SHROPSHIRE COUNCIL AUDIT SERVICES

FINAL INTERNAL AUDIT REPORT

IT 2016/17

Assurance Level	Reasonable

Customer	Nigel Evans - Director

Distribution	Neil Marston – IT Manager

Auditors	Barry Hanson

Fieldwork dates	December 2016
Debrief meeting	19 January 2017
Draft report issued	12 January 2017
Responses received	19 January 2017
Final report issued	20 January 2017

Introduction and Background

1. As part of the approved internal audit plan for 2016/17 Audit Services have undertaken a review of IT controls in place at West Mercia Energy.

2. This audit has been conducted in accordance with the Public Sector Internal Audit Standards.

3. Audit Services would like to express their thanks to the officers who assisted during the course of the audit.

Scope of the Audit

4. The scope, incorporating the objectives of the audit, was agreed with key contacts at the commencement of the audit.

   To follow up the recommendations made in the 2015-16 audit and to complete a high level review covering IT related contracts and documentation/procedures in respect of IT administration and the billing system.

5. Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved:
   • To ensure that the recommendations made in the 2015-16 Audit have been implemented as per the original management response.
   • Appropriate IT support contracts are in place covering WME critical business operations.
   • Appropriate documentation exists in respect of IT administration support and IT procedures for the billing system.
   • Appropriate IT contingency arrangements and service continuity processes are in place.

6. The audit was delivered on time and within budget.

Audit Opinion

7. An opinion is given on the effectiveness of the control environment. This indicates the level of assurance that can be given based upon testing and evaluation of the system. This opinion will be reported to the Joint Committee and will inform the Annual Governance Statement which is included in the Annual Statement of Accounts. There are four levels of assurance; Good, Reasonable, Limited and Unsatisfactory.

   As a result of the evaluation and testing of the controls that are in place in the areas examined, from work undertaken Audit Services are able to give the following assurance opinion:

Reasonable	There is generally a sound system of control in place but there is evidence of non-compliance with some of the controls

8. Responsibility for the maintenance of a sound system of internal control rests with management. The audit process is designed to provide a reasonable chance of discovery of material weaknesses in internal control by means of sample testing. It cannot however guarantee absolute assurance against all material weaknesses, the overriding of management controls, collusion, or instances of fraud or irregularity.

9. Audit recommendations are rated Fundamental, Significant, Requires Attention or Best Practice according to their level of priority. Details are included in the Exception Report provided to management and the Action Plan attached at **Appendix 1**. Implementation of these recommendations will serve to address the risks identified and enhance the procedures that are currently in place. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
4	0	0	4	0

10. The review identified the following areas where appropriate management controls were in place and operating satisfactorily and, upon which, positive assurance can be given:

✓	To ensure that the recommendations made in the 2015-16 Audit have been implemented as per the original management response.
✓	Appropriate IT support contracts are in place covering the WME critical business operations.
✓	Appropriate documentation exists in respect of IT administration support and IT procedures for the Billing system.
✓	Appropriate IT contingency arrangements and service continuity processes are in place.

Audit work revealed control weaknesses which, whilst not deemed to be fundamental or significant, limit the level of assurance in the following areas:
- To ensure that the recommendations made in the 2015-16 Audit have been implemented as per the original management response.
- Appropriate documentation exists in respect of IT administration support and IT procedures for the Billing system.

11. Recommendations accepted by management at the previous audit have been reviewed and are detailed below:

Number of recommendations accepted by management at the last audit	2
Recommendations implemented	1
Recommendations partially implemented	1
Recommendations superseded	0
Recommendations not actioned	0

Reasonable progress has been made in the implementation of previous recommendations. Recommendations which remain outstanding are included in the attached Exception Report and Action Plan.

Audit Approach

12. The approach adopted for this audit included:
    - Review and documentation of the system.
    - Identification of key controls.
    - Follow up of previous recommendations.
    - Tests of controls to confirm their existence and effectiveness.
    - Evaluation of the controls and identification of weaknesses and potential risks arising from them.

13. Internal Audit report only by exception; the exception report provided to management identifies only those areas where control evaluation and audit testing revealed control weaknesses and or errors. Recommendations to improve controls or enhance existing practice are detailed against each exception and the associated risk, and are also included in the Action Plan at **Appendix 1**. A more detailed report covering all of the work undertaken can be provided on request, but this is only available in a working paper note format.

14. In accordance with the Public Sector Internal Audit Standards, recommendations will be followed up to evaluate the adequacy of management action that has been taken to address identified control weaknesses.

Ceri Pilawski
Head of Audit

ACTION PLAN FOR IT AUDIT 2016/17

Rec Ref.	Rec No.	Recommendation	Rec Rating	Accepted Yes/No/ Partially	Management Response	Lead Officer	Date to be Actioned
1.1	1	Open issues on the IT Issues log should be reviewed and closed down as soon as possible.	Requires Attention	Yes	Agreed – all new issues will be logged via the Telford and Wrekin (T&W) hosted Self-Serve portal. With regards the issues on the Issues Log spreadsheet, these will be closed where appropriate and for those still outstanding updated comments will be added.	Neil Marston	Jan 2017
3.1	2	Procedures and reference documentation supporting business IT operations should be reviewed and updated as appropriate. This should be recorded along with a future review date. As part of this process, a check should be undertaken to ensure that any new or recently added services or processes are appropriately documented.	Requires Attention	Yes	WME and T&W ICT working together to update and improve documentation.	Neil Marston	June 2017
3.2	3	All WME domain user accounts	Requires	Yes	WME will contact	Neil	March 2017

Rec Ref.	Rec No.	Recommendation	Rec Rating	Accepted Yes/No/ Partially	Management Response	Lead Officer	Date to be Actioned
		should be reviewed. Appropriate parameters should be applied to force password changes in line with the default domain security policy. All higher privilege account passwords should be changed as a priority.	Attention		Shropshire Council to change the admin accounts, service user accounts and firewall under the current service level agreement arrangements. WME to liaise with Microsoft regarding changes to passwords for Office365. The parameters in active directory will be updated once the procedure is in place.	Marston	
3.3	4	Procedures and reference documentation supporting the billing system should be reviewed and updated as appropriate. This should be recorded along with a future review date. As part of this process, a check should be undertaken to ensure that any new or recently added services or processes are appropriately documented.	Requires Attention	Yes	WME and T&W ICT working together to update and improve documentation.	Neil Marston	June 2017