Eastern Internal Audit Services

North Norfolk District Council

Progress Report on Internal Audit Activity

Period Covered: 26 February 2021 to 7 June 2021

Responsible Officer: Faye Haywood – Internal Audit Manager for North Norfolk District Council

CONTENTS

1.   INTRODUCTION

1.1   This report is issued to assist the Authority in discharging its responsibilities in relation to the internal audit activity.

1.2   The Public Sector Internal Audit Standards also require the Chief Audit Executive to report to the Audit Committee on the performance of internal audit relative to its plan, including any significant risk exposures and control issues. The frequency of reporting and the specific content are for the Authority to determine.

1.3   To comply with the above this report includes:

- Any significant changes to the approved Audit Plan;
- Progress made in delivering the agreed audits for the year;
- Any significant outcomes arising from those audits; and
- Performance to date.

2.   SIGNIFICANT CHANGES TO THE APPROVED INTERNAL AUDIT PLAN

2.1   At the meeting on 4 August 2020 the revised Internal Audit Plan 2020/21 for the year was approved due to unprecedented circumstances surrounding the Covid-19 Pandemic. Since the plan was approved at the August Committee meeting there has been no further changes made to the revised internal audit plan.

3.   PROGRESS MADE IN DELIVERING THE AGREED AUDIT WORK

3.1   The current position in completing audits to date within the financial year is shown in **Appendix 1**.

3.2   In summary 145 days of programmed work has now been completed, equating to 100% of the revised Internal Audit Plan for 2020/21.

3.3   The Executive Summary of all reports issued in this period can be found at **Appendix 2.**

4.   THE OUTCOMES ARISING FROM OUR WORK

4.1   On completion of each individual audit an assurance level is awarded using the following definitions:

Substantial Assurance: Based upon the issues identified there is a robust series of suitably designed internal controls in place upon which the organisation relies to manage the risks to the continuous and effective achievement of the objectives of the process, and which at the time of our review were being consistently applied.

Reasonable Assurance: Based upon the issues identified there is a series of internal controls in place, however these could be strengthened to facilitate the organisation's management of risks to the continuous and effective achievement of the objectives of the process. Improvements are required to enhance the controls to mitigate these risks.

Limited Assurance: Based upon the issues identified the controls in place are insufficient to ensure that the organisation can rely upon them to manage the risks to the continuous and effective achievement of the objectives of the process. Significant improvements are required to improve the adequacy and effectiveness of the controls to mitigate these risks.

No Assurance: Based upon the issues identified there is a fundamental breakdown or absence of core internal controls such that the organisation cannot rely upon them to manage

risk to the continuous and effective achievement of the objectives of the process. Immediate action is required to improve the controls required to mitigate these risks.

4.2   Recommendations made on completion of audit work are prioritised using the following definitions:

Urgent (priority one): Fundamental control issue on which action to implement should be taken within 1 month.

Important (priority two): Control issue on which action to implement should be taken within 3 months.

Needs attention (priority three): Control issue on which action to implement should be taken within 6 months.

4.3   In addition, on completion of audit work "Operational Effectiveness Matters" are proposed, these set out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services. These are for management to consider and are not part of the follow up process.

4.4   During the period covered by the report five Internal Audit reports have been issued, two of these are in draft awaiting management responses as details by the table below;

Audit	Assurance	P1	P2	P3
Accounts Payable	Substantial	0	0	1
Payroll and HR	Substantial	0	0	2
Key Controls and Assurance	Reasonable	0	3	0
Private Sector Housing	Reasonable	0	1	2
Remote Access (DRAFT)	Reasonable	0	5	3

The Executive Summary of these reports are attached at **Appendix 2**, full copies can be requested by Members.

4.5   As can be seen in the table above as a result of these audits 17 recommendations have been raised for management attention.

4.6   In addition two operational effectiveness matters have been raised for management consideration.

4.7   Two position statements have been issued for Contract Standing Orders (exemptions) and Coronavirus Response and Recovery. The Coronavirus Response and Recovery report remains in draft at the time of writing however, the suggested improvements actions are summarised below: The full final Contract Standing Orders report is provided at **Appendix 3** of this report.

