

Matters arising from internal audit work completed during the period

1 Introduction

- 1.1 This report highlights key issues that the Audit and Governance Committee should be aware of in fulfilling its role of providing independent oversight of the adequacy of the council's governance, risk management and internal control framework. It sets out the issues arising from the work undertaken during the period to 28 February 2014 by the Internal Audit Service under the internal audit plan for 2013/14.
- 1.2 A full table of all the audit work currently planned, progressing and completed for 2013/14 was included at Appendix B of the progress report to the committee's meeting in January, setting out brief notes of the progress made on each project and the outcomes where reviews have been completed. This table has not been reproduced for this meeting, but notes on the outcomes of the reviews completed since January are set out below.

2 Key issues

- 2.1 As was reported in January, a number of service areas are experiencing delays in implementing the actions agreed as necessary to improve internal controls. Separate reports will be provided to the committee by the Executive Director of Children and Young People and the Executive Director of Adult Services, Health and Wellbeing of the actions in progress and completed.
- 2.2 In addition, the Assistant Chief Executive is taking forward work with the Human Resources team to begin to address controls that are reliant upon the actions of managers across the council as well as on effectiveness of the Oracle HR/ Payroll and expenses systems. Work will be undertaken with the Learning and Development Team to set out more closely the council's expectations of its managers in operating effective control mechanisms.
- 2.3 The work completed in the few weeks since the last progress report includes reviews of users' access to the network and of database security, both of which are strongly connected to information governance. The committee is already alert to concerns in this area and, whilst action is now being taken to resolve these, this audit work confirms the need to improve information security.

3 Work completed

- 3.1 The work completed and on which reports have been issued since the last report to the Audit and Governance Committee is as set out in the table below. Each area has been given a weighting to indicate the degree of risk associated with it.

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Audit area	Risk weighting	Assurance
Common controls: ICT controls		
Network user management	Moderate	Limited
Database security	Moderate	Limited
Service specific controls		
Customer Service Centre		
Care Connect	High	Substantial
Adult Services, Health and Wellbeing Directorate (ASHW)		
Non-residential care system	Moderate	Substantial
Residential care system payment and monitoring system	Moderate	Substantial
Directorate for Children and Young People (CYP)		
Working Together With Troubled Families Programme – funding claim submitted in January 2014	Low	Not applicable
Schools and colleges		
Data returns to the Education Funding Agency	Low	Not applicable
Liquid Logic		
Internal Audit support to the implementation projects in ASHW and CYP	High	Not applicable

3.2 The council's internal audit assessments for the year to date are set out in the table below. Of the five assurance reviews completed and reported during the period since 31 December 2013 for the county council, three have provided substantial assurance and two, both relating to ICT controls supporting information governance, have provided limited assurance. The report considered by the committee in January set out more fully the limited and nil assurance reports already issued earlier in the year.

Assurance provided	Number of audit reviews	Percentage of audit reviews
Full	0	0
Substantial	11	46%
Limited	11	46%
Nil	2	8%
Total	24	100%

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- 3.3 Brief information is provided about each piece of work completed since January is set out below.

ICT controls: network user management

- 3.4 We have provided limited assurance over the council's network user management controls. The ICT Services team is reliant on the council's managers to complete documentation accurately and on a timely basis to request enabling, amendment and deletion of users' Active Directory accounts.
- 3.5 Of the network accounts for all the individuals whose employment with the council ended between 1 June and 31 August 2013, approximately 50% were not disabled and there is a risk of unauthorised access to council data. Of the new user accounts sampled 39% were enabled after the employee's start date. Incomplete or inaccurate achieve forms meant that only 22% of change records could be matched with any degree of certainty against Active Directory organisational units.
- 3.6 As part of the council's improvement of information governance and security, the need for an identity management system has been identified, although the business case is being explored and developed. Until this has been resolved, no further actions have been agreed.

ICT controls: database security

- 3.7 We have provided limited assurance over database security having re-performed a number of tests on the ISSIS, Oracle Enterprise Resource Planning (ERP) and EXOR databases. These support the council's work on social care, finance and human resources functions, and management information in the Environment Directorate respectively.
- 3.8 Database security is just one element of information governance and, as we have reported previously (in December 2012) there is a need to define overall security standards, for example requiring regular and systematic review of access rights. In the absence of such standards only limited assurance can be provided over the security of the council's databases.
- 3.9 Action has been taken since our last audit to lock any user accounts using only default Oracle passwords. However there are still weaknesses in the logical access controls applied to key databases, in particular user privileges with potentially excessive access permissions. Database auditing is active for ISSIS, and Oracle ERP but not for EXOR, and the audit options for ISSIS were not consistent with those for Oracle ERP.

