

NORTH YORKSHIRE COUNTY COUNCIL

AUDIT COMMITTEE

5 DECEMBER 2013

PROGRESS ON 2013/14 INTERNAL AUDIT PLAN

Report of the Head of Internal Audit

1.0 PURPOSE OF THE REPORT

- 1.1 To inform Members of the progress made to date in delivering the 2013/14 Internal Audit Plan and any developments likely to impact on the Plan throughout the remainder of the financial year.

2.0 BACKGROUND

- 2.1 Members approved the 2013/14 Audit Plan at their meeting on 18 April 2013. The total number of planned audit days for 2013/14 is 2,630 (of which 120 relate to external clients). The performance target for Veritau is to deliver 93% of the agreed Audit Plan.
- 2.2 This report provides details on how the 2013/14 Audit Plan is progressing.

3.0 INTERNAL AUDIT PLAN PROGRESS BY 31 OCTOBER 2013

- 3.1 The internal audit performance targets for 2013/14 have been set by the County Council's client officer. Progress against these performance targets, as at 31 October 2013, is detailed in **Appendix 1**.
- 3.2 At this point in the year, the majority of the audit reports issued are still at draft stage (around 39%). Sixteen audit reports have been issued in final, including three for schools. Fieldwork is currently underway in respect of a further forty one audits. **Appendix 2** provides details of the 2013/14 audits which have been issued as a final report so far this year.

Computer Audit

- 3.3 As previously reported, Veritau has appointed Audit North (an NHS Audit Consortium) to deliver specialist IT audit services. Audit North has carried out an audit risk assessment and a proposed three year strategic audit plan (to March 2016) is attached at **Appendix 3** for consideration by the committee.

Contingency and Counter Fraud Work

- 3.4 Veritau auditors continue to handle cases of suspected fraud or malpractice. Such assignments are carried out in response to issues raised by staff or members of the public via the whistleblower hotline, or as a result of management raising concerns.

Since the start of the current financial year, 36 cases of suspected fraud or malpractice have been referred to Veritau for investigation (this compares to 11 cases in the same period last year).

Information Governance

- 3.5 Veritau's Information Governance Team (IGT) continues to handle a significant number of information requests submitted under the Freedom of Information and Data Protection Acts. The number of FOI requests received continues to grow with a total of 737 requests received between 1 April and 31 October 2013 compared with 570 requests received during the corresponding period in 2012/13 (a 29% increase). Despite this increase, the IGT continues to exceed the performance response target of 95% for 2013/14 with 98% of requests so far being answered within the statutory 20 day deadline. The IGT also coordinates the County Council's subject access requests (excluding social care) and has received 38 such requests between 1 April and 31 October 2013 compared to 42 in the same period last year.
- 3.6 Veritau is also assisting with the implementation of the County Council's information governance framework. The Council's Corporate Information Governance Group (CIGG) continues to meet frequently to discuss policy development and implementation. Progress continues to be made to address information governance matters at both a corporate and directorate level. Veritau auditors are also continuing with a programme of unannounced audit visits to County Council premises in order to assess staff awareness of the need to secure personal and sensitive information. The results of these compliance visits are reported back to CIGG and to the Audit Committee through information governance updates from the Corporate Director - Strategic Resources.

Variations to the 2013/14 Audit Plan

- 3.7 All proposed variations to the agreed Audit Plan arising as the result of emerging issues and/or requests from directorates are subject to a Change Control process. Where the variation exceeds 5 days then the change must be authorised by the client officer. Any significant variations will then be communicated to the Audit Committee for information.
- 3.8 The following variations have been agreed with the audit plan:

Corporate Services

Merging of Savings Delivery and Internal Control Audits	(0)
Information Security Checks	+20
Special Assignments	-50

Central Services

Synergy Web Access (added at management request)	+25
Risk Management (added to comply with PSIAS)	+15
IT Asset Register (to reflect work previously done by PWC)	-10

Health and Adult Services

Accrued Debt (added at management request)	+10
Fairer Contributions (reduced scope)	-10
Net Change to Plan	0 days

4.0 **RECOMMENDATION**

4.1 Members are asked to note the progress made by Veritau Ltd in delivering the 2013/14 Internal Audit Plan.

Report prepared and presented by Roman Pronyszyn, Client Relationship Manager.