Coronavirus Response and Recovery

- Members be kept informed of progress against recovery plans.

- A lessons learnt exercise be undertaken and this, along with outcomes from the Norfolk Resilience Forum lessons learnt activity, be incorporated into the revised Business Continuity and Emergency Response Plans.

- Service area operating manuals and impact assessments be updated and used to feed into the recovery planning.

- Review the changes that have been made to how residents interact with the Council and consider which of them should be retained going forward. This should include consideration of the resource implications of different options.

- Review staff working arrangements, in terms of remote working, office working and flexibility around this, to ensure ongoing service provision. This should consider the knock-on resource implications, such as for IT equipment and office space, to ensure that adequate resources are available and that they are used efficiently.

- Review options for potential savings or increased income that have been identified, to help balance the budget in future years.

- As part of its strategic planning, the Council considers:
  - The implications for moving out of lockdown and how this will develop.
  - The resources required for the ongoing Covid-19 response, and for how long. For example, Covid-19 marshals, Track and Trace and Community Testing.
  - What the medium- to long-term new normal will look like.

- Consider what changes will need to be made to committee meetings to ensure ongoing compliance with regulations along with opportunities to agile working, once the current regulations cease on 7th May 2021.

5. PERFORMANCE MEASURES

5.1 The Internal Audit Services contract includes a suite of key performance measures against which TIAA is reviewed on a quarterly basis. There is a total of 11 indicators, over 4 areas.

5.2 There are individual requirements for performance in relation to each measure; however performance will be assessed on an overall basis as follows:

- 9-11 KPIs have met target = Green Status.
- 5-8 KPIs have met target = Amber Status.
- 4 or below have met target = Red Status.

Where performance is amber or red a Performance Improvement Plan will be developed by TIAA and agreed with the Internal Audit Manager to ensure that appropriate action is taken.

5.3 A report on the performance measures has been provided to the Head of Internal Audit showing significant delays have been experienced in finalising the work throughout 2020/21. All audits assigned have now been completed. However, delays have been experienced in finalising report with two in draft and issued to management at the time of writing. We have included these audits with our report to the Committee to give an early indication of the findings and overall assurance gradings where applicable.

APPENDIX 1 – PROGRESS IN COMPLETING THE AGREED AUDIT WORK

Audit Area	Audit Ref	No. of days	Revised Days	Days Delivered	Status	Assurance Level	Recommendations				Date to Committee
							Urgent	Important	Needs Attention	Op	
Quarter 2											
Assurance Mapping	NN2101	8	8	8	Final report issued 26 February 2021						Mar-21
TOTAL		**8**	**8**	**8**							
Quarter 3											
Corporate Governance	NN2102	4	4	4	Final report issued 6 January 2021	Reasonable	0	3	2	0	Mar-21
Accounts Payable	NN2103	12	12	12	Final report issued 13 April 2021	Substantial	0	0	1	0	June 21
Council Tax and NNDR	NN2104	15	15	15	Final report issued 16 February 2021	Substantial	0	0	0	0	Mar-21
Local Council Tax Support and Housing Benefit	NN2105	15	15	15	Final report issued 3 February 2021	Reasonable	0	1	2	0	Mar-21
Payroll and HR	NN2106	15	15	15	Final report issued 26 May 2021	Substantial	0	0	2	1	Jun-21
Procurement Contract Management	NN2107	10	10	10	Final report issued 10 February 2021	Position Statement					Mar-21
Addition Cromer Sports Hub	NN2112		8	12	Final report issued 26 February 2021	No Assurance	6	4	0	0	Mar-21
TOTAL		**71**	**79**	**83**							
Quarter 4											
Key Controls and Assurance	NN2108	10	10	10	Final report issued 13 May 2021	Reasonable	0	3	0	0	June 21
Coronavirus Response and Recovery	NN2109	15	15	15	Draft report issued 5 May 2021	Position Statement					June 21
Private Sector Housing DFG	NN2110	10	10	10	Final report issued 4 June 2021	Reasonable	0	1	2	1	June 21
CSO Exemptions - Addition	NN2113		8	8	Final report issued 13 May 2021	Position					June 21
TOTAL		**35**	**43**	**43**							
IT Audits											
Remote Access	NN2111	10	10	10	Draft report issued 11 May 2021	Reasonable	0	5	3	0	June 21
TOTAL		**10**	**10**	**10**							
Follow Up											
Follow Up	NA	5	5	5							
TOTAL		**5**	**5**	**5**							
TOTAL		**129**	**145**	**149**			**6**	**17**	**12**	**2**	
Percentage of plan completed				**103%**							