Customer Service Centre: Care Connect Service

- 3.10 We have provided substantial assurance over the adequacy and effectiveness of the controls in place in respect of the Care Connect Service contact centre, which has been delivered under the management of One Connect Limited. Good practices are in place to ensure that the screening and referral of enquiries/ contact by service users of child and adult social care are timely and appropriate. There is just one contractual performance target in place, and this is the number of telephone calls answered by the Care Connect Service. This does not reflect the work undertaken in respect of emails, which would be a more appropriate indicator of the Service's performance. This issue is

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addressed in more detail in the internal audit review of One Connect Limited's performance management, which is nearing completion.

ASHW: residential and non-residential care systems

- 3.11 We tested a sample of 25 new non residential care and 25 residential care agreements approved during the period April 2013 to August 2013 to confirm that financial approval was timely and appropriate, payment was at the correct rates and related to the service provided, adjustments to payments were reasonable and accurately processed, and the assessment and approval of the care package were undertaken by different officers. In addition we verified that a sample of 10 non residential care case payments and 10 residential care case payments were correctly reflected in the Oracle accounts payable and general ledger systems.
- 3.12 This work identified no significant issues. However one advance payment had been made to a care provider but not reflected on the residential care payment system, and the care home itself brought this to the team's attention. Very few payments in advance are made and the implementation of the Liquid Logic system will result in changes to the process. We have therefore been able to provide substantial assurance over the financial controls over the residential and non-residential care systems.

CYP: Working Together With Troubled Families Programme – funding claim submitted in January 2014

- 3.13 At the request of the Department for Communities and Local Government we audited the figures in the January 2014 funding claim. After some adjustment of the claim we have been able to state that the claim is accurate and made in accordance with the Financial Framework for the Troubled Families Programme.

Schools and sixth form colleges: Education Funding Agency claims

- 3.14 The County Treasurer is obliged to confirm that all the funding received by the council from the Education Funding Agency (EFA) and Skills Funding Agency (SFA) for transfer to the local authority controlled learning providers and maintained school sixth forms has been accurately and fully paid to them.
- 3.15 We therefore undertook work at a high school and a sixth form college to assess the completeness and accuracy of their data returns to the Education Funding Agency, and we reviewed the Bursary Fund records to ensure that adequate systems were in place to administer the 16-19 Bursary Fund payments to learners in accordance with the EFA's guidance.
- 3.16 Although we were able to provide full assurance over the school's data, the data provided by the sixth form college was inaccurate and subject to a number of errors, and we can provide no more than limited assurance. This will be reported by the County Treasurer to the EFA at the end of the financial year and has already been reported to the college.
- 3.17 We have previously issued a newsletter to all schools with sixth forms advising them of common errors and best practice, and we will refresh and re-issue this guidance to schools in advance of the next census return.

School audit visits

3.18 During the year to date we have completed audits of the county's schools with assurance results as follows:

School type	Number of audits	Level of assurance			
		Full	Substantial	Limited	None
High school	13	0	13	0	0
Primary school	30	0	25	4	1
Special school	3	1	2	0	0
Nursery school	1	0	1	0	0
Total	47	1	41	4	1

3.19 The schools for which we can provide only limited or no assurance have been reported previously, and we will follow up all the actions agreed with them to assess whether improvement is being made to the controls over their finances.

Implementation of Liquid Logic's systems to replace ISSIS

3.20 The replacement of the Integrated Social Services Information System (ISSIS) in both CYP and ASHW with systems provided by Liquid Logic is key to improving the control framework over social care and particularly the management of case information. This work has been supported by the involvement of the two Audit Managers on the implementation projects in both the ASHW and CYP directorates, but this work has not been directed towards providing assurance opinions at this point. We have provided input to a number of work streams including user acceptance testing, data migration, system access permissions, and work on the 'dummy run' and 'live proving' stages prior to live operation for CYP. The new Liquid Logic system went live in CYP on 4 March 2014 and will go live for ASHW at the end of 30 June 2014.