery of the 2020/21 plan and tight committee timescales, we have delayed the production of the plan so that we have sufficient time to consult with Corporate and senior leadership teams ensuring our assurance is focused around the most important risks and priorities. In line with One Council working we are looking to include areas that cut across the whole council, such as the transformation programme, Contract Management and Covid-19 recovery and response.

Details of our planned audits are provided in Appendix 5. We will also be continuing our development work around:

- Talent management & well-being activity within the team
- IT Audit Strategy
- Planning & preparing for our External Quality Assessment – due in October 2020

The plan will also include a number of ICT audits. Following assurance discussions with the Assistant Director, IMT & Enterprise Architecture we have compiled an ICT audit 'universe' and through risk assessment developed an ICT audit plan spanning multiple years. More detailed information on assurance assessments and plans will be shared with the Committee in June.

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Outstanding Recommendations

As part of our regular follow up around implementation of recommendations from previous audits, we have used our audit tracker report to monitor progress at 31 January 2021. We found that 75% of the actions have been completed, with 11% not yet due at this date. Management responses established that the remaining 14% have been deferred for a number of reasons, including better aligning actions with ongoing service projects and the Council's ongoing Covid-19 response and recovery plans remaining the priority.

There is one audit with outstanding actions for which we originally reported a Limited Assurance opinion: Cyber Security.

There are 2 High risk actions still outstanding for the Cyber security audit. These relate to access to the network and Disaster Recovery. These now have completion dates of March 2022 and 2024 respectively. Both are reliant on the delivery of Microsoft Azure as the network moves towards Cloud based architecture. We will continue to track both actions.

All outstanding actions will continue to be tracked and monitored with progress reported to the Audit Committee. Further details are found in the tracker report attached as Appendix 2.

High Assurance

Carers follow up.

Work on the follow up audit commenced in March 2020. However, shortly afterwards this was put on hold due the impact on Carers FIRST services and general restrictions brought about by the Covid-19 pandemic. An interim report was issued earlier in the year on the work to date.

Our audit review resumed in October 2020 and we confirmed that SERCO and Carers FIRST have addressed the actions arising from the previous audit in 2018 and substantial progress has been made in improving quality assurance processes across the service, training is now evidenced and adequate supervision processes are in place.

Pensions Admin

Pension Administration arrangements are audited by the audit team from Bradford Metropolitan District Council (MDC). Our review of their audit reports enables us to place assurance on the effectiveness of the controls within the Pensions Admin system.

This year all reports were given a Good or Excellent rating. Our discussions confirmed that Covid-19 had not impacted on the delivery of the 2020/21 audit plan. Bradford MDC have been able to carry out their testing as normal since they have direct access to pension systems and therefore were able to test remotely and contact pension admin staff to resolve queries. Any issues they have come across have been resolved on a timely basis.

Substantial Assurance

We found that there were effective processes and controls in place to support the Council's completion of Education, Health and Care (EHC) Needs Assessments on time and within statutory guidance. The EHC team has a clear understanding of the statutory guidance in this area and there are good controls in place relating to completion of EHC Plans. Robust arrangements are also in place to effectively manage any disagreements between parent / young person and the Council. The service has a positive attitude to resolving complaints at the earliest opportunity with parent involvement.

We found some periods during 2019/20 where the controls could have been applied more consistently or robustly. This was due to the overriding impact and delays caused by the lack of Educational Psychologist resource which has now been resolved.

As part of the audit we also reviewed the 3 EHC plans where the Council was found to be at fault in 2019/20 by the Ombudsman. In all 3 cases the team undertook a lessons learnt review and addressed the issues identified. This resulted in changes in procedures and sharing of best practice. This is supported by on-going training and development across the team to address training needs and improve working practices.

Our previous audit on the Capital Programme gave a limited assurance opinion. Due to higher priorities identified by key service areas such as Property it was not possible to carry out the full scope of the review we originally planned for 2020/21. This review therefore focused on follow up of the recommendations and agreed management actions from the previous audit report.

We were able to confirm that all but one of the previous recommendations had been addressed. This included the formation of the Capital Review Group to review and challenge business cases and monitor project delivery, and improved reporting on capital spend to OSMB and Executive which is now separate to revenue and includes whole life reporting. The outstanding action relates to whole life reporting directly from Business World - whether this is available from the Hoople Standard will be investigated but alternative methods are in place.

We plan to complete further work around individual projects in 2021/22.

Education
Health care
Plans

Capital
Programme

Limited Assurance

ICT Network Infrastructure

The audit identified a noticeable presence of legacy operating systems and network equipment, with a significant number of devices with obsolete operating systems. Legacy equipment that is out of support significantly increases the attack surface on the network infrastructure presenting a risk of the network being compromised, or being unavailable in the event of faults. Furthermore, the legacy systems often have an impact on the overall capacity of the IT infrastructure, and may adversely impact the availability of the IT operations.

LCC is aware of this security challenge on its IT environment and is making efforts to reduce the risks of obsolete equipment and systems through decommissioning.

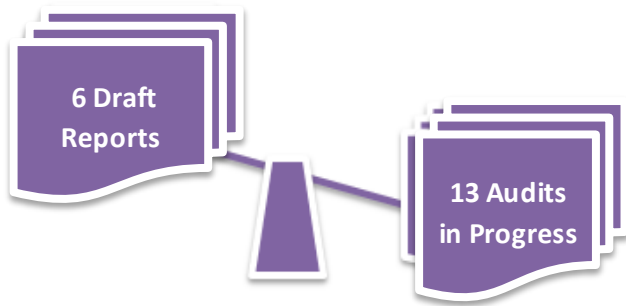
Further information can be seen in Appendix 4.

ICT Business Continuity and Disaster Recovery

This review identified that whilst the Council has a good strategy in place for Business Continuity and Disaster Recovery (BC and DR) planning, the development of the BC and DR plans for IMT and their testing had not been appropriately implemented. These issues significantly increase the risk that the Council may not be able to recover its systems and data in line with business requirements in the event of a serious event.

This review was based on the current, mainly traditional, architecture of the IT environment at the Council. As part of digital transformation, the Council is aiming to migrate its IT infrastructure to public cloud. Cloud computing simplifies the management and monitoring of the DR Service and effectively deals with most issues of traditional disaster recovery.

Further information can be seen in Appendix 4.



Audits in Progress

We have 13 audits at fieldwork stage:

- Budget Management and Reporting
- Accounts Payable
- Better Care Fund
- Business Grants Scheme
- Debtors
- General Ledger
- ICT Privileged Account Management
- LFR Expenses payments
- Payroll
- Safeguarding Children – review of response to Covid-19
- Transport Connect
- Business World Redesign Risk Register (Consultancy work)
- Spalding Western relief road follow up.

Other Significant Work

Grants

At the request of the Executive Director of Resources we have carried out quarterly reviews on the new 'Loss of Income' grant. COVID-19 has impacted local authorities' ability to generate revenues in several service areas as a result of lockdown, government restrictions and social distancing measures related to the pandemic. This new, one-off income loss grant scheme will compensate for irrecoverable and unavoidable losses from sales, fees and charges income generated

in the delivery of services, in the financial year 2020/21.

We were asked to provide review and challenge on the appropriateness of the quarterly claims that were submitted in line with the grant guidance. Our work did not identify any issues. We will do a similar review on further grants submissions this year and into the new financial year.

We are also carrying out certification work on the Community testing grant to ensure that funds have been used in line with grant conditions. The purpose of the grant is to provide support to the Local Authority towards expenditure lawfully incurred or to be incurred in relation to community testing in response to the COVID-19 outbreak.

Transformation Programme

Audit continue to attend the monthly Transformation Programme (TP) Governance Board and provide input and challenge around the governance arrangements.

Advice and assurance on progress and delivery is regularly fed back to the TP management team informally and through highlight reports. The first highlight report is at draft stage and will be reported in the next progress report to committee.

The recent Combined Assurance report set a Green rating for the governance structures for TP and Amber for the actual project delivery.



Key Transformation areas under review include the effectiveness of the lead governance board in steering this large programme of work.

Further review planned for 21/22 will focus on key issues such as Red or Amber rated projects, management of resource across multiple services.

We will also consider the ability of IMT services to support the programme and delivery of individual projects.

Business World Redesign

We continue to undertake assurance work with the BW project:

- two rounds of data reconciliation have been undertaken and lessons are being learned to improve and streamline each stage. We are reviewing the output from this activity
- the initial system build has been completed and integrated testing is in progress to confirm it works as expected. This is being led by the project team and we will review test coverage and successful completion
- regular meetings are in place to monitor progress with delivery of the first payroll parallel run. Acceptance criteria have been agreed in advance ensuring variances in results due to Hoople and LCC system builds are clearly explained and documented prior to moving on
- initial business process reviews are complete and the project team is focused on mapping key areas where changes are needed to align with the Hoople solution
- we are reviewing Roles allocation to provide advice around segregation of duties

- To support identification of process improvements, Serco & the BW project team produced a transactional metrics report highlighting areas which are restricting the Council from operating a best practice approach and priority areas for improvement. We have provided a briefing note to the Executive Director of Resources on where these overlap with our audit coverage and previously reported recommendations. We will utilise this metrics report to help inform our work on key financial systems.

External Audit report 2019/20 – Internal Control Recommendation

The Audit Completion report made a recommendation around processes to ensure the BW Systems Admin Team were notified of leavers in order to keep Business World user accounts accurate and up to date.

We have confirmed that processes have been strengthened to run more regular reports identifying leavers and close accounts promptly. However, there are some delays in closing user accounts where these have open BW ‘tasks’ progressing within workflow. Tasks have to be manually assigned to alternative BW users.

The compensating control is removal of access to the Council’s ‘active directory’ ensuring that former employees cannot access any system. We plan to undertake an audit of IMT starters and leavers processes early in 2021/22.





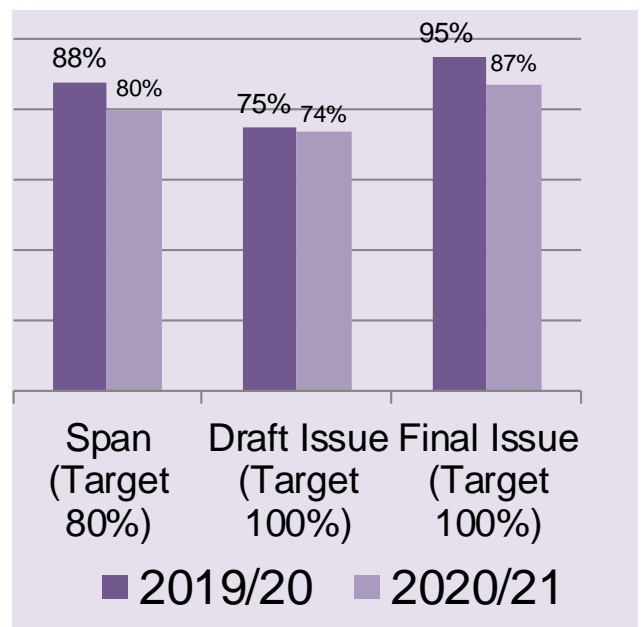
Internal Audit's performance is measured against a range of indicators. The statistics below show our performance on key indicators year to date.

Performance on Key Indicators

Positive feedback has been received

Revised Plan completed 69%

Improving achievement of Audit KPI's to date



Other Matters of Interest

A summary of matters that will be of particular interest to Audit Committee Members

CIPFA - Facing up to COVID-19 in the public sector

The COVID-19 pandemic presented an unprecedented challenge to public bodies. This created a challenge for public sector heads of internal audit who had to balance supporting their organisation and the wider public interest with their need to provide assurance to the leadership team and Committees as well as maintaining their professional standards.

This publication includes examples of how some internal audit teams have responded to the challenges providing some lessons to share and helping the leadership team and Committee understand the role and potential of internal audit.

Summary of the Key learning points for Maintaining effective engagement with clients, the leadership team and the audit committee

- Be proactive in putting forward suggestions in how internal audit can help.
- Make it your business to find out how the governance of your organisation's response to the crisis is being managed.
- Consider how advisory work may contribute to the head of internal audit's annual opinion.
- Consider opportunities to place reliance on other sources of assurance within the first and second lines.
- Consider how the organisation has maintained wider governance arrangements that impact on the work of internal audit.
- Prompt audit reporting and good planning and focused scoping of work.
- Consider the use of shorter report templates with focused outcomes to enable a quicker response.
- Keep the audit committee informed of your work at regular intervals.
- Discuss with your audit committee chair what information they would most value to support them in their role.

