

Division(s): N/A

ITEM 9

AUDIT and GOVERNANCE COMMITTEE – 16 September 2020

INTERNAL AUDIT 2020/21 PROGRESS REPORT

Report by the Director of Finance

RECOMMENDATION

1. The committee is RECOMMENDED to note the progress with the 20/21 Internal Audit Plan and the outcome of the completed audits.

EXECUTIVE SUMMARY

2. This report provides an update on the Internal Audit Service, including resources, completed and planned audits. A separate update on the Counter Fraud Strategy will also be made to the September Committee.
3. A full update on resources was made to the Audit and Governance Committee in May 2020 as part of the Internal Audit Strategy and Plan for 2020/21. Since then the recruitment activity which had been paused due to covid-19 has re-commenced for a Senior Auditor. Recruitment has also now started for an Assistant Auditor Trainee post; the successful candidate will be supported to undertake an Internal Audit apprenticeship.
4. The report includes the Executive Summaries from the individual Internal Audit reports finalised since the last report to the July 2020 Committee. Since the last update, there has been a further Red report issued, within Childrens – Audit of SEND (Special Educational Needs and / or Disabilities). Officers attended the September AWG meeting where the findings and action plan were considered in detail by the group.
5. Previous reports with the grading of Red continue to be monitored by the Audit Working Group for implementation.

PROGRESS REPORT:

RESOURCES

1. A full update on resources was made to the Audit and Governance Committee in May 2020 as part of the Internal Audit Strategy and Plan for 2020/21.
2. Since then the recruitment activity which had been paused due to covid-19 has re-commenced for a Senior Auditor, with the advert posted and closing date mid-September.
3. Recruitment has also now started for an Assistant Auditor Trainee post; the successful candidate will be supported to undertake an Internal Audit apprenticeship. Again, the advert has been posted and closing date mid-September.
4. The Senior Auditor and Audit Manager continue to undertake professional study, undertaking the Chartered Internal Audit Qualification. They both have one more exam to complete. We are now supporting the other two Senior Auditors, who are now undertaking the Certified Internal Audit Qualification.

2020/21 INTERNAL AUDIT PLAN - PROGRESS REPORT

5. The 2020/21 Internal Audit Plan, which was agreed at the July Audit & Governance Committee, is attached as Appendix 1 to this report. This shows current progress with each audit. The plan and plan progress is reviewed quarterly with the individual directorate leadership teams.
6. There have been 4 audits concluded since the last update (provided to the July meeting of the Audit and Governance Committee); summaries of findings and current status of management actions are detailed in Appendix 2. The completed audits are as follows:

Directorate	2020/21 Audits	Opinion
Customers & Org Dev – IT	IT Disaster Recovery Planning	Amber
Childrens	Troubled Families – 20/21 – Claim 1	n/a
Childrens	Childview IT Application Audit	Amber
Childrens	SEND	Red

PERFORMANCE

7. The following performance indicators are monitored on a monthly basis.

Performance Measure	Target	% Performance Achieved for 20/21 audits (as at 18/8/20)	Comments
Elapsed time between start of the audit (opening meeting) and Exit Meeting.	Target date agreed for each assignment by the Audit manager, stated on Terms of Reference, but should be no more than 3 X the total audit assignment days (excepting annual leave etc)	75%	Previously reported year-end figures: 2019/20 61% 2018/19 69% 2017/18 80% 2016/17 60%
Elapsed Time for completion of audit work (exit meeting) to issue of draft report.	15 days	75%	Previously reported year-end figures: 2019/20: 74% 2018/19 82% 2017/18 95% 2016/17 94%
Elapsed Time between issue of Draft report and issue of Final Report.	15 days	75%	Previously reported year-end figures: 2019/20: 74% 2018/19 85% 2017/18 92% 2016/17 75%

The other performance indicators are:

- % of 2019/20 planned audit activity completed by 30 April 2021 - reported at year end.
- % of management actions implemented (as at 18/8/20) - 63%.
Of the remaining there are 6% of actions that are overdue, 6% partially implemented and 25% of actions not yet due.

(At May 2020 A&G Committee the figures reported were 74% implemented, 11% overdue, 11% partially implemented and 4% overdue)

- Extended Management Team satisfaction with internal audit work - reported at year end.

COUNTER-FRAUD

8. The 2020/21 Counter-Fraud Strategy will be presented as a separate update to the September Committee.

SARAH COX

Chief Internal Auditor

Background papers: None.