Assurance Review of the Accounts Payable Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies, procedures and systems	0	0	1	1
Total	**0**	**0**	**1**	**1**

No recommendations have been raised in respect of suppliers, purchase orders, payment of invoices, reconciliations or credit cards.

SCOPE

These key financial systems feed into the Statement of Accounts and require periodic full service reviews to confirm the adequacy and effectiveness of controls in these areas. The scope of the audit included policies, procedures and systems; new suppliers and changes to details; raising purchase orders; authorisation and payment of invoices; reconciliations; and use of credit cards.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'needs attention' recommendation being raised upon the conclusion of our work and one outstanding 'needs attention' recommendation from a previous audit.

- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

- The previous audit of Accounts Payable (NN/19/06), issued in March 2019, concluded in a 'Reasonable' assurance opinion, with two 'important' and three 'needs attention' recommendations being raised, indicating that there has been an improvement in the level of control.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- The supplier set-up and amendment form has been developed to capture Construction Industry Scheme (CIS), procurement and consultant information, thereby ensuring all the requisite information is captured.

- Controls within the system prevent the same invoice number being entered to the same supplier twice, thereby ensuring the same invoice is only paid once. Data was analysed during the audit to identify suspected duplicate invoices, and a review of a sample of these found they had already been identified and acted upon.

- Purchase orders are independently authorised in accordance with delegated levels of authority and goods receipted prior to payment. This ensures control is exercised over expenditure and purchases.

- Creditor control accounts reconciliations are promptly completed and independently checked with evidence retained of remedial action for any discrepancies identified.

ISSUES TO BE ADDRESSED

The audit has highlighted the following area where one 'needs attention' recommendation has been made.

Policies, procedures and systems

- A full review of procedures be undertaken, given the recent changes to working practices, to reduce the risk of outdated processes being followed.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to using the invoice register within eFinancials system.

Previous audit recommendations

The previous audit report on Accounts Payable (NN/19/06), issued in March 2019, contained two 'important' and three 'needs attention' recommendations. Four of these recommendations have been confirmed as implemented. The 'needs attention' recommendation that remains outstanding relates to the verification of purchase order authorisation levels in the Concerto estates system to ensure they remain compliant with the Council's delegation limits.

Other issues noted

An action point to review and update business continuity plans across the Council has been raised in the NN/21/09 Coronavirus Response and Recovery audit. The Finance team will need to review its own plans to ensure it is best prepared for future emergencies.

Assurance Review of the Payroll and Human Resources

Executive Summary

OVERALL ASSURANCE ASSESSMENT

SUBSTANTIAL ASSURANCE

Adequate & effective governance, risk and control processes

SUBSTANTIAL ASSURANCE

REASONABLE ASSURANCE

LIMITED ASSURANCE

NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures	0	0	0	1
Establishment	0	0	1	0
Training Agreements	0	0	1	0
Total	0	0	2	1

No recommendations were raised in relation to the following areas: legislative requirements, starters and leavers, pension contributions, payroll processing, changes to payroll records, reconciliations, officer and member expenses and turnover reporting.

SCOPE

The audit consisted of a regular review of payroll controls and additional testing relating to HR. Payroll controls tested included policies and procedures, legislative requirements, starters and leavers, changes to payroll records, pension contributions, reconciliations and payroll processing. HR testing focused on officer and members expenses, establishment training agreements and turnover reporting.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Substantial' in managing the risks associated with the audit. The assurance opinion has been derived as a result of two 'needs attention' recommendations being raised upon the conclusion of our work.

- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

- The previous report (NN/19/12) was issued in April 2019, with a 'Reasonable' assurance having raised three 'important' and five 'needs attention' recommendations. This report therefore represents a positive direction of travel.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Monthly returns are submitted to HMRC to ensure compliance with legislative requirements.