Summary of Key Questions for Audit Committee members to ask

1. Has the internal audit service redeployed any staff during 2020/21 to support COVID-19 related activity?
2. What impact have these had on the overall operation of the internal audit service?
3. Have key organisational risks been subject to internal audit review during 2020/21?
4. Has internal audit been able to follow up recommendations, any areas of concern?
5. Is there sufficient audit resource to deliver an internal audit opinion at the end of the year?
6. Will the head of internal audit be able to take assurance from any second line functions?
7. Which audit areas have been deferred or cancelled and the potential impact?
8. Has the head of internal audit been able to keep up to date with changes in the organisation's COVID-19 governance processes?
9. Is senior leadership providing the audit committee with regular information around key risks and governance developments arising from COVID-19?
10. Does the internal audit team need to undertake a skills assessment to ensure the skills mix is appropriate in a changing environment?

The full report can be found through this link:-

[Facing Up to COVID-19 in the Public Sector | CIPFA](#) Page 125



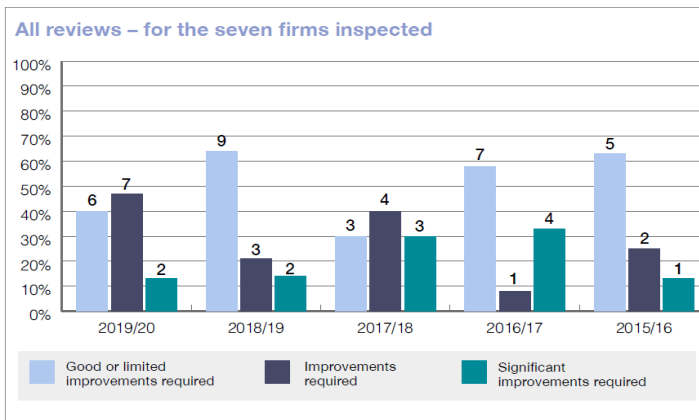
Other Matters of Interest

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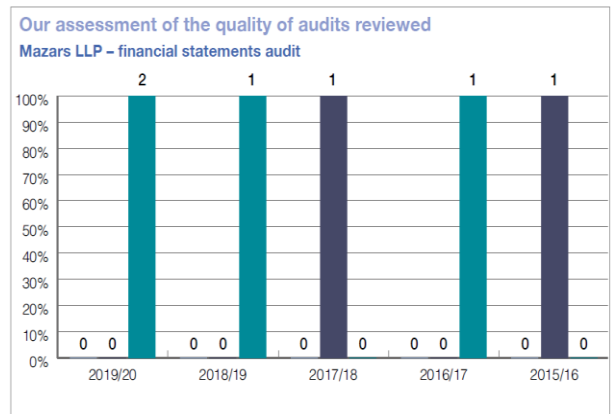
Financial Reporting Council - Major Local Audits - Audit Quality Inspection

The Financial Reporting Council is responsible for monitoring the quality of Major Local Audits. The reports sets out it's findings arising from the 2019/20 inspection of 7 audit firms completing major local audits in England.

The overall assessment results were :-



The result for Mazars was:-



Both audits selected for Mazars required significant improvement and was shown as being unacceptable, following a trend of poor inspection results. It gave the key areas of quality to focus on as audit of property valuations, group audit oversight and ensuring sufficiency of testing on income and receivables and expenditure.

Each accountancy firm provided a detailed response. Mazars response was:

Our commitment to audit quality is at the core of our values and we are dedicated to the continuous improvement of our audit work and the service we provide to our audit clients. Whilst we are pleased with the results of the AQR's reviews of our work on Value for Money conclusions (which show only limited improvements identified for a number of years), we are disappointed with its findings on our work on the audit of the financial statements at 2 of our local audit clients. The firm will robustly respond to the findings and has plans in place to improve the quality of our local audit work.

We have prepared a Local Audit Quality Plan, which is a sector-specific element of our firm-wide Audit Quality Plan. These draw together information on risks to audit quality from a range of sources including quality monitoring findings, changes to auditing and financial reporting standards, and feedback from auditors. The Local Audit Quality Plan has also taken account of the AQR's findings and emerging audit quality risks arising from the update of Practice Note 10 and the National Audit Office's Code of Audit Practice. This plan will be maintained by the firm's Audit Quality Team and subject to oversight from our Audit Board.

The full report can be found at <https://www.frc.org.uk/getattachment/da3446de-8d37-4970-828d-e816d7c0826c/FRC-LA-Public-Report-30-11-2019.pdf>



Other Matters of Interest

A summary of matters that will be of particular interest to Audit Committee Members

Internal Audit Standards Advisory Board – Conformance with the PSIAS during the coronavirus pandemic

This guidance has been produced to support internal audit within the public sector in its compliance with the Public Sector Internal Audit Standards. It recognizes the difficulties being experienced during the pandemic and the effects this could have on conformance with the PSIAS.

The guidance sets out some examples of how Internal Audit can protect organizational value and the challenges it might face in applying the standards. It sets out 7 key steps which the Head of Internal Audit should take.

A full copy of the document can be provided on request.

National Audit Office Auditor Guidance Note 3 - Auditors' Work on Value for Money (VFM) Arrangements

This guidance was issued in October 2020. It identifies how local External Auditors are expected to approach and report their work on VFM arrangements under the new Code and applies to audits of 2020-21 financial statements onwards.

The approach set out in this AGN re-focuses the work of local auditors to:

1. promote more timely reporting of significant issues to local bodies;
2. provide more meaningful and more accessible annual reporting on VFM arrangements issues in key areas;
3. provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
4. provide clearer recommendations to help local bodies improve their arrangements.

From 2020-21 audits onwards, the key output from local audit work on arrangements to secure VFM is an annual commentary on arrangements, published as part of the Auditor's Annual Report. The commentary will enable auditors to explain the work they have undertaken during the year, and to highlight any significant weaknesses that they have identified and brought to the body's attention, along with their recommendations for improvement. The commentary will, however, also allow auditors to better reflect local context and draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself.



Other Matters of Interest

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When reporting on these arrangements, the 2020 Code requires auditors to structure their commentary on arrangements under three specified reporting criteria:

1. Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services
2. Governance: how the body ensures that it makes informed decisions and properly manages its risks
3. Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services

A full copy of the document can be provided on request.

CIPFA Guidance - Head of Internal Audit Annual Opinions: Addressing the Risk of a Limitation of Scope

The impact of COVID-19 on all the public services has been considerable and for internal auditors it has raised the question of whether they will be able to undertake sufficient internal audit work to gain assurance during 2020/21. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the head of internal audit (HIA) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is in turn one of the sources of assurance that the public body relies on for its annual governance statement.