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18 November 2013

Background Documents: None

PROGRESS AGAINST 2013/14 PERFORMANCE TARGETS (AS AT 31/10/2013)

<i>Indicator</i>	<i>Milestone</i>	<i>Position at 31/10/2013</i>
To deliver 93% of the agreed Internal Audit Plan.	93% by 30/4/14	39.0%
To achieve a positive customer satisfaction rating of 95%	95% by 31/3/14	100%
To ensure 95% of Priority 1 recommendations made are agreed.	95% by 31/3/14	N/A
To ensure 95% of FOI requests are answered within the Statutory deadline of 20 working days.	95% by 31/3/14	98%

The FOI performance is based on requests received in the 7 months to 31 October 2013.

FINAL 2013/14 AUDIT REPORTS ISSUED TO DATE

Audit Area	Directorate	Overall Opinion
Strategic Planning and Development Control	BES	High
Trading Standards (RIPA)	BES	High
E Crime Unit	BES	Substantial
Tour de France	BES	High
Fuel Rebates	BES	N/A
Local Transport Grant	BES	High Assurance
Information Security Compliance	CYPS	N/A
Craven Pupil Referral Unit	CYPS	Substantial
Northallerton Pupil Referral Unit	CYPS	High
Brayton Bright Sparks (Early Years)	CYPS	N/A
Friends and Family Care	CYPS	Moderate
CYPS Direct Payments	CYPS	Moderate
Court of Protection and Power of Attorney	HAS	N/A

In addition, 9 school reports have been issued in draft and 3 in final.

North Yorkshire County Council - Internal IT Audit Plan 2013 -14 (DRAFT)

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
IT Systems and Projects	Manage Projects: North Yorkshire 2020	To provide timely assurance on the management of the IT elements of the programme in accordance with best practice methodology (PRINCE2)	Key programme that will be implemented across the Council to achieve cost savings. Programme may initiate late 13/14 – and oversight will be provided to the IT projects within the programme.	Failure to adequately control projects leading to potential non delivery of project objectives.	n/a	n/a	n/a	13/14	2
	Ensure System Security Network security controls	To provide assurance on the design, security, resilience and management of the network.	Although the security in key areas has been subject to 3 rd party review through the annual IT healthchecks required for the Council to achieve and maintain CoCo- there has not been previous internal audit coverage in this area to provide assurance that controls continue to operate effectively.	Disruption to operations/activities due to failure of IT network	n/a	n/a	Internal Audit Report	13/14	12
	Schools network security controls								12
	Firewall review	To provide a level of assurance over the adequacy of the system management controls in place for the Council Firewalls and over the application of controls in practice.	Although the security in key areas has been subject to 3 rd party review through the annual IT healthchecks required for the Council to achieve and maintain CoCo- there has not been previous internal audit coverage in this area to provide assurance that controls continue to operate effectively.	<ul style="list-style-type: none"> Disruption to operations/activities due to failure of IT network Loss of data Unauthorised access to systems and information Compromise of network security 	n/a	n/a	Internal Audit Report	13/14	10
	Data centre controls	To provide assurance on	The data centres hold key	<ul style="list-style-type: none"> Unauthorised access 	n/a	n/a	Internal Audit	13/14	5

