

Appendix A Q4 Internal Audit Final Reports

Business Continuity Audit Review 2017/18

Introduction

As part of the 2017/18 Internal Audit Plan, a review has been undertaken of the controls and procedures in place in respect of the Business continuity Function at Allerdale Borough Council (ABC). The aim of this review is to follow up Internal Audit agreed actions and to provide management with assurance that the system is robust and operating as intended and provide recommendations for improvement to add value, if appropriate. Allerdale use a software system to store all business continuity plans and information called BCP4ME, users can access this web based application anywhere there is an internet connection, this solution was procured prior to the organisations move to the cloud based Office 365 package.

As part of this review a survey was issued to key officers to obtain their views and feedback on how business continuity arrangements are working here at Allerdale, 13 responses were received and used to assess the controls in place managing business continuity risk.

Assurance Risk and Audit would like to thank all staff involved during the course of the review for their help and assistance.

The objective and scope for this audit was defined in the audit brief issued to all relevant staff on 11 October 2017.

Walkthrough testing and results

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Procedures, Training, management and compliance	Business Continuity plans have been documented and communicated.	Efficiency and effectiveness; Reputation; Business minded; Transparent and accountable; Data integrity; Effective/efficient processes	Limited	Discussions with the responsible officer for Business continuity and on reviewing the IT application BCP4ME where all business continuity plans are stored, it was apparent that the information stored there is not regularly reviewed and there is little awareness of the corporate policy with regards to Business Continuity. Agreed Action 3 The employee survey results stated 64% of

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			<p>those respondents hadn't received any business continuity training to date. However on speaking with the responsible officer for business continuity he advised that a desk top exercise was carried out in June 2017 with Heads of Service. This was planned on an ad hoc basis, outcomes and actions were not available to review and there are no clear plans of future training.</p> <p>Agreed Action 4</p> <p>A Business Impact Assessment (BIA) has been completed for the whole organisation. It details recovery priorities and potential effects of an interruption to critical business operation. The BIA details recovery timescales and calculates a risk score which should trigger mitigating actions if required. IT dependencies are also detailed within the BIA and where possible recovery options/alternative solutions are provided. The BIA document on BCP4ME expired on 14/5/17 and is therefore due to be reviewed in line with the changing operational environment.</p> <p>BCP4ME is currently only accessible to 32 members of staff from across all areas of the council. Upon requesting new user access to BCP4ME through the systems support service at Egtons a delay of 27 days to receive access was experienced. Other staff members also reported problems with the efficacy of this service. The Egtons contract has been requested but has not been made available to date. Agreed action 1</p>
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				<p>BCP4ME is not accessible to all staff and based on the results of the employee survey there is little awareness of the business continuity process or BCP4ME.</p> <p>Agreed Action 1 & 4</p> <p>The International Organisation Standards (ISO) best practice guidance for business continuity was used as a point of reference for this review. Allerdale Borough Council does not conform to ISO 22301:2012. It is unknown if this has been considered as part of the approach to managing business continuity risks.</p> <p>Details of recovery solutions are detailed on the BIA (Business Impact assessment) which is held on BCP4ME. Recovery priorities are detailed. ICT has a separate BIA which is scenario based. It is unknown whether these recovery solutions are realistic and appropriate as these have never been tested.</p> <p>Agreed Action 3</p> <p>A full employee contact list exists on BCP4ME, upon testing the list it was found not to be current with staff updates not made. This list contains staffs work contact details. It was confirmed that no one person is responsible for updating this.</p> <p>Area of improvement 3</p> <p>Some areas of the business have a separate document that does contain personal contact details however this approach is not</p>
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				<p>consistent across all areas of the council. The list used for emergency planning purposes includes out of hours and personal details, this may be more suitable for this area.</p> <p>Agreed Action 2</p> <p>The Business continuity plan is not prepared based on different scenarios. The plan is designed to be generic and can be adapted depending on the incident.</p>
People	Adequate and appropriate staff and resources exist to meet Business Continuity Management needs	Efficiency and effectiveness; Reputation; Business minded; Transparent and accountable; Effective/efficient processes	Limited	<p>There are two designated senior officers who hold responsibility for business continuity and the administration of BCP4ME. However in the event of an incident any senior manager can activate the plan.</p> <p>There is no one person responsible for co-ordinating a response to an incident or reinstating services. Actions from the plan will be delegated at the time of an incident. It is unclear from BCP4ME who has what responsibilities 'day to day' of business continuity and therefore there should be a corporate response to this</p> <p>Agreed action 3</p> <p>Awareness of business continuity management across the organisation is low with many people being unaware where to find the plan and what their responsibilities would be if activated.</p> <p>Agreed action 3 & 4</p> <p>Key third parties and suppliers are identified within the plan however contact details are not</p>

