

Report to the Audit and Governance Committee



**Epping Forest
District Council**

Report Reference: AGC-015-2020/21

Date of meeting: 9 December 2020

Portfolio: Leader of the Council

Subject: Internal Audit Monitoring Report November 2020

Responsible Officer: Sarah Marsh (01992 564446).

Democratic Services: Laura Kirman (01992 564273)

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Recommendations/Decisions Required:

- (1) The Committee notes the summary of the work of Internal Audit and the Corporate Fraud Team for the period September to November 2020**

Executive Summary:

This report updates Members on the work completed by Internal Audit and the Corporate Fraud Team since the September 2020 Audit and Governance Committee and provides the current position in relation to overdue recommendations.

Reasons for Proposed Decision:

Monitoring report as required by the Audit and Governance Committee Terms of Reference.

Other Options for Action:

No other options.

Report:

2020/21 Internal Audit Plan

- Current status of the 2020/21 Audit Plan, which had been stalled as a result of Covid-19 but is now progressing, is shown in appendix 1. Specialist services have been brought in to undertake a set number of audits to assist with completion of the Plan. One report has been finalised since the last Committee meeting in September.

Active Directory Management – moderate assurance

Examination of Active Directory (AD) security settings confirmed that password complexity

and minimum length had all been invoked together with robust restrictions on failed login attempts. However, testing identified that minimum password age and password history settings within the AD domain did not meet recommended best practice standards, increasing the likelihood of brute-force attacks allowing unauthorised access to data. Documented and automated procedures are in place for the removal of Council leavers' access rights and these are disabled promptly. A review of AD user access rights identified a number of dormant accounts that need to be disabled to prevent unauthorised access.

Audit policies within AD had been enabled to capture key events and these are encapsulated in the AD security log; although the size of the security log should be increased to meet Microsoft best practice and prevent audit logs being overwritten.

The audit identified some Microsoft Windows Server 2008 servers for which vendor support ceased in January 2020 and therefore no further security patches are provided by the software vendor to address any newly identified vulnerabilities. These had already been identified by IT who are considering whether these should be replaced or decommissioned to prevent denial of service attacks, and the priority of these.

Recommendation Tracker

2. The Audit and Governance Committee continues to receive details of all overdue recommendations, plus any high priority recommendations from final reports regardless of whether they are overdue or not.
3. The current tracker is shown at appendix 2 and contains three recommendations which have passed their due dates as detailed in table 1. The progress of all recommendations is actively monitored by Internal Audit with the assistance of the Corporate Governance Group.

Table 1. Summary of tracker as at November 2020.

Recommendation type	Number (November 2020)	Number (September 2020)	Number (July 2020)	Number (June 2020)	Number (March 2020)
High Priority not passed its due date	0	0	2	2	1
High Priority passed its due date	1	2	1	1	0
Medium Priority passed its due date	2	1	6	6	7
Low Priority passed its due date	0	5	7	7	4
Total	3	8	16	16	12

Other Internal Audit activities

4. Internal Audit has continued to provide advice and guidance in several business areas:

Covid-19 central government grants for businesses and individuals: Internal Audit and the Corporate Fraud Team continue in providing advice and assistance on the Local Authority Discretionary Grants Fund (LADGF) scheme, including pre- and post-award checks has recently come to end, with the Council mopping up the last few claims. Attention has now moved over to the new Test and Trace Support Payment scheme and other prosed

government initiatives

Finance related work: Internal Audit resource was being used to assist Finance with the reconciliation of the Small Business Grant Fund and Retail, Hospitality and Leisure Grant Fund payments to ensure payments are properly accounted for and to assist with returns to central government. Resource is now diverted to update the Revenue Account 2020/21 form submitted to central government and review the processes around the capitalisation of salaries costs within Housing.

Decision Making Accountability (DMA): Internal Audit is continuing to develop a schedule of corporate responsibilities for each layer of the management spine, reflecting the DMA principles used to design the Council's structure. This will ensure there is clarity and consistency of decision making at each management level and responsibility is attached to the role and not the individual. Discussions are ongoing with Service Managers to align processes with the DMA which will maintain operational effectiveness whilst ensuring accountability.

Corporate purchase cards: Internal Audit is facilitating discussions on the Council's approach to the use of purchase cards following the decision to use these routinely for low level spend.

National Fraud Initiative (NFI) 2020/21: Internal Audit is coordinating preparations for the 2020/21 NFI exercise. A revised protocol has been agreed with submission of the data taking place in October 2020. Matches are due out in January 2021.

Corporate Fraud Team Update

5. The Corporate Fraud Team (CFT) continue to proactively vet all Right to Buy applications submitted and a further three applications have been withdrawn following CFT intervention.
6. Working alongside colleagues in Housing, the CFT has been undertaking investigations into each succession application and have, in several instances, been able to establish that the application was either false or the applicant did not qualify to succeed to the tenancy. This has resulted in Housing being able to recover several properties with a view to placing them back into stock. The investigation of tenancy successions is seen as a vital part of tackling social housing fraud as it can mean that an applicant can effectively circumvent the entire application /waiting list process.
7. As mentioned earlier CFT continue to assist the Revenues Team in issues surrounding Covid-19 Business Grants.

Legal and Governance Implications:

None

Safer, Cleaner and Greener Implications:

None

Consultation Undertaken:

Corporate Governance Group

Background Papers:

2020/21 Audit and Resource Plan

Risk Management:

Failure to achieve the audit plan and poor follow up of audit recommendations may lead to a lack of assurance that internal controls are effective and risks properly managed, which ultimately feeds into the Annual Governance Statement.

Equality Analysis:

The Equality Act 2010 requires that the Public Sector Equality Duty is actively applied in decision-making. This means that the equality information provided to accompany this report is essential reading for all members involved in the consideration of this report. The equality information is provided at Appendix 3 to the report.