APPENDIX 3

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
	(NYCC and Highfield House)	the physical and environmental controls to ensure the availability, confidentiality and integrity of network services.	comms facilities for provision of the network service. No previous internal audit coverage.	<ul style="list-style-type: none"> to sensitive information Loss or disclosure of data Disruption to operations/activities Loss of service 			Report		
	Server administration and security Comprising of: <ul style="list-style-type: none"> Anti-Malware management Server monitoring Patch management Change control 	To provide assurance that the design of controls in respect of server management is adequate to maintain the confidentiality, integrity and availability of network services.	Essential activities for maintaining the server estate, which underpins provision of key business systems and operations to ensure business as usual.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised access Malware propagation Loss of network services 	n/a	n/a	Internal Audit Report	13/14	10
	Synergy Development and Security Controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	NYCC is developing staff/public and partner portals to NYCC services	<ul style="list-style-type: none"> System availability Integrity of data Over-reliance on key personnel 	n/a	n/a	Internal Audit Report	13/14	8
	Liquid Logic General Controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	Critical system for CYPs and expansion of system into other services.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised system access Failure to deliver statutory requirements 	n/a	n/a	Internal Audit Report	13/14	10
	Service Continuity Server virtualisation	To provide assurance of the effectiveness of the configuration of controls over, and security of, the virtualised servers.	80% of the server estate is virtualised and underpins service continuity and backup strategies - no previous assurance in this area.	<ul style="list-style-type: none"> Loss of data System availability Inability to re-provide services in line with business needs. 	n/a	n/a	Internal Audit Report	13/14	10

North Yorkshire County Council - Internal IT Audit Plan 2014 -15 (DRAFT)

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
IT Systems and Projects	Manage Projects: North Yorkshire 2020	To provide timely assurance on the management of the IT elements of the programme in accordance with best practice methodology (PRINCE2)	Key programme that will be implemented across the Council to achieve cost savings. Oversight will be provided to the IT projects within the programme.	Failure to adequately control projects leading to potential non delivery of project objectives	n/a	n/a	Internal Audit report	14/15	20
	Ensure System Security: TEN General Controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	Risk management system – no previous IT audit coverage.	<ul style="list-style-type: none"> • Loss of data • System availability • Unauthorised system access • Unauthorised access to sensitive data 	n/a	n/a	Internal Audit report	14/15	10
	EDRMS General Controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	Critical system for NYCC – number of issues raised in 2009	<ul style="list-style-type: none"> • Loss of data • System availability • Unauthorised system access • Unauthorised access to sensitive data 	2009	High	Internal Audit report	14/15	10

APPENDIX 3

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
	Management and configuration of Schools Active Directory	<p>To provide assurance on security controls protecting the School's Active Directory (AD) environment. This will comprise of:</p> <ul style="list-style-type: none"> AD environment configuration; Protection of the AD environment; Change control processes; Procedural documentation; Monitoring; and User management. 	Increasing reliance on the CYPs ICT to manage Active Directory services for schools. Each school has its own Active Directory. No previous IT audit coverage.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised system access 	n/a	n/a	Internal Audit report	14/15	12
	Ensure System Security: Mobile device encryption controls	To provide assurance that the design of controls maintain the confidentiality, integrity and availability of information processed	Changing encryption solution and considering replacement of blackberry estate. No previous audit coverage.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised system access Unauthorised access to sensitive data 	n/a	n/a	Internal Audit report	14/15	8
	In-house system development controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	NYCC has an in-house system development team responsible for developing range of systems, which includes staff absence, teaching claims, and financial management for schools.	<ul style="list-style-type: none"> Solutions failing to deliver business requirements System availability Integrity of data Over-reliance on key personnel Confidentiality of data 	n/a	n/a	Internal Audit report	14/15	8
	Procure IT Resources: IT Procurement	To Assess procedures and standards to ensure they are consistent with the organisation procurement process and acquisition	Procurement of IT systems and services has not always had ICT input.	<ul style="list-style-type: none"> Solutions procured not in line with organisation short-term and long-term plans or can meet business 	n/a	n/a	Internal Audit report	14/15	10