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				<p>present for all.</p> <p>Area of improvement 1</p> <p>There is appropriate insurance cover for Business continuity events. Copies of the insurance policy have been obtained and there are no changes planned for this policy. The policy is due for renewal in May 2018 and covers property damage, business interruption and computer risks. Some specific cover exists to cover cyber-attacks.</p>
<p>Testing of business continuity</p>	<p>Regular disaster recovery and contingency planning meetings take place and recovery plans are regularly tested.</p>	<p>Efficiency and effectiveness; Reputation; Business minded; Data integrity; Effective/efficient processes</p>	<p>Limited</p>	<p>There is no corporate strategy in terms of how frequently business continuity meetings should take place and who should be involved. However the designated officer has attended the majority of the departmental team meetings in order to raise awareness of business continuity. There are still some outstanding teams to see however beyond this there are no further plans made to date.</p> <p>Agreed Action 3</p> <p>There are currently no plans to carry out testing of the BCP. The plan itself makes reference to carrying out a desktop exercise at least annually of each of the key activities. The last desktop exercise was carried out in June 2017 with the Senior Management Team. This was scenario based and considered business continuity plans but did not look at the recovery process.</p> <p>Agreed Action 3</p>

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Support services	Key services responsible for enabling the recovery of other services are covered in detail within the Business Continuity Management documentation	Efficiency and effectiveness; Reputation; Business minded; Transparent and accountable; Data integrity; Effective/efficient processes	Limited	<p>A separate BCP for IT services is stored on BCP4ME. The plan is based on 12 different incident scenarios. The document states it would be reviewed every 6 months or after a business continuity event. There is no evidence that this has been reviewed.</p> <p>Area of improvement 2</p> <p>There is a daily and weekly backup process in place for all operations. This is stored safely and securely offsite.</p> <p>After testing of the hardware inventory currently held by ICT, details are not up to date, including the location of the hardware. This is an ongoing live action from ICT audit 16/17.</p>
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Areas for improvement

Number	Area for Improvement
1.	Key third parties and suppliers contact details are updated on the plan.
2.	The ICT BCP stored on BCP4ME should be reviewed in line with the recommended review time stated on the document.
3.	The Staff contact list on BCP4ME is reviewed to ensure it is up to date.

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Agreed Actions

Number	Agreed Actions	Associated risks	Priority	Responsibility, due date and response
1.	For the responsible persons to meet with ICT to discuss the viability of using Microsoft Office 365 to document and communicate Business Continuity Plans efficiently. If this isn't viable to begin process for alternative procurement of system.	Effective/efficient processes, Data integrity, Business minded;	Medium	Agreed Project Manager. Property Manager Due date: 31 st March 2018
2.	For the responsible persons to meet regularly with the emergency planning team to review any areas of duplicated work and share best practice and knowledge.	Effective/efficient processes; Data integrity	Medium	Agreed Project Manager. Property Manager Due date: 30 th April 2018
3.	There should be a clear corporate policy with regards to Business Continuity. This should outline a clear strategy for defining the council's commitment to the management of Business Continuity Risks. This should include how often plans are reviewed, training & meeting requirements and testing schedules. The policy should be clear who is responsible for what and when. When the policy is agreed this should be included in the employee induction	Efficiency and effectiveness; Reputation; Business minded; Transparent and accountable; Data integrity; Effective/efficient processes	Medium	Agreed Project Manager. Property Manager Due date: This is dependent on time required to create policy. DB & PM to update

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	process.			
4.	For the responsible persons to launch the new business continuity system to employees and members by attending team meetings and holding briefing sessions. This should include training for 3 rd Tier Managers, introduction of business continuity on team meeting agendas	Efficiency and effectiveness; Reputation; Business minded; Transparent and accountable; Data integrity	Medium	Agreed Project Manager. Property Manager Due date: 31 st December 2018 provisionally. This is dependent on timescales for policy to be written and approved.