CIPFA recognises that local government bodies are struggling with considerable challenges and are having to make difficult decisions on how best to use their available staff and financial resources to meet critical needs. However, the professional and regulatory expectations on local government bodies to ensure that their internal audit arrangements conform with PSIAS have not changed. In this difficult situation, heads of internal audit will need to consider whether they can still issue the annual opinion or whether there will need to be a limitation of scope. A limitation of scope arises where the HIA is unable to draw on sufficient assurance to issue a complete annual opinion in accordance with the professional standards. This is an issue not only for the HIA but also for the leadership team and the audit committee who normally rely on that opinion. It may also have wider consequences for stakeholder assessments of the organisation.

Work is currently ongoing between HIA, Team Leaders and Audit Principals and meetings are scheduled to reduce the likelihood of a limitation of scope at LCC despite the Covid-19 impact.

A full copy of the document can be provided on request.

High

Our critical review or assessment on the activity gives us a high level of confidence on service delivery arrangements, management of risks, and the operation of controls and / or performance.

The risk of the activity not achieving its objectives or outcomes is low. Controls have been evaluated as adequate, appropriate and are operating effectively.

Substantial

Our critical review or assessment on the activity gives us a substantial level of confidence (assurance) on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are some improvements needed in the application of controls to manage risks. However, the controls have been evaluated as adequate, appropriate and operating sufficiently so that the risk of the activity not achieving its objectives is medium to low.

Limited

Our critical review or assessment on the activity gives us a limited level of confidence on service delivery arrangements, management of risks, and operation of controls and / or performance.

The controls to manage the key risks were found not always to be operating or are inadequate. Therefore, the controls evaluated are unlikely to give a reasonable level of confidence (assurance) that the risks are being managed effectively. It is unlikely that the activity will achieve its objectives.

Low

Our critical review or assessment on the activity identified significant concerns on service delivery arrangements, management of risks, and operation of controls and / or performance.

There are either gaps in the control framework managing the key risks or the controls have been evaluated as not adequate, appropriate or are not being effectively operated. Therefore the risk of the activity not achieving its objectives is high.

Tracker Report – all outstanding audit actions due 31/01/21

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
Records management	April 19	Substantial	4	3	0	1	0	0
	The outstanding action relates to deployment of an Internal Assurance health check program. The Head of IA has stated that resource limitations mean this cannot be completed at present, however other business as usual activities now exist which support the council in achieving the principles of the records management policy.							
IR35	May 20	Limited	7	7	0	0	0	0
	Process and communications review are now completed, currently being checked for accessibility compliance and will be issued to managers and schools on 1 March 2021.							
Commercial Property Portfolio	Jan 20	Substantial	6	3	0	3	0	0
	The information to the public on the website for work spaces has now been resolved. The three remaining actions relate to updated documentation, legislation sharing protocols and client surveys which have been deferred to April 2021 due to the impact of Covid-19 on resources.							
Recruitment and Selection Checks	March 20	Substantial	13	10	0	3	0	0
	The remaining actions have been delayed to the end of February & March 2021. This allows completion of specific tasks to align with the launch of Sharepoint & delivery of the mandatory training project. One action around the planned review of when we can use DBS checks has been delayed due to workloads as a result of Covid-19.							
Good Governance Review- Ethics	March 19	Consultancy	13	12	0	1	0	0
	The last remaining action relates to updating the website with information on the Council's governance / ethical framework. This is an aspirational action and requires ongoing alongside continued development of the Council's public-facing website and internal intranet arrangements. This will be revisited September 2021.							
Counter Fraud Arrangements	March 19	Substantial	6	3	0	3	0	0
	Updating of policies has been further delayed due to other priorities including Covid-19 related work.							

Tracker Report – all outstanding audit actions due 31/01/21

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
Tax Compliance	Jan 19	Limited	10	10	0	0	0	0
	Management actions are now all completed.							
Processes To Improve Financial Assessments	June 19	Substantial	4	3	0	1	0	0
	Action required was that policy development to consider timing of Direct Payment start before financial assessment completed. This action has progressed 50%. Policy review has commenced, estimated completion date 31.08.21, proposal to pay at earlier stage will be considered by the Policy Review Group							
Settlements	Dec 19	Limited	14	14	0	0	0	0
	All have been implemented. The Settlement operational guidance and tracking guidance have been updated and issued. These addressed the majority of the findings.							
Financial processed in Children's Residential Units	Sept 19	Substantial	9	9	0	0	0	0
	Action completed: All homes have now adopted much more robust processes to ensure that there is proper hand over of cash and that Business Support understand this process.							
Coroners Service Case Management	Nov 19	High	1	1	0	0	0	0
	Management action completed – annual report was presented to Public Protection Scrutiny Committee on 8 th December.							
IMT Asset Management Follow up	Jan 19	Substantial	1	1	0	0	0	0
	Management actions now all completed.							

Tracker Report – all outstanding audit actions due 31/01/21

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
Cyber Security	March 19	Limited	6	2	2	0	0	2
	There are 2 High risk actions still outstanding for the Cyber security audit. These relate to access to the network and Disaster Recovery. These now have completion dates of March 2022 and 2024 respectively. Both are reliant on the delivery of Microsoft Azure as the network moves towards Cloud based architecture. We will continue to track both actions.							
Programme/ Project Management Support	Dec 18	Substantial	2	2	0	0	0	0
	Both findings have not been fully actioned due to the development of the Transformation Programme.							
Payroll	July 20	Substantial	22	19	0	0	0	3
	All actions due have been completed. The remainder have due dates of April 2021 and are linked to the implementation of the new BW system.							
Mosaic Children's	May 20	High	2	2	0	0	0	0
	All actions have now been completed. A programme of training has been completed and Performance managers were consulted over onboard reporting and a substantial suite of reports is now available.							
Debtors	June 20	Substantial	9	2	0	2	0	5
	The two overdue recommendations have been partially progressed. A change to how information is reported from the BW system cannot be progressed due to a 'change freeze' but a spreadsheet being used to provide additional analysis. Training for budget holders to support debt recovery has been delayed to later in the year to align with wider training around the new BW system and business processes.							
Adults LT Care Assessments and Reviews	May 20	High	1	1	0	0	0	0
	Action has been completed. Practice Standards Adapted. Audit tool currently being updated to focus on 6-8 week review.							

