SHROPSHIRE COUNCIL
AUDIT SERVICES
"ADDING VALUE"

FINAL INTERNAL AUDIT REPORT

WME - IT AUDIT 2019/20

Assurance Level	Limited

Audit Data	
Customer:	**Nigel Evans – Director of WME**
Report Distribution:	**As above**
Auditor:	**Joanne Woolley**
Fieldwork Dates:	**December 2019**
Debrief Meeting:	**15 January 2020**
Draft Report Issued:	**16 January 2020**
Responses Received:	**24 January 2020**
Final Report Issued:	**28 January 2020**

Introduction and Background

1.   As part of the approved internal audit plan for 2019/20 Audit Services have undertaken a review of the IT arrangements for West Mercia Energy's Utilities and Billing System.

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

3.   Maintenance of the control environment is the responsibility of Management. The audit process is designed to provide a reasonable chance of discovering material weaknesses in internal controls. It cannot however, guarantee absolute assurance against all weaknesses including overriding of management controls, collusion, and instances of fraud or irregularity.

4.   Audit Services would like to thank officers who assisted during the audit.

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

Scope of the Audit

6.   The following scope was agreed with key contacts at the beginning of the audit:

To ensure that IT applications are operating in compliance with internal and external policies and procedures.

7.   Audit work was undertaken to give assurance on the extent to which the following management control objectives are being achieved. Objectives with a √ demonstrate that appropriate management controls are in place and upon which positive assurance can be given. Objectives with an X are those where the management controls are not being achieved:

X   The system complies with all external legislation and policies.
√   The application is secure.
√   Parameter Data is correct, updated in a timely manner and access is restricted.
X   There are continuity processes in place to ensure system availability.
√   Management/Audit trails are in place.
X   Clear procedures are in place for the authorisation of changes and system changes are applied by appropriately qualified staff.
X   Interfaces with the system are secure, efficient and effective.

Assurance Level and Recommendations

8.   An opinion is given on the effectiveness of the control environment reviewed during this audit. The level of assurance given is based upon sample testing and evaluation of the controls in place. This will be reported to the Audit Committee and will inform the Annual Governance Statement which accompanies the Annual Statement of Accounts. There are four levels of assurance; Good, Reasonable, Limited and Unsatisfactory.

Audit Services can give the following assurance level on the area audited:

Limited	Whilst there is basically a sound system of control in place, the system contains weaknesses which leave some risks unaddressed and there is evidence of non-compliance with some key controls.

9. Recommendations are made where control weaknesses, risks or areas for improvement have been identified and are of sufficient importance to merit being reported to you in accordance with auditing standards. There are four categories of recommendation; Best Practice, Requires Attention, Significant and Fundamental. The following table summarises the number of recommendations made in each category:

Total	Fundamental	Significant	Requires Attention	Best Practice
13	0	5	8	0

10. A summary of the recommendations, together with the agreed management responses are included at **Appendix 1**. Implementation of these recommendations will address the risks identified and improve the controls that are currently in place.

11. The audit work identified a number of significant issues leading to the following recommendations:

- To ensure that, in line with the WME Data Protection Policy, staff who manage and handle personal information are appropriately trained to do so, Data Protection training should be undertaken.

- An impact assessment to determine the effect of a short, medium- and long-term loss of the utilities and billing system on the organisation should be undertaken and a plan to address these effects developed.

- Recovery testing should be undertaken to ensure that, in the event of a disaster the utilities and billing system can be successfully retrieved.

- A full review of the Business Continuity Policy and Recovery Plan should be undertaken to ensure that both documents are up to date and reflect current systems, working practices and recovery arrangements.

- A formal change control process should be documented and approved. This should include the procedure for emergency changes to the utilities and billing system.

Audit Approach

12. The approach adopted for this audit included:
- Review and documentation of the system.
- Identification of the risks to achieving the business outcomes and associated key controls.
- Testing of controls to confirm their existence and effectiveness.
- Identification of weaknesses and potential risks arising from them.

13. As Internal Audit report by exception, only those areas where control weaknesses and/or errors have been identified are included in this report. Recommendations to improve controls or enhance existing practice are detailed against each finding and the associated risk. Your Action Plan is included at **Appendix 1**. A more detailed report covering all the work undertaken can be provided on request.

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

Ceri Pilawski
Head of Audit

Fundamental		Significant	Requires Attention	Best Practice
Immediate action required to address a major control weakness which, if not addressed, could lead to material loss.		A recommendation to address a significant control weakness where the system may be working but errors may go undetected.	A recommendation aimed at improving the existing control environment.	Suggested action which aims to improve best value, quality or efficiency.

Rec Ