INTERNAL AUDIT: INFORMATION TECHNOLOGY UPDATE REPORT

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1.   Summary

1.1   The Audit Service Manager qualified her Head of Internal Audit Opinion in June 2014 based on the increase in terms of numbers and direction of travel of the assurances provided on the IT infrastructure systems. Since then, Members will recall that at the last Audit Committee they requested and received a management report on the implementation of IT control improvements. The Head of Service Support, Marketing and Engagement provided members with an update on work being undertaken to ensure that the ICT infrastructure was, and continued to be, fit for purpose, robust and PSN compliant. The Committee was advised that the ICT Governance Framework would in future be monitored by the Information Governance Group to ensure the appropriate measures were in place to meet legal and external compliance requirements and to ensure appropriate business continuity measures were in place.

1.2   This report provides members with details of the work undertaken on the IT control environment between April and October 2014 by Internal Audit. The results of which will help to inform the Audit Service Manager's year end opinion. The report is based on audit reviews conducted to date and aims to demonstrate the direction of travel in order that members can consider any further actions required by IT managers in managing any further control improvements. There are further IT reviews to be conducted that will add to the overall assessment.

1.3   On 71% of the follow up audits, undertaken to November 2014, management has made good progress on implementing the agreed control improvements required. These audit areas achieved a higher level of assurance than in 2013/14. However, two audits; Business Continuity, Server Consolidation and Physical and Environmental Controls achieved the same unsatisfactory audit opinion as in 2013/14 and work is required to mitigate the ongoing risks identified.

1.4   Of the 20 planned audits undertaken up to November 2014, 14 related to IT infrastructure areas. Of these fourteen, 57% were limited and unsatisfactory assurance.

2.   Recommendations

The Committee is asked to consider and endorse, with appropriate comment, the contents of the Internal Audit (IT) update report and to consider if they require any further project updates from the relevant managers in seeking ongoing assurance of improvements to the IT control environment.

REPORT

3. Risk Assessment and Opportunities Appraisal

3.1 IT forms part of the larger annual audit plan and audit reviews are based on a clear risk methodology linked to the Council's strategic risks. In particular, the IT planned audit work provides independent assurance against management progress in mitigating identified IT risks. One of the Council's highest risks is recognised as: "Failure to implement robust ICT solutions and resilience to support the direction of travel results in significant impact on access to, and management of, material systems and ultimately service delivery".

3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998 and the Accounts and Audit Regulations 2011.

3.3 There are no direct environmental, equalities, climate change or consultation consequences of this proposal.

4. Financial Implications

4.1   The IT Internal Audit service is provided within approved budgets and delivered by directly employed staff and contractors.

5. Background

5.1   At the June 2014 Audit Committee the Audit Service Manager qualified her overall opinion on the Council's internal control environment due to the increase in terms of numbers and direction of travel of the internal audit assurances provided on the IT infrastructure systems. Council application systems reviewed in 2013-14 were in the main given a reasonable or higher level of assurance, supportive that material application systems are generally well embedded, well administered and controlled. However, the IT infrastructure on which they operate presented a clear risk to service continuity.

5.2   This report is the IT related work of the Internal Audit team delivered during 2014/15 and seeks to provide an updated assurance level on the IT control environment.

6. Key Assurances

6.1   Audit assurance opinions are awarded on completion of audit reviews reflecting the efficiency and effectiveness of the controls in place, opinions are graded as follows:

Good	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is a sound system of control in place which is designed to address relevant risks, with controls being consistently applied.
Reasonable	Evaluation and testing of the controls that are in place confirmed that, in the areas examined, there is generally a sound system of control but there is evidence of non-compliance with some of the controls.

Limited	Evaluation and testing of the controls that are in place performed in the areas examined identified that, whilst there is basically a sound system of control, there are weaknesses in the system that leaves some risks not addressed and there is evidence of non-compliance with some key control.
Unsatisfactory	Evaluation and testing of the controls that are in place identified that the system of control is weak and there is evidence of noncompliance with the controls that do exist. This exposes the Council to high risks that should have been managed.

6.2 In total 24 IT Audit final reports were issued in 2013/14. Where assurances for IT audit reviews were rated unsatisfactory or limited, time was put into the current year plan to conduct follow up work on the agreed management action plans. For audit areas attracting reasonable and good assurances managers are asked to provide an update on recommendation implementation six months after the audit. Full details appear in tables one to three appearing later in this report. This report provides data on follow up IT audit reviews undertaken by Internal Audit.

6.3 Ten unsatisfactory and limited assurance opinions were issued in 2013/14 all of which will be followed up by a formal audit review.

- The iSupport HR Forms Processing audit was followed-up within 2013/14 and given a reasonable level of assurance.

- The hardware replacement programme follow-up audit will be completed in quarter four to allow for management to implement recommendations as agreed.

- The CIVICA Environmental Health Application is currently being decommissioned; as such this audit has not been completed. The audit days allocated to this will be used on the Uniform application which replaces aspects of this system to provide assurance to members and management.

This left seven areas to be reviewed in 2014/15.

6.4 **Table 1** shows the follow-up audits undertaken including a direction of travel from the previous audit opinion to the current audit opinion.

Table 1
Audit opinion and recommendations made on IT Audit follow-up work to October 2014

Audit Area	2013/14 Assurance	2014/15 Assurance	Report status	Direction of Travel	Number of recommendations made 2014/15			
					BP[1]	RA[2]	S[3]	F[4]
Infrastructure								
Business Continuity/ Server Consolidation	Unsatisfactory	Unsatisfactory	**Final**	**=**	0	0	8	1
Physical and Environmental Controls	Unsatisfactory	Unsatisfactory	**Final**	**=**	0	2	2	0
				Subtotal:	0	2	10	1
Application systems								
Project management arrangements	Unsatisfactory	Limited	**Final**	↑	0	0	2	0
Lotus Notes Decommissioning	Unsatisfactory	Reasonable	**Final**	↑	0	1	0	0
Database Access/ Admin/ Management	Limited	Reasonable	**Final**	↑	0	0	3	0
SAMIS	Limited	Reasonable	**Final**	↑	0	5	1	0
Northgate - Revenues and Benefits Application	Limited	Reasonable	**Final**	↑	0	2	4	0
				Subtotal:	0	8	10	0
				Total:	**0**	**10**	**20**	**1**

6.5   Of the seven follow-up audits undertaken between April and October 2014, five show a positive direction of travel in assurance levels.

6.6   Business continuity and physical environmental controls have received an unchanged unsatisfactory assurance level. Recommendations made in these audits were accepted by management and action agreed for their implementation. These areas are fundamental to the operations of Shropshire Council.

[1] Best Practice
[2] Requires Attention
[3] Significant
[4] Fundamental

6.7 **Table 2** shows the planned audits undertaken including the current audit opinion.

Table 2:
Audit opinion and recommendations made on IT Audit work to October 2014

Audit Area	2014/15 Assurance	Report status	Number of recommendations made 2014/15			
			BP	RA	S	F
Infrastructure						
Disposal of IT Equipment	Unsatisfactory	**Final**	1	2	11	2
Patch Management	Limited	**Final**	0	1	6	0
IT Business Support	Limited	**Final**	0	3	6	0
IT Registration & Deregistration Procedures	Limited	**Final**	0	5	4	0
Helpdesk Procedures	Limited	**Final**	5	3	8	0
Hosted Services	Limited	**Final**	0	0	3	0
Network Perimeter Defences	Limited	**Final**	0	0	6	0
IT Project Financing and Recharges	Limited	**Final**	0	1	1	0
IT Change Management	Reasonable	**Final**	0	2	0	0
Mobile device management	Reasonable	**Final**	9	2	1	0
IT Security Management Review	Reasonable	**Final**	0	4	2	0
IT Strategy	Reasonable	**Final**	2	1	1	0
Legacy Operating Systems	Reasonable	**Final**	1	3	0	0
Remote Access CITRIX and VPN	Reasonable	**Final**	1	3	0	0
		Subtotal:	19	30	49	2

Application Systems						
Audit Area	**2014/15 Assurance**	**Report status**	**Number of recommendations made 2014/15**			
			BP	RA	S	F
CM2000 Electronic Homecare monitoring - application review	Limited	**Final**	0	5	14	0
CareFirst Application Review	Limited	**Final**	0	2	6	0
Registrars Booking System Zipporah Application	Reasonable	**Final**	0	2	4	0
End User Computing - Mgt Arrangements	Reasonable	**Final**	1	5	3	0
Resourcelink- HR Application Review	Reasonable	**Final**	0	1	1	0
Microsoft Lync	Reasonable	**Final**	0	1	1	0
		Subtotal:	1	16	29	0
		Total:	20	46	78	2

6.8   Of the 14 planned IT infrastructure related audits undertaken between April and November 2014, 57% were limited and unsatisfactory assurance and 43% reasonable assurance.

6.9   Of the six planned application system related audits undertaken between April and October 2014, 67% were given a reasonable level of assurance with 33% given limited assurance.   No application audits completed were given unsatisfactory assurance.

6.10 Members should use the information in this report to consider if they require any further project updates from IT managers in seeking ongoing assurance of improvements to the IT control environment.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

- Audit Committee, 26 June 2014, Internal Audit Annual Report 2013/2014
- Audit Committee, 18 September 2014, Management Report on the Implementation of IT Control Improvements and Risks
- Public Sector Internal Audit Standards 2013
- Accounts and Audit Regulations 2011
- Audit Committee, 27 March 2014 IT Audit plan: Draft Internal Audit annual plan 2014/15

Cabinet Member (Portfolio Holder) Keith Barrow (Leader of the Council) and Brian Williams (Chairman of Audit Committee)

Local Member n/a

Appendices n/a