Contact Officer: Sarah Cox: 07393 001246

APPENDIX 1 - 2012/21 INTERNAL AUDIT PLAN - PROGRESS REPORT

Audit	Planned Qtr Start	Status as at 18/8/20	Conclusion
Corporate / Cross Cutting			
Covid-19 funding / payments – where requested we are reviewing and advising on processes being established, providing assurance on some of the payments and reliefs made.	Q2	Fieldwork	
Commercial Development, Assets and Investments			
Contract Management – Payments by Results Contracts (sample across services) - (Combined Audit and Counter Fraud activity)	Q3	Not started	
Property, Investment & Facilities Management	Q3/Q4	Not started	
Communities			
Highways Contract Management	Q1	Fieldwork	
Communities / Place and Growth / Finance			
Capital Programme – Governance, Formulation and Prioritisation	Q4	Not started	
Finance			
Payroll	Q1	Fieldwork	
Pensions Administration	Q3/Q4	Not started	
Combined audit & counter fraud reviews of financial systems / processes – areas to be determined based upon risk.	Q3/Q4	Not started	
Childrens			
Childrens Payments via Controcc/LCS Recording – Follow up audit	Q4	Not started	
Management of Placement Vacancies	Q3	Not started	
Family Safeguarding Plus – Financial Management	Q4	Not started	
Troubled Families (3 claims)	Q1-Q4	July Claim - complete	n/a
ICT new system implementation - Children's Education System (including design of internal controls / processes, including IT security controls)	Q3/Q4	Not started	
ICT – Application audit - Childview System (OYJS)	Q1	Final Report	Amber

SEND (audit started at the end of 2019/20, c/f to 20/21 due to covid-19)	Q1	Final Report	Red
Carterton Community College	Q1	Fieldwork	
Adults			
Order of St Johns Contract	Q3	Not started	
Mental Health – Outcomes Based Contract Contribution	Q2	Scoping	
Client Charging	Q4	Not started	
Payments to Providers	Q4	Not started	
Customers & Organisational Development			
Cultural Services – Music Service	Q3	Not started	
Corporate - Risk Management	Q4	Not started	
Customers & Organisational Development – ICT			
ICT Incident Management	Q3/Q4	Not started	
ICT Disaster Recovery Planning	Q1	Final Report	Amber
ICT Asset Management	Q3/Q4	Not started	
ICT Web Portals	Q3/Q4	Not started	
Grant Certification			
Various (approx. 10 for OCC)	Q1-Q4	Better Broadband Programme – complete June 2020.	n/a

APPENDIX 2 - EXECUTIVE SUMMARIES OF COMPLETED AUDITS

Summary of Completed Audits 2020/21 since last reported to Audit & Governance Committee July 2020

IT Disaster Recovery Planning 20/21

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
IT Business Continuity (Non-DR)	A	0	3
Corporate IT Priorities	G	0	1
ICT Disaster Recovery Plans	A	0	6
Testing of Plans	A	0	1
		0	11

Opinion: Amber		
Total: 11	Priority 1 = 0	Priority 2 =11
Current Status:		
Implemented	0	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	11	

An internal audit of corporate business continuity planning was undertaken in 2018/19 and followed up in 2019/20. The scope of these reviews did not include IT Services and hence it was included within this audit to see how IT Services have planned for the continuation of its operational services in the event of a major incident. A Business Impact Analysis has been completed to identify essential services and activities using templates issued by the Emergency Planning team. However, we have identified that not all service lines were included within the Business Impact Analysis and those that are have not been fully assessed or prioritised for recovery.

The corporate Business Continuity Steering Group, which is attended by IT Services, agreed on a list of priority IT applications in November 2019. A list of these applications is published on the Intranet and held by IT Services within their disaster recovery documentation, although we found differences between the two lists. The

document held by IT Services is an older version and hence there is a risk they will work from an out-of-date list, which may impact on IT system recoveries.

The recent Datacentre Refresh project made a number of changes to IT disaster recovery arrangements, including the move to cloud-based recovery. Microsoft Azure Site Recovery (ASR), which is Disaster Recovery as a Service (DRaaS), is used for the most critical business applications e.g. those categorised as Priority 0 and Priority 1. However, because of the cost of the service it is not feasible to use it for all applications and hence Priority 2 and lower applications use a different cloud recovery method. The difference between the two is the speed in which a recovery can be performed, with ASR having a much quicker recovery time.