AONB Audit Review 2017/18

Introduction

As part of the 2017/18 Internal Audit Plan, a follow up review has been undertaken of the agreed actions to improve controls and procedures put in place in respect of the Solway Coast Area of Outstanding Natural Beauty (AONB) at Allerdale Borough Council (ABC). The aim of this follow up review is to provide management with assurance that the agreed actions have been completed and provide recommendations for improvement to add value, if appropriate.

Assurance Risk and Audit would like to thank all staff involved during the course of the follow up review for their help and assistance.

The objective and scope for the AONB follow up review was defined in the audit brief issued to all relevant staff on 18 October 17.

Testing and results

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Financial Management	Ensure financial arrangements are in line with ABC Financial Regulations	Achievement of business objectives. Data integrity; Efficient and effective	Substantial	The AONB Barclays bank account was closed in July 2015 and the balance transferred to Allerdale's General Ledger. Transactions completed at the AONB now go through the

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	and Accounting instructions.	process; Safeguard assets; Compliance.		<p>Allerdale General Ledger.</p> <p>The use of a volunteer petty cash imprest has ceased and the reimbursement of appropriate expenditure is now through the official petty cash imprest held by Silloth AONB.</p> <p>The Asset Inventory has been improved and now includes date of count, person undertaking the count, item replacement value and next count date. Going forward the current value for items will also be added.</p> <p>See recommendation one.</p> <p>All income received by Tourist Information Centre (TIC) Silloth is paid into Silloth Post Office, using a paying-in book. Testing identified that all payments (for books on sale) from 2016 and 2017 have been unidentified and have been credited to the ABC suspense account.</p> <p>Going forward, all payments need to be accurately referenced to ensure these transactions can be credited to the appropriate accounting code to avoid this happening in the future. See recommendation two.</p>
Procurement	Review procurement procedures and practices to ensure best value for services and goods procured in line with Financial Regulations.	Efficient and effective processes. Business minded; Transparent and accountable; Compliance.	Limited	<p>Testing confirmed that ABC Financial Regulations were not being followed with regard to obtaining quotations for orders over £2,000.</p> <p>The purchase of Personal Protective Equipment was reviewed to establish if these purchases were providing value for money by using the framework suppliers used in other areas of the business. It was found that</p>

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				<p>purchases made were for items which were not considered to be the most appropriate protective workwear for their roles. All clothing procured should be branded with the AONB logo for both professional, advertising and tax purposes. Refer to recommendation three.</p> <p>The continued use of one supplier for design and printing services without obtaining further comparative quotes does not comply with ABC's Financial Regulations. All future design and print requirements should follow the procurement regulations and if it is considered that the work involved is so specialised that only one supplier can provide the service required, then a procurement exemption form should be completed and authorised by the Corporate Director. See recommendation four and five.</p>
Management of Operations	Efficient and effective operations are in place To ensure volunteer procedures are communicated and followed.	Efficient and effective processes; Reputation;	Substantial	Volunteer procedures are in place however there is a lack of awareness of these within the AONB team. There is no record how or when these have been communicated with volunteers or the team. See recommendation six.

Agreed Actions

Number	Agreed Actions	Associated risks	Priority	Responsibility, due date and response
1	The asset register should be completed annually and include the value of items held.	Asset management, financial regulations.	Low	Learning and Volunteer Manager. 30 Jun 2018
2	All income from TIC Silloth needs to be easily identified	Financial regulations.	Low	Completed as part of the

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	so that it can be allocated correctly to 1056/32103.			review.
3	Purchase of Protective Personal Equipment (PPE) should be via the supplier frameworks in place. The items should be appropriate for the safe completion of individuals duties and be branded with the AONB logo.	Efficiency and effectiveness, value for money.	Medium	Accepted and will be implemented immediately by the AONB Manager.
4	All future design and print requirements should be open to competition and if it is considered that the work involved is so specialised that only one supplier can provide the service required, then a procurement exemption form should be completed and authorised by the Corporate Director (Resources).	Value for Money, financial regulations, risk management.	Medium	Accepted and will be implemented immediately by the AONB Manager.
5	Staff need to be made aware of the current ABC Financial Regulations, and these should be followed in respect of all procurement.	Asset management, value for money, financial regulations, risk management.	Medium	Accepted and will be implemented immediately by the AONB Manager.
6	All AONB employees and volunteers should review the volunteer procedures, confirm their understanding and comply with these going forward.	Financial regulations.	Low	Learning and Volunteer Manager 30 June 2018.

