

C. Status of recommendation made in *Energy 2021* (Report 7: 2021–22)

Our report – *Energy 2021* (Report 7: 2021–22) – identified the following recommendation for energy sector entities. These entities have taken appropriate action on the recommendation, but we continue to identify significant control weaknesses in the security of information systems. As a result, this remains a recommendation for energy entities in 2022.

Information systems recommendation requires further action (all entities)		Status
REC 1	<p>Our only recommendation for the energy entities this year is that they address the security of their information systems. This was the same recommendation in <i>Energy 2020</i> (Report 11: 2020–21).</p> <p>While entities took appropriate action to resolve the issues we reported to them last year, the implementation of new information systems meant similar control weaknesses were identified this year.</p> <p>All entities must have strong security practices to protect against cyber attacks, fraud, error, and significant reputational damage. Our report on <i>Managing cyber security risks</i> (Report 3: 2019–20) provides information on effective management of cyber security risks and mitigation strategies.</p>	<p>Further action needs to be taken</p> <p>Energy entities resolved most prior year and current year deficiencies. However, we continue to identify significant control deficiencies relating to information systems, particularly with managing access to the systems. These new issues are usually in different systems or different entities to the ones we identified in previous years.</p> <p>Cyber attacks are a significant risk, with ongoing changes in entities' working environments due to new system implementations, internal restructuring, and high staff turnover.</p> <p>We recommend all energy entities continue implementing policies and processes to strengthen the security of their information systems.</p>

Where a general recommendation has been made for all entities to consider, we have assessed action on issues reported to specific entities in the prior year, as well as any further issues identified in the current year. On this basis, we have concluded whether *appropriate action has been taken* across the sector, or if *further action needs to be taken* to address the risk identified.

Status	Definition
Appropriate action has been taken	Recommendations made to individual entities have been implemented, or alternative action has been taken that addresses the underlying issues and no further action is required. No new issues have been identified across the sector that indicate an ongoing underlying risk to the sector that requires reporting to parliament.
Further action needs to be taken	Recommendations made to individual entities have not been fully implemented, and/or new recommendations have been made to individual entities, indicating further action is required by entities in the sector to address the underlying risk.