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Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
		strategy.		<ul style="list-style-type: none"> requirements; Commercial and contractual exposure; 					
	Follow-ups Management Time Audit Plan Review								5 5 2

North Yorkshire County Council - Internal IT Audit Plan 2015 -16 (DRAFT)

Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
IT Systems and Projects	Manage Projects: North Yorkshire 2020	To provide timely assurance on the management of the IT elements of the programme in accordance with best practice methodology (PRINCE2)	Key programme that will be implemented across the Council to achieve cost savings. Programme may initiate late 13/14 – and oversight will be provided to the IT projects within the programme.	Failure to adequately control projects leading to potential non delivery of project objectives	n/a	n/a	Internal Audit report	15/16	25
	Ensure system security Key system general controls	To provide assurance that the design of controls maintains the confidentiality, integrity and availability of information processed.	Review critical systems for Council to ensure audit coverage	<ul style="list-style-type: none"> Loss of data System availability Unauthorised system access Unauthorised access to sensitive data 	n/a	n/a	Internal Audit report	15/16	10
	Wireless networking security	To provide a level of assurance over the adequacy of the system management controls and security configuration in place and over the application of controls in practice.	Increasing reliance on wireless security.	<ul style="list-style-type: none"> Disruption to operations/activities Loss of data Unauthorised access to systems and information Compromise of network security 	2010	Moderate	Internal Audit report	15/16	12
	Server administration and security Comprising of: <ul style="list-style-type: none"> Backup management server monitoring Patch management Change control Anti-malware management 	To provide assurance that the design of controls in respect of server management is adequate to maintain the confidentiality, integrity and availability of network services.	Essential activities for maintaining the server estate, which underpins provision of key business systems and operations to ensure business as usual.	<ul style="list-style-type: none"> Loss of data System availability Unauthorised access Malware propagation Loss of network services 	n/a	n/a	Internal Audit Report	15/16	10

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Plan segment	Area heading	Scope	Background	Associated risks	Last audited	Last assurance level	Deliverables	Audit yr	Days
	Monitor and Evaluate: IT Performance management	To provide assurance that a formal process has been established, designed to manage performance and capacity of IT resources to ensure that information resources required for supporting business requirements are continually available.	No previous audit coverage	<ul style="list-style-type: none"> Performance gaps not identified in a timely manner; Service deviations and degradations not recognised; Unexpected incidents due to lack of capacity; Under or over commitments on service delivery. 	n/a	n/a	Internal Audit Report	15/16	10
	Programme Management	Assessment of the programme management framework to ensure the correct prioritisation, co-ordination and management of IT projects.	Requests for IT resource /input for IT projects seem to come from a number of sources – not always centrally co-ordinated.	<ul style="list-style-type: none"> Misalignment of programme objectives to business requirements; Resources may not be efficiently deployed. 	n/a	n/a	Internal Audit Report	15/16	10
	Follow-ups Management Time Audit Plan Review								5 5 3
	Monitor and Evaluate: IT Governance	Review of the processes in place to enable the Council to evaluate, direct and monitor the use of IT, including implementation of IT strategy, IM&T performance and investment in IM&T equipment and systems.	No previous audit coverage to examine the governance controls and effectiveness of them.	<ul style="list-style-type: none"> Ineffective oversight of/challenge to, the ICT strategy delivery, Actions needed to maintain and improve ICT strategy delivery or performance, are not identified, or are not implemented 	n/a	n/a	Internal Audit report	15/16	12
	Manage Risk: IT Risk Management	Review of the process for identification, assessment, reporting and mitigation of	No previous audit coverage.	<ul style="list-style-type: none"> IT risks and business risks managed independently; 	n/a	n/a	Internal Audit Report	15/16	10

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		IT risks and how this aligns with business risk management framework.		<ul style="list-style-type: none"> Impact of an IT risk upon the business is undetected. 					