Tracker Report – all outstanding audit actions due 31/01/21

Activity	Issue Date	Assurance	Total recs	Recs Imp	Priority of Overdue Recommendations			Recs not due
					High	Medium	Low	
LFR Grievance	June 20	Substantial	3	2	0	1	0	0
	Two actions have been completed. The final remaining action requires an update to the training being provided to managers and expected to be completed by 1 st April 2021.							
Spalding Western Relief Road	May 20	Consultancy	3	0	0	3	0	0
	These actions will be reviewed in detail as part of the SWRR follow up audit which is at fieldwork stage.							
Emergency Mortuary – Procurement & Project Management	Oct 20	Consultancy	5	0	0	0	0	5
	Improvement actions are still being developed with the Executive Director, Commercial.							
Total			141	106	2	18	0	15

Appendix 3 20/21 audits to date

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
LCC 20/21-01 - Business World System Redesign Project	Providing independent assurance, advice and insight around the project implementing the Business World ERP system on the Hoople platform.	01/04/20	01/04/20		Ongoing work over the year
LCC 20/21-02 - Treasury Management and Investment Strategy	To give assurance that the Council's investment and borrowing is properly managed in accordance with corporate policies and legal requirements. The review will determine that approved Treasury Management and investment strategies are in place.	01/05/20	19/05/20	27/08/20	Completed High Assurance
LCC 20/21-03 - Transport Providers	Supporting commercial and transport during Covid19 to ensure that transport providers are paid 100% or 85% depending upon circumstances.	01/06/20	12/10/20		Draft report
LCC 20/21-05 - Better Care Fund	Assurance over the management of the fund, it's use and the appropriateness of expenditure as per the Section 75 and other agreements	02/01/21	28/01/21		Fieldwork stage
LCC 20/21-06 - Transformation	Support and advice to the project overseeing the future Transformation developments	01/04/20	01/04/20		Ongoing work over the year
LCC 20/21-08 – Carers Follow up	Follow up of the Audit work completed in 19/20	01/10/20	15/10/20	21/01/21	Completed High Assurance

Appendix 3 20/21 audits to date

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
LCC 20/21-09 – Blue Badge Grant	To ensure that Grant conditions have been met	01/04/20	28/04/20	25/06/20	Completed, confirmation letter sent to DfT
LCC 20/21-10 – Carers' Emergency Response Scheme	Support and advice to the project overseeing the future development in Carers Emergency Response system	26/04/20	03/06/20	18/06/20	Support and advice provided
LCC 20/21-11 – Public Health Personal Protective Equipment procurement	Consultancy work examining how the Council reacted and responded to the Government change in guidance around suitability of PPE in April.	18/05/20	18/05/20	01/06/20	Final consultancy report issued
LCC 20/21-12 – Bus Service Operators Grant	To confirm compliance with grant funding criteria	01/06/20	21/07/20	11/09/20	Completed and grant signed off
LCC 20/21-13 – Highways Grant	To confirm compliance with Grant funding criteria	01/06/20	01/08/20	28/09/20	Completed and grant signed off
LCC 20/21-14 – Troubled Families 1	Review and validation of periodic claims for the Troubled Families programme.	15/06/20	15/06/20	17/06/20	Completed. Highlight report issued.
LCC 20/21-16 – Implementation of Mosaic Finance	Review of the effectiveness of the Mosaic Finance System Project	24/06/20	24/06/20		Draft report stage
LCC 20/21-17 - Education Healthcare Plans	To assess the effectiveness of the processes and controls in place to support the councils completion of Education, Health and Care Needs Assessments.	12/08/20	25/9/20	22/12/20	Completed Substantial assurance

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
Troubled Families 2	Review and validation of periodic claims for the Troubled Families programme.	22/09/20	25/09/20	25/09/20	Completed. Highlight report issued.
Loss of Income Grant (1)	Confirmation that the loss of income recorded by the Delta system in Q1-4 was correct.	14/09/20	14/09/20	30/09/20	Completed. Grant signed off.
Capital Programme	To provide assurance around the effectiveness of the governance and reporting arrangements for the Capital Programme to ensure that it delivers expected outcomes on time and within budget.	21/09/20	16/10/20	25/01/21	Completed. Substantial assurance
BW Redesign Risk Register	Consultation examination of the BW Redesign Risk Register to confirm that key risks are appropriately managed, assessed and monitored	05/10/20	05/10/20		Fieldwork stage
Loss of Income Grant (2)	Confirmation that the loss of income recorded by the Delta system in Q1-4 was correct.	17/12/20	17/12/20	21/12/20	Completed. Grant signed off.
Bank Reconciliation	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	11/11/20	08/01/21		Draft report
Payroll	Annual audit required to provide assurance that appropriate controls are working effectively and compliance with policy and legislation is maintained.	16/11/20	19/01/21		Field work stage
Safeguarding Children	To gain assurance over the Children's Directorate's safeguarding response to Covid 19	12/12/20	14/12/20		Fieldwork stage
Troubled Families (3)	Review and validation of periodic claims for the Troubled Families programme.	14/12/20	16/12/20	05/01/21	Completed. Highlight report issued.

Appendix 3 20/21 audits to date

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
Troubled Families (4)	Review and validation of periodic claims for the Troubled Families programme.	02/01/21	04/01/21	05/01/21	Completed. Highlight report issued.
Pensions Admin	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	06/01/21	06/01/21	04/02/21	Complete. Final report issued
ICT Mobile Devices / agile working	To assess the controls in place for preventing data loss via mobile devices and the management of mobile devices.	01/12/20	01/12/20		Draft report
ICT Software asset management	To review the arrangements LCC has in place over software asset Licencing.	01/12/20	01/12/20		Draft report
ICT Network Infrastructure	To assess the security controls in place around the network infrastructure, including network set-up and protection	01/12/20	01/12/20	12/02/21	Completed - Limited
ICT Business Continuity and Disaster Recovery	Assurance that the Council's ICT business continuity and disaster recovery processes are in place, adequate and regularly tested.	01/12/20	01/12/20	12/02/21	Completed - Limited
Accounts Payable	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	15/01/21	15/02/21		Fieldwork stage
Spalding Western Relief Road follow up	Assurance that all recommendations of the previous audit have been implemented and are embedded.	15/01/21	26/01/21		Fieldwork stage

Audit	Scope of Work	Start Planned Date	Start Actual Date	End Actual Date	Rating
Debtors	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	15/2/21	30/1/21		Fieldwork stage
General ledger	Key systems that support the running of the Council's business and ensure compliance with corporate policies and legal requirements.	15/02/21	15/02/21		Fieldwork stage
LFR Training System	Provide independent assurance around the implementation and effectiveness of the new training records system	01/02/21	12/01/21		Draft Report
Transport Connect	Review of the Governance and oversight processes that are in place with Transport Connect	15/03/21	15/02/21		Fieldwork stage

NETWORK INFRASTRUCTURE SECURITY REVIEW – LIMITED ASSURANCE

ISSUED DECEMBER 2020

Background and Context

BDO (external ICT audit specialists) has undertaken an audit of Network Infrastructure Security. Network security consists of the policies and practices adopted to prevent and monitor unauthorised access, misuse, modification, or denial of a computer network and network-accessible resources.