- Starters, leavers and changes are updated on the payroll in a timely manner and independently reviewed, to ensure accuracy of payroll data.

- Various reports, including errors and exceptions and net pay variance, are run and checked as part of the monthly pay run.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following areas where two 'needs attention' recommendations have been made.

Establishment

- Assistant Directors to review the establishment report for their service on a quarterly basis, to reduce the risk of incorrect data remaining on the payroll system.

Training Agreements

- The Training Indemnity List and Learning and Development Guide to be kept updated, to reduce the risk that training agreements may not be set up correctly or enforced.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relate to the following:

- Consideration be given to completing the Payroll Check List Procedure and Payroll Processing Miscellaneous notes as time allows.

Previous audit recommendations

The audit reviewed the previous internal audit recommendations, all of which have been confirmed as implemented.

Assurance Review of Key Controls and Assurance Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Treasury Management	0	1	0	0
Accounts Receivable	0	1	0	0
Cash Income and Receipts	0	1	0	0
Total	**0**	**3**	**0**	**0**

*No recommendations have been raised in respect of budgetary control, general ledger, budgetary control, control accounts, car parking and assurance framework.

SCOPE

An annual review of key controls that feed into the Statement of Accounts, for those systems not subject to an audit review within year, has been completed. This covered Accountancy Services (Asset Management, General Ledger, Control Accounts, Treasury Management, Budgetary Control and General Ledger), Accounts Receivable, Income and Receipt (Remittances), Car Parking Income and the Assurance Framework.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' recommendations being raised upon the conclusion of our work.
- The previous review of Key Controls and Assurance (NN/20/11), completed in March 2020, with the Final report issued in September 2020, concluded in a 'Substantial' assurance having raised one recommendation. This demonstrates a deterioration in the direction of travel compared to the previous review although in part can be attributed to the problems of remote working and increased workload engendered by Covid-19. We expect the level of control to recover once the pandemic has passed.

KEY FINDINGS

Key Controls Testing

There are a number of key controls within the fundamental financial systems that are required to be covered by internal audit each year, in order to support the Annual Governance Statement (AGS) and the Head of Internal Audit's Annual Report and Opinion.

The following audits were subject to full sample testing as part of this key controls audit:

- Accountancy Services (Asset Management, General Ledger, Control Accounts, Treasury Management and Budgetary Control)

- Accounts Receivable

- Income and Receipt (Remittances)

- Car Parking Income

- Assurance Framework

This audit will refer to the conclusions drawn from the following systems, where full year testing was applied in separate audits:

- Accounts Payable (NN/21/03) – Draft report issued 7th April 2021

- Council Tax and National Non-Domestic Rates (NN/21/04) – Final Report issued 16th February 2021

- Housing Benefit and Council Tax Support (NN/21/05) – Final Report issued 2nd February 2021

- Payroll and Human Resources (NN/21/06) – Draft Report to be issued in April 2021

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where three 'important' recommendations have been made.

Treasury Management

- Evidence of review of treasury management reconciliations needs to be retained.

Sundry Debtors

- The decision to formally suspension normal debt recovery processes should be formally documented and reported to Members including timescales for reintroduction.

Cash Income and Receipts

- Bank reconciliations need to be completed promptly after month end.

No operational effectiveness matters have been raised.

Other points noted

In addition to the points raised in this review, management need to consider referring to the outcomes of the reviews completed during the year, as part of the revised audits plans and the impact of Covid-19 on key financial and non-financial controls, when preparing the Annual Governance Statement for 2020/21.

The Council (Accountancy) post journals with a value of less than £100k to the ledger without independent authorisation. The Council is happy to continue to accept the risk associated with this policy.

Journals over £100,000 are recorded on a spreadsheet and authorised retrospectively at month-end. During Covid-19, with remote working, the authorisation process is via e-mail.

Outstanding Previous Recommendations

There are no recommendations outstanding from previous financial years relating to key controls.