Ethical Culture Audit Review 2017/18

Introduction

As part of the 2017/18 Internal Audit Plan, a review has been undertaken of the Ethical Culture at Allerdale Borough Council (ABC). The aim of this review is to provide management with assurance that this element of the governance framework is operating as intended and provide recommendations for improvement to add value, if appropriate. As part of this review an employee survey was completed to obtain their views on elements of the ethical framework here at Allerdale, 112 employees responded. A further survey was issued relating to integrity and ethical values, 106 employees participated.

Assurance Risk and Audit (ARA) would like to thank all employees involved during the course of the review for their help and assistance.

The objective and scope for this audit was defined in the audit brief issued to all relevant staff on 3 November 2017.

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Testing and Results

Area	Control Objective	Control Environment	Assurance Opinion	Commentary
Delivering Good Governance	A robust framework is in place to deliver the principles of good governance	Objectives, compliance, safeguard assets	Comprehensive	<p>The framework for the delivery of the principles of good governance is strong at Allerdale. The Governance Group (made up of key Officers) meet regularly throughout the year to continually review the evidence and activities supporting the principles of good governance. Heads of Services provide assurance statements annually to demonstrate how these principles are deployed in practise throughout the organisation. The Local Code of Corporate Governance has been reviewed in 2018 and is in-line with Local Authority guidance.</p> <p>80% of employees (who participated) answered that they agreed that management effectively monitor and provide oversight in the activities of their service.</p>
Maintaining an Ethical Culture	Systems and processes are in place to support a culture of transparency and openness for stakeholders	Objectives, compliance, safeguard assets	Substantial	<p>From the employees who participated in the Ethics survey, 75.93% were aware of and knew where to find the whistleblowing policy. The top three answers for 'who' they would report matters to were the Monitoring Officer, ARA and Line Manager. Further training is planned via the e learning system to embed understanding of the whistleblowing policy in Allerdale.</p> <p>Access to the Gifts and Hospitality Register could be improved, this was previously</p>

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				<p>accessible by all users and was published on the Allerdale website. This document is now only accessible to a restricted number of users, there are five entries for officers 2017/18 compared to ten on the last published version in 2012/13 which related to 5 officers and 5 members. (Recommendation 1)</p> <p>Declarations of interest for members are published on the Allerdale website, they are not published for Senior Officers. This may be an opportunity to improve the transparency and openness at Allerdale to extend this process to this group of decision makers. (Area of improvement 1)</p> <p>The Declaration of Pecuniary Interest forms for members could be improved. Although these are accessible on the Allerdale Website the forms are not completed consistently. This area would benefit from a full review to ensure the forms are completed consistently and that members understand what information is required. (See recommendation 5)</p>
Developing People – Ethical Behaviours	Employees and Members are aware of their roles and responsibilities in relation to good governance at Allerdale	Objectives, compliance, safeguard assets	Substantial	<p>This organisation defines the key roles and responsibilities within its constitution. There is a Code of Conduct which applies to members and one which applies to Officers. The code of conduct for Officers is not regularly communicated but does form part of the induction pack.</p> <p>New members are issued a standard new member letter with documents enclosed. The</p>

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				<p>member code of conduct is not included. The last code of conduct training sessions were September 2016 and January 2018 on both occasions 16 members attended (5 attended both). With a membership of 56 councils this concludes only 48% of members have received code of conduct refresher training. (Recommendation 2).</p> <p>A really strong message coming through on the surveys was that employees are really clear of their responsibilities and 84% believe that their service considers customer impacts in its decisions and actions.</p> <p>A review was completed to provide assurance that employees who were professional members, were compliant with the Continuous Professional Development (CPD) requirements of their professional body. All five professionals tested provided evidence and assurance that they complied with their CPD requirements.</p>
Managing risks relating to Ethical Culture	Risks and performance are managed through robust internal control and strong public financial management.	Objectives, compliance, safeguard assets	Substantial	<p>The risk management maturity level at Allerdale is assessed 'risk managed' the assurance over the financial management is substantial with comprehensive assurance in place for budget management. The Corporate Risk relating to the need to the cultural change required to achieve organisational change requires updating to reflect the current management activities in place. (Area for improvement 2)</p> <p>37% of employees participating in the survey</p>