At LCC, an IT Management (ITM) team holds the management responsibilities for IT operations. A single Wide-Area-Network (WAN) based on Multiprotocol Label Switching (MPLS) is deployed across 209 end-users sites, providing a common method for internet connectivity, filtering, and logging. The IT systems are hosted in two data centres, one in Orchard House County Offices, and the second one as a virtual data centre is hosted in a private cloud, owned by a specialised third-party provider SunGard Availability Services (SunGard AS). A third party, Serco, currently manages the infrastructure across the LCC IT estate and is responsible for designing and implementing technical security controls on the LCC network. LCC has a formal plan to move the majority of systems to the Cloud – MS Azure, although at the time of the audit, only Office 365 was in use in Azure.

An Information Security Management System (ISMS) based on ISO 27001 is implemented at LCC. A dedicated team placed outside of the IT department is responsible for continuous improvement and compliance with the LCC ISMS. The information security management system is running in cooperation with Serco.

Scope

The purpose of this review was to assess the security controls in place around the network infrastructure, including network set-up and protection. The review covered the Council's network infrastructure, network controls, assurance over third-party access management, and performance monitoring.

The work included a review of relevant documentation, an inspection of implemented solutions and security-related configuration for key network and infrastructure components, and interviews with key staff in the Serco and LCC IMT team.

The review considered the information/cyber security controls at the LCC network infrastructure in alignment with the (US) National Institute of Standards and Technology (NIST) cyber security framework. NIST cyber security framework is organised into five main domains. Based on these domains, we reviewed the following:

- Identify - Information security policies, standards procedures and strategies, as well as risk assessment processes, cyber threat intelligence gathering, and security governance.
- Protect – Design of the network (isolation and segmentation), as well as the management of key controls such as perimeter (firewall) configuration, access restrictions, asset management (including mobile assets), and training/awareness.
- Detect – Threat detection controls, such as intrusion detection systems, intrusion prevention systems, and antivirus/malware tools.
- Respond - Security event, logging, and incidents management processes.
- Recover – Data backup/restore, fail-over, and recovery processes

Executive Summary

Risk	Rating (R-A-G)	Findings	
		High	Medium
1. Policies may not have been defined, communicated and implemented to ensure the security of the Council's IT network.	G	-	1
2. Third party providers may not have been adequately assessed, or assessments refreshed, to confirm competence and certification to provide services	G	-	-
3. Third party provider access may not be appropriately restricted, and reviewed	G	-	-
4. Key IT infrastructure assets, e.g. servers, firewalls and routers, may not be adequately protected against unauthorised physical access and environmental hazards.	G	-	-
5. Security updates and patches may not be applied to key infrastructure assets in a controlled and timely manner.	A	1	1
6. The failure of IT infrastructure may not be formally identified, assessed, rectified and reported in a timely manner.	A	-	1
7. The performance and capacity of IT infrastructure may not be monitored and reported.	G	-	-

LCC has adopted a traditional IT infrastructure, utilising data centres where the server and related hardware are typically housed onsite and employees connect to a network to access the organisation's applications and stored data. This IT model has been considered one of the most secure solutions, if configured appropriately, and allows the organisation to have full control of their data and applications on the on premise servers. In this type of IT model, network security is only as strong as the security of the devices and systems running it. As a consequence, to preserve the level of security, the organisation needs to decommission non-supported or obsolete equipment and systems from its IT ecosystem. That constant renewal of the devices and systems can be difficult to achieve in a complex IT environment such as LCC, but can have a significant impact on network security as the legacy IT systems are often at the heart of cyber breach incidents.

The audit highlighted the following areas of good practice:

- *Governance*: The policies, procedures, and processes to manage and monitor the organisation's regulatory, legal, risk, environmental, and operational requirements are understood and inform the management of cyber security risk.
- *Risk Assessment*: LCC understands the security risk to its operations.
- *Asset Management*: Devices and systems are identified, and managed, consistent with their relative importance to business objectives.
- *Standard Secure Builds*: Standard secure builds are used for newly introduced servers and end-user devices.
- *Anti-Virus Protection*: An enterprise AV solution is implemented and constantly monitored.

- *Data in Rest Protection:* Bitlocker is used for encrypting end devices
- *Network Capacity Monitoring:* Constant monitoring of the network and network capacity via specialised tools is implemented.
- *Logging:* A Security Information and Event Management (SIEM) tool is used to log the network devices including the load balancer.
- *Vulnerability Scanning:* Weekly vulnerability scans are performed on the network infrastructure.
- *Penetration Testing:* Annual external and internal penetration testing is performed.

Notwithstanding the good practices that have been implemented to the network infrastructure security, this review identified a noticeable presence of legacy operating systems and network equipment; we noted a significant number of devices with obsolete operating systems. Legacy equipment that is out of support significantly increases the attack surface on the network infrastructure presenting a risk of the network being compromised, or unavailable in the event of faults. Furthermore, the legacy systems often have an impact on the overall capacity of the IT infrastructure, and may adversely impact the availability of the IT operations.

LCC is aware of this security challenge on its IT environment and is making efforts to reduce the risks of obsolete equipment and systems, through decommissioning. At the end of 2018 an Obsolescence Review Board was established. The objectives of the Board are:

- To identify all assets and applications which are, or will, become obsolete in the next 12 months in order to understand the risks and impact of obsolete IT systems to the LCC IT environment.
- Provide LCC with the information required to put in place a remediation plan or mitigation plan, enabling LCC to make investment and commissioning decisions in a timely manner.
- Agree and update the obsolescence rules.

The Board holds meetings quarterly. As a result of Board activities to date, some obsolete equipment has been decommissioned and the progress is tracked. However no end date has been set for decommissioning all obsolete equipment. We noted this as a high-priority finding and underline the need for further prioritisation and acceleration of this decommissioning process.

We also identified three medium priority findings. These are related to:

- *Patch management:* Software patches and updates prevent software and systems from being vulnerable to bugs, malware, and major issues. The LCC's patching practices do not include network devices meaning there is a risk that the network is infected and security weaknesses exploited. There are compensatory controls in place and hence this is assessed as medium priority.

- *Network Segregation:* Network segregation and segmentation restricts the level of access to sensitive information, hosts and services. Whilst basic segmentation is in place for the network there is no additional segmentation that will include the remote council office sites.
- *Access Control:* The process of allocating privileges and permissions to users, known as user provisioning, ensures users have access to everything they need to do their jobs whilst also protecting access to data and systems. There is no line manager approval of the request for user provisioning for joiners and movers, raising the risk of unauthorised access. There were also 9706 disabled active directory users. Disabled accounts could be re-enabled by attackers and used for malicious purposes.