ICT Services have a documented Business Continuity Plan and an associated Roles and Responsibilities plan. Whilst both documents have been recently reviewed there is no evidence they have been approved. We found gaps in technical recovery documentation which may hinder the recovery of IT infrastructure and applications or leave key person dependencies. There is a DR Teams site in Office 365 for all disaster recovery documentation, but we found that some of the required documents are not held there and others are out-of-date. A Recovery Team has been identified but we found that not all members are aware of their responsibilities.

Disaster recovery testing has been limited to performing server recoveries within ASR. Application level testing has not been undertaken to confirm that users can login and access applications after they have been recovered. There is also no documentation of the testing completed to confirm what was tested, objectives, issues, recommendations for improvement or critical success factors.

Troubled Families Claim 1 2020/21

The July 2020 claim consisted of **192 families for Significant & Sustained Progress (SSP)**. A further 38 families, that were reviewed by Internal Audit in March 2020 but were not submitted within that claim as the maximum number had been reached, were claimed for in June as agreed with MHCLG, bringing the total for the year so far to 230.

The audit checked a sample of 10% of the total SSP claim to ensure that they met the relevant criteria for payment and had not been duplicated in the current or previous claims. Their initial eligibility criteria for inclusion in the Programme were also checked.

Overall Conclusion

The audit noted the improvements in the internal processes for data checking and validation made following previous claims have remained effective. Testing for duplicates found no families that have previously been claimed for, and no issues were identified with the eligibility or sustained progress of the families sampled.

Following satisfactory responses being received for all queries raised by Internal Audit, the claim was signed off for submission. As such, no audit findings or management actions were raised.

Childview IT Application Audit 20/21

Overall conclusion on the system of internal control being maintained	A
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
Logical Access	A	0	3
Access Rights	R	2	4
Audit Trails	A	0	1
Data Transfer	A	0	1
Support and Maintenance	G	0	0
Backups	G	0	0
		2	9

Opinion: Amber	10 August 2020	
Total: 4	Priority 1 = 2	Priority 2 = 9
Current Status:		
Implemented	2	
Due not yet actioned	0	
Partially complete	0	
Not yet Due	9	

The Childview IT application is a Priority 1 corporate system that is used within the Oxfordshire Youth Justice Service (OYJS) and holds sensitive personal data on young people aged between 10-18 years old. The system is accessed via a web browser and requires users to enter a valid username and password.

There is an adequate password policy on the system but we found that users are allowed an excessive number of failed logins before their account is locked out. There is also no record of when the password to the default administrator account was last changed and hence a risk that it is known beyond the current authorised users of the account.

Access rights within the system are defined via security groups and each user is allocated one or more of these groups, depending on their role. The security groups are not documented in terms of the access they provide and who they should be allocated to and we also found an excessive number of users in the 'Full Access'

group, which provides the highest level of privileges within the system. Access rights are not subject to any formal review to ensure users have the correct level of access. New user accounts are created on the basis of 'line manager' approval, which can be approval at any supervisory level and does not ensure senior management oversight. We also found that the system administration responsibilities of ICT Services are not formally documented and agreed.

Data transfers to the Youth Justice Board (YJB) are undertaken securely within the Childview application. However, we found that the procedure for carrying out the quarterly data transfer to the YJB is not documented and hence may leave a key person dependency risk.

There is a comprehensive audit trail on the system which is configured to log an extensive number of user activities. However, there are no details on the retention of audit log data and hence a risk that such data may be deleted prematurely and is not available to investigate a security incident or data breach.

The system has an annual support and maintenance contract, which includes diagnosis and rectification of faults as well as software changes to meet any changes in legislation.

The system is backed up by ICT Services and it was confirmed that there is a daily backup of both the database server and the application server.

SEND 2020/21

The full audit report has been previously shared with Audit & Governance members, distributed with Audit Working Group papers and was considered at the September meeting. See report of the AWG 9/9/20.

Overall conclusion on the system of internal control being maintained	R
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RISK AREAS	AREA CONCLUSION	No of Priority 1 Management Actions	No of Priority 2 Management Actions
A: Governance, Policies & Procedures	A	0	5
B: Finance, Budget Monitoring & Control	A	3	7
C: Process & Decision Making	R	2	8
D: Performance Management & Management Information	A	3	4
E: Commissioning & Procurement	R	6	3
		14	27