Assurance Review of Private Sector Housing - Disabled Facility Grant Arrangements

Executive Summary

OVERALL ASSURANCE ASSESSMENT

Adequate & effective governance, risk and control processes

REASONABLE ASSURANCE

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures	0	0	0	1
Processing of Applications	0	1	0	0
Financial Management and Budget Monitoring	0	0	2	0
Total	**0**	**1**	**2**	**1**

SCOPE

Internal Audit last reviewed this area in 2016/17 where a reasonable assurance grading was given. We are required to periodically review this area to support the annual Head of Internal Audit grant certification.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of one 'important' and two 'needs attention' recommendations being raised upon the conclusion of our work.

- The audit has also raised one 'operational effectiveness matter', which sets out matters identified during the assignment where there may be opportunities for service enhancements to be made to increase both the operational efficiency and enhance the delivery of value for money services.

- The previous audit raised four 'needs attention' recommendations. The overall assurance opinion remains unchanged.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- Local guidance exists for processing Disabled Facilities Grant (DFG) applications that support national guidance, thus ensuring staff are aware of correct procedure.

- DFG applications are means tested and supporting evidence is retained. This helps ensure the completeness and accuracy of the application process.

- Annual invoices have been correctly raised and approved with supporting documentation evidenced.

- Budget monitoring was shown to be comprehensive and detailed.

ISSUES TO BE ADDRESSED

The audit has also highlighted the following area where one 'important' recommendation has been made.

Processing of Applications

Targets should be designed to evaluate the performance of the DFG process and reported quarterly. This recommendation has been rejected by management.

The audit has also highlighted the following areas where two 'needs attention' recommendations have been raised.

Policies and Procedures

Financial management and Budget Monitoring

- Reconciliation of DFG expenditure between Housing records and the general ledger to be completed on a quarterly basis. This recommendation has been rejected by management. A reconciliation will continue to be carried out annually.

- The reconciliation of this expenditure to the General Ledger should be reviewed promptly after completion and signed and dated.

Operational Effectiveness Matters

The operational effectiveness matters, for management to consider relating to the following:

- To update the Council's website for improved information on DFGs, including eligibility criteria and consider an on-line application process.

Previous audit recommendations

Internal Audit last reviewed this area in 2016/17 where a reasonable assurance grading was given. Four needs attention recommendations were raised during this review which have been confirmed as completed through our follow up process.

Other points noted

- The Council is required to submit an annual return to Norfolk County Council on DFG activity within the year, which is signed off by the Head of Internal Audit and the Chief Executive. The annual return for 2019/20 was duly completed. Sample testing was completed on activity for 2018/19 by the Internal Audit Manager (South Norfolk DC) although the annual return was not signed due to an unexplained discrepancy of £1,106,387. Subsequently, the former Corporate Director and Head of Paid Service, e-mailed the Chief Internal Auditor/Head of FCE Audit Authority for Norwich County Council on 31st October 2019 stating '*Internal Audit have carried out a review of our case files and are content with the appropriateness of all spend tested. In all material aspects, the attached Appendix is correct. To the best of our knowledge and belief, and having carried out appropriate investigations and checks, in our opinion, in all significant respects, the conditions attached to the Disabled Facilities Capital Grant Determination 2018/19 [number 31/3337] have been complied with in relation to the financial year beginning on 1st April 2018'. As joint Head of Paid Service, I am satisfied that the Council can therefore sign off the document, and I have attached my digital signature to the Appendix C above*'.

- Earlier on 31st October 2019, the Chief Technical Accountant had e-mailed the Chief Internal Auditor/Head of FCE Audit Authority for Norwich County Council advising of the discrepancy and that trying to resolve it was holding up formal sign-off / submission of the annual return.

- Throughout the course of the pandemic the Council had difficulties being able to maintain their usual procedure of acquiring at least two quotations before contracting the works. It was explained by the Assistant Director People Services that in some cases due to lockdown and furlough of contractors, a single quotation had to be used. Of the sample testing completed, one out of ten applications were shown to be processed with only one quotation. Although not usual practice, this is considered acceptable given the impact and knock-on effect during the Covid pandemic although should revert back to business as usual as the Covid restrictions are eased.