We also identified weaknesses in the Council's draft Disaster Recovery (DR) Plan relating to the business impact assessment and risk assessment not being followed, the DR metrics not being developed, or approved by business areas, and there has been no testing of the plan. A finding has been raised in our report relating to ICT Business Continuity and Disaster Recovery, and so is not repeated here.

Management Response

The IMT Management endorse the report as covering the key concerns the service has also identified over a protracted period.

All recommendations have remediation work in progress (excepting Data Leakage Control) and significant progress has been made on these issues, but a significant amount of work remains.

A decade of poor lifecycle management followed by significant delays in the business commissioning of replacement systems and then delays in the delivery of projects to replace systems has required the operating life of legacy systems to be extended at risk. It is believed this workstream will deliver remediation of this significant component of non compliance, legacy Operating Systems in use, over the coming 12 months.

NB: Please Note simply switching system off has not often been possible where critical Council services are involved. Whilst IMT technical resource has been insufficient to meet demands over the last 18 months, the specialised nature of many of the remaining applications places a reliance on key technical staff with skills and knowledge not available in the market to scale the resource and shorten timelines. The risk profile also limits the number of tasks than can be operated in parallel.

Having significantly rectified the slow patching of End User Device's in the last year we are now requiring our Partner Serco to deliver a Service Improvement Plan to address the

shortcoming's in the delivery of security operations which lead to falling behind in patching network and other appliances. This is a high priority requirement that Serco must now address in the coming year.

The segregation of our Access networks from our service networks has been a design goal for a number of years and further work planned this year will continue the work towards this target architecture, however the very high risk and complexity requires the change to be delivered in numerous stages over the coming two years.

The failure of convincing access control processes is in significant part due to the failure of non-IMT service processes upstream, whereby the service is not informed of leaving staff, contractors, or long-term absences from all business units and 3rd parties (working as if LCC). The transformation program has been asked to look holistically at the business process and create the triggers to the IMT service where account management can then be automated.

IMT Have no plans to put into effect more stringent DLP technologies as the business has not supported these technologies and would not commission them. The Council expects all staff to be able to share information beyond LCC with limited formality and technical constraints, therefore the Council is in effect accepting that risk, relying instead on the knowledge and judgement of staff.

ICT BUSINESS CONTINUITY & DISASTER RECOVERY – LIMITED ASSURANCE

ISSUED JANUARY 2021

Background and Context

BDO has undertaken an audit of ICT Business Continuity (BC) and Disaster Recovery (DR). The audit is a part of the approved Lincolnshire County Council (LCC) annual Internal Audit plan for 2020.

ICT Business Continuity (BC) and Disaster Recovery (DR) planning enables an organisation to prepare for and recover its business IT operations in the event of a serious incident or event. The effectiveness of such plans depends largely on the detail they contain and this can cover a number of different aspects including risk assessments, business impact analysis, emergency response and crisis management.

The Emergency Response (ER) plan should detail the steps that will be taken to get business operations up and running again, whilst the Crisis Management (CM) plan provides detail for communicating status updates to key stakeholders and managing media or public interest. Another vital component of Business Continuity planning is Disaster Recovery. This is concerned with assisting an organisation to recover technology operations and critical data in a timely manner to allow for a resumption of business operations.

All of these components inform the holistic approach required to effectively recover and allow an organisation to continue to operate. LCC performs a number of essential and statutory functions. Effective IT Business Continuity and Disaster Recovery arrangements are vital in enabling the Council to restore service delivery without undue delay in the event that an unplanned event prevents normal systems and processes occurring.

LCC organises its IT operations in a number of ways by using in-house and outsource services; the in-house ICT team are responsible for a number of different IT functions, business relationship management, technical architecture, application and web development and the management of enterprise data. Outsource operations are contracted to Serco, who are responsible for the provision and management of the IT network and operational infrastructure. Third party vendors also provide and support a number of business critical applications such as MOSAIC (Social Care) and CONFIRM (Highways).

Serco, LCC and third party vendors all maintain business continuity and disaster recovery plans for their respective areas of responsibility, though some of these are limited in detail

based on their scope of responsibility i.e. a single application as opposed to entire network infrastructure. There is a degree of interfacing between all these aspects, reporting into LCC.

As part of the Council's outsource arrangements, Serco is contractually obliged to provide DR functionality for all Platinum, Gold Silver and Bronze services and applications (Serco has categorised its services by priority level, Platinum being the highest). Serco has performed restore testing of critical (Platinum) applications to ensure resilience of the IT systems. Furthermore, Serco and LCC have entered into an agreement with SunGard to provide disaster recovery protection for Orchard House. The agreement with Serco also includes the requirement for Serco to support the designing of the BC and DR plans for the Councils' IT department (IMT).

As multiple control environments exist, regular interfacing between the main stakeholders takes place, led by the LCC ICT team. This is also initiated when a new system goes live and requires BC/DR plans to be updated to cover off any new contingencies.

The Council is undergoing a review of its Business Continuity Management process including the corporate Business Continuity plan. This is being undertaken by the Emergency Planning & Business Continuity Service with each critical service area reviewing its BC Plan, facilitated by their dedicated Emergency Planning and Business Continuity Officer. Once complete, the documents will be reviewed by the Business Continuity Steering Group and signed off by all of the business continuity leads to make sure it aligns with the Council's policies and principles.

The Council's Emergency Planning Service, as part of the multi-agency response to Covid19, has been working on exercising the business continuity plans to ensure the Council has remained fully functional during this time. This involved both ICT and Serco working closely to ensure staff were able to work from home by providing the relevant equipment, support and robust infrastructure.

Scope

The purpose of this review was to assess the Business Continuity and Disaster Recovery plans in place to support the Council recover its IT systems following an unforeseen event, focusing on the Business Continuity and Disaster Recovery plans of the ICT function. The review assessed recovery plans and recovery times.

The work included a review of relevant documentation and interviews with key staff in the Serco and LCC IT teams in order to establish an understanding of the design of controls. Specifically we:

1. Reviewed the documented risks in relation to ICT business continuity and disaster recovery plans.

2. Reviewed roles and responsibilities for ICT BC and DR plans to ensure key person dependencies have been documented and assigned.
3. Assessed senior management involvement and commitment with regards to the ICT BC and DR process.
4. Reviewed ICT BC and DR documentation in place to assess it is sufficient, up to date and accessible in the event of an incident.
5. Reviewed communication arrangements in place to inform employees, and various stakeholders, in the event of an incident or crisis.
6. Reviewed ICT BC and DR testing arrangements and any training provided to staff.
7. Reviewed the design of system and data backup procedures to determine whether they are sufficient and can be restored upon system failure.