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				<p>believed decisions are made on options appraisals and risk assessments to achieve best value. A review of the reporting process is already in progress by The Policy Team to strengthen the information provided at decision making.</p> <p>47% believe that management sometimes override policies, procedure and work place rules. This and other responses relating to management behaviour in the employee survey is a key priority for the HR team to review, employee engagement sessions are in progress to understand more about these employee perceptions. (Recommendation 3).</p> <p>The What Great Looks Like Framework sets out the culture Allerdale hopes to create in the workplace. Work is also underway to provide an Organisational Development Strategy which will be designed to communicate and embed a clear set of values into the culture at Allerdale. The results of this review should be incorporated into this strategy to ensure the importance of strong ethical behaviours is seen as a priority alongside managers leading by example. (See recommendation 4)</p>
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Areas for improvement

Number	Area for Improvement	Associated risks	Response
1	Management should consider extending the declaration of interest process to Senior Officers in the interest of transparency and openness.	Risk management, transparency and openness, reputational.	Informal arrangements in place, Senior Officers already raise any conflicts of interest informally in meetings. Discussion at SMT will identify whether this should be formalised in the interests of transparency and openness.
2	The Corporate Risk relating to the organisational culture should be updated to include the assurances and activities currently in place.	Risk management	Escalate and update 30 April 2018

Agreed Actions

Number	Recommendation	Associated risks	Priority	Response
1	In the interests of transparency the gifts and hospitality register should be accessible to all officers and members, reminders issued regarding the process and the content published.	Risk management, compliance, counter fraud.	Medium	Should be accessible for everyone. Democratic Services Manager 30 April 2018
2	All employees and members should be made aware of their code of conduct responsibilities on a regular basis. Consideration should be given to this being a mandatory attendance training session.	Risk management, compliance, objectives.	Medium	Members are encouraged to attend but only training for members of regulatory committees is mandatory, we could consider different ways of providing training. Democratic Services Officer 31 July 2018. Employees code of conduct will be

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				incorporated into the e learning to be complete 30 June 2018.
3	Action should be taken to engage with employees to understand more about the results from the ethics survey. This should be incorporated into the staff survey follow up sessions.	Efficient and effective, objectives, risk management.	Low	HR Manager - 31 May 2018
4	The importance of ethical values and behaviours for everyone at Allerdale Borough Council should be incorporated into the Organisational Development Strategy.	Efficient and effective, objectives, risk management, counter fraud	Medium	Review of the What Great Looks Like Behaviours Framework is in progress. The HR Advisor delivering this project will include the ethical behaviours. 31 July 2018.
5	Member Declaration of Pecuniary Interest forms should be reviewed to ensure the questions are clear and easy to understand. The information provided should be reviewed by the responsible Officer to ensure accuracy and consistency.	Efficient and effective, objectives, risk management, counter fraud	Medium	Responsibility for completion is on the individual member. Democratic Services Manager will review the form to promote plain language and improve data quality. 31 July 2018.

Guide to the audit assurance opinions	
Comprehensive	There is a sound system of controls designed to meet objectives, manage risks and controls are consistently applied in all the areas reviewed.
Substantial	There is a good system of controls and risks are managed. However, there are opportunities for improvement in the design or consistency of application that will assist in the achievement of objectives identified as being at risk in the areas reviewed.
Limited	Key controls exist to help achieve objectives and manage principle risks. However, there are opportunities for improvement in the overall control environment which would enhance the design and application of controls, thereby assisting the achievement of objectives identified as being at risk in the areas reviewed.

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Minimal	The absence of basic key controls or the inconsistent application of key controls is so severe that the audit area is open to abuse or error. Risks to objectives are not being managed.
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Agreed action levels	
High	There is a control vulnerability that could result in failure to achieve corporate objectives, reputational damage, lead to material loss, exposure to serious fraud or failure to meet legal or statutory requirements. This includes material non-compliance with the Constitution, Financial Regulations or Council policies and procedures. Managers should address high priority recommendations urgently to rectify the situation.
Medium	The system or procedure lacks adequate control that could result in failure to achieve operational objectives, non-material loss, or non-compliance with departmental operational or financial procedures. This would also include minor non-compliance with Financial Regulations. Although not fundamental to system integrity these risks should be addressed promptly as the next priority.
Low	To implement this would be good practice to improve or enhance the system and the achievement of objectives. Several low risks in combination may give rise to concern.