- Works have not been able to be inspected as usual during the pandemic. The Council has not been able to undertake any in-person inspections and has changed procedure to use phone calls to confirm satisfactory works completion. In all cases tested, a telephone call to confirm the completed works was shown to be recorded. This too is considered acceptable and may be implemented longer term with a sample of in-person inspections being undertaken on a risk basis.

DRAFT Assurance Review of Remote Access

Executive Summary

OVERALL ASSURANCE ASSESSMENT

REASONABLE ASSURANCE

- SUBSTANTIAL ASSURANCE
- REASONABLE ASSURANCE
- LIMITED ASSURANCE
- NO ASSURANCE

ACTION POINTS

Control Area	Urgent	Important	Needs Attention	Operational
Policies and Procedures	0	3	0	0
Remote Access Change Controls	0	1	0	0
Access Controls	0	1	3	0
Total	**0**	**5**	**3**	**0**

No recommendations were raised in the areas of Remote Access Monitoring and Network Protection.

SCOPE

An audit of the infrastructure and management of remote access has been carried out to provide assurance that IT systems are able to support the additional pressure placed on them from the Coronavirus Pandemic and provide assurance that continuous disruptions to BAU could be supported.

RATIONALE

- The systems and processes of internal control are, overall, deemed 'Reasonable Assurance' in managing the risks associated with the audit. The assurance opinion has been derived as a result of three 'important' and four 'needs attention' recommendations being raised upon the conclusion of our work.

POSITIVE FINDINGS

It is acknowledged there are areas where sound controls are in place and operating consistently:

- It was noted that users are required to acknowledge they have read the IT Security Policy on first logon to the network and to confirm they will comply with the terms of the policy each time they log on.
- Monitoring tools are in place and are used to provide real-time and historical reports of monitored network activity including reporting on gateways and tunnels, remote users, and network performance.
- Remote access connections are automatically logged and logs are retained for audit purposes.
- There are currently two main remote access solutions used by the Council. Access to the network is provided primarily via Council issued devices using the Check Point VPN solution. There is also some use of personal devices with access provided using Barracuda/ CudaLaunch. The intention is to ultimately move the majority of users to Check Point and council issued devices to consolidate remote access processes and controls.
- It was noted that the Check Point VPN system features load balancing and high availability functions that distribute network traffic between clusters of redundant security gateways providing resilience and failover in case of failures.
- The Kaspersky Antivirus tool was found to be in use to protect the Council network from viruses and malware and this is kept regularly updated.
- An Intrusion Prevention System (IPS) is in place to detect and prevent attempts to exploit any vulnerabilities in the Council network.
- Penetration testing is performed on an annual basis as part of the annual IT Health Check exercise completed as a requirement of the Public Services Network (PSN) certification process.
- A monthly starters and leavers report is generated by HR and provided to ICT to ensure that all leaver accounts are disabled. Sample testing of leavers suggested that controls to disable a leaver's Active Directory (network) account are operating adequately and effectively.
- Remote users are required to authenticate to the network via the use of two factor authentication i.e. a valid AD password and the use of a token generated one time password.

ISSUES TO BE ADDRESSED

The audit has highlighted the following areas where five 'important' recommendations have been made.

Policies and Procedures

- There is a need to ensure that the ICT Security Policy is updated to reflect current process and controls around remote working.
- The Information Security Incident Management Policy and Procedure requires review and updating to reflect current processes and controls.
- A communications exercise is required on completion of the revised Information Security Incident Management Policy and Procedure to ensure all staff are aware of the correct process.

Remote Access Change Controls

- There is a recognised need to document the change control process and to perform retrospective change requests for major changes made as a result of the Covid-19 pandemic.

Access Controls

- A higher degree of activity logging should also be implemented for system administrators and other high privilege accounts that have levels of access to the IT systems beyond those of a normal user.

The audit has also highlighted the following areas where three 'needs attention' recommendations have been made.

Access Controls

- It was noted during the audit that there is no document detailing the end-to-end starters and leavers process.
- There is no documented requirement that third party/ contractor network accounts are automatically disabled to prevent the potential for misuse.
- Review of Active Directory user accounts identified the existence of an active default "Administrator" account.

Operational Effectiveness Matters

There are no operational effectiveness matters for management to consider.