Executive Summary

Risk	Rating (R-A-G)	Findings	
		High	Medium
Risks related to ICT business continuity and disaster recovery at LCC not being identified, documented and addressed.	R	1	-
Roles and responsibilities with regards to ICT BC, ER, CM, DR and data backup are not appropriately defined, assigned and understood or create an increased dependency on key individuals.	R		-
BCP, ER, CM and IT DR documentation is insufficient, outdated or inaccessible in the event of an incident.	R		-
A lack of senior management involvement/commitment with regards to BC, CM and DR.	G	-	-
Inability to respond adequately to emergency situations and inform employees, and various stakeholders in the event of an incident or crisis.	G	-	-
Failure to respond to an adverse event and recover as expected due to a lack of training and / or testing.	R	1	-
Data may not be able to be restored upon system failure due to weaknesses in the backup design or operational procedures.	G	-	-

BC and DR plans outline procedures and instructions an organisation must follow to respond to a serious event. The recovery plans, the contingency IT architecture and the metrics used, should be developed based on a formal methodology and be formally approved. In addition, all recovery plans should be communicated and regularly tested for their verification and improvement.

This review has identified that whilst the Council has a good strategy in place for BC and DR planning, the development of the BC and DR plans for IMT and their testing has not been appropriately implemented. These issues significantly increase the risk that the Council may not be able to recover its systems and data in line with business requirements, in the event of a serious event.

Based on the above, we have identified the following areas of improvement, both are rated High priority.

1. Serco BC and DR plans - The IMT BC and DR plans, have not been formally approved. The DR plan has not been updated since 2017. Furthermore the plans have been developed without following the Council's Business Impact Analysis (BIA) and Risk Assessment templates.
2. BCP/DR testing and training - There are currently no arrangements in place to test the BC and DR plans. The current BCP/DR testing is based only on the restoration of the IT systems. There is no end-to-end testing of the BCP/DR preparedness with involvement of business functions.

This audit has also highlighted the following areas of good practice:

- BCM Strategy - A Business Continuity Management (BCM) framework is in place with formal risk assessment and business impact analysis templates for the identification and prioritisation of critical business functions and systems, including the timeframes within which each function needs to be recovered. LCC has a Business Continuity Management (BCM) framework in place which was recently updated and approved by management. It includes the actions to be taken prior to, and following, the invocation of the business continuity arrangements, the roles and responsibilities of members of staff and the procedures for returning to business as usual.
- Emergency Planning and Business Continuity service -The Council is part of the Lincolnshire Resilience Forum which helps prepare for and respond to emergencies around the county. The forum has discussed the threats and risks from the Pandemic on Lincolnshire and how to respond to the crisis and impacts from illness/contamination.
- Emergency response (ER) and Crisis management (CM) - There is an established Emergency Preparedness & Fire Safety Procedure which clearly defines the systems and processes that will be put in place to control the risk of fire and minimise risk to the health and safety of staff, contractors and visitors at LCC premises.
- Backup Policy -The backup policy has been documented by Serco and shared with LCC ICT. The policy is a key part of the business continuity strategy and provides clear guidance on the Council's backup needs and data storage.
- Business continuity - The Council has demonstrated that it has been able to execute business continuity plans to ensure it remained operational during the pandemic crisis.

It should be noted that this review is based on the current, mainly traditional, architecture of the IT environment at the Council. As part of digital transformation, the Council is aiming to migrate its IT infrastructure to public cloud. Cloud computing simplifies the management and monitoring of the DR Service and effectively deal with most issues of traditional disaster recovery. As a consequence, the BCP/DR planning should be re-visited after the future cloud migration.

We would like to thank all staff for their help during this review.

Management Response

IMT BC & DR

The Audit report findings are being adopted into the IMT forward work plan and IMT management only wish to add context to the recommendations.

1.1 We will engage with the new BIA process and templates and will analyse any outputs this generates to establish any gaps in business needs and affordability. Amending these parameters involves change control within our outsource service contracts.

1.2 We do have RTO's and RPO's for all significant systems the Audit finding makes the point these are not informed by the new Council Business Impact approach in 1.1.

1.3 We will circulate our BC & DR Plans to those involved in these functions across the Council.

NB: please note they are not in fact an operational artifact for the IMT Service which maintains a number of procedural technical documents which are actually used, which often include restricted technical and security information.

Testing of DR

Testing of platform recovery has typically been undertaken during Pilot and pre-live stages of delivery. In recent years a sequence of significant (P1) outages have repeatedly invoked recovery plans meaning we have in fact run these procedures more often than most Corporate Organisations would have tested them.

However, we are now seeing few major system outages and a rolling pattern of tests will be developed and placed into work plan along with refresher training for those with duties when invoked.

Given the current migration to Cloud program the significant resource requirement, cost, risk and disruption for large scale hosting tests, no such test will be planned for the remainder of those hosting arrangements.

While the audit plan for 2021/22 is still being developed with the support of Executive Directors and will be shared with the Audit Committee at the June meeting, we wanted to highlight a number of audits that we have planned.

Audit name	Proposed scope
Contract Management	Cross-Directorate review ensuring that capital contracts are effectively managed to ensure that projects are delivered to specification, on time and within budget. Will involve support from Counter Fraud colleagues.
Financial Assessments	Confirm improvements have been made in the Financial assessments process following the implementation of the new policy and management actions.
Property – capital repairs and maintenance	To follow up and confirm that the recommendations from the previous capital contract report have been implemented, and to review and provide support and advice on the Repairs & Maintenance budget setting process.
Capital Contracts	Assurance that capital contracts are effectively managed to ensure that projects are delivered to specification, on time and within budget.
Waste	Act as a critical friend as the service develops three key building projects alongside a range of cost benefit schemes designed to reduce overspend.
Transformation Programme	Continue to act as critical friend and provide on-going advice and assurance to the programme.
Maintained schools	Delivery of internal audit to maintained schools that 'buy-back' our services. This covers key areas of governance and financial control.
Business World	Continue to provide on-going advice and independent assurance around project management, process, risk and control on the BW redesign project.
Grants	Continued work on ensuring the proper use of grants within LCC. This will include Track and Trace, Bus Services Operators Grant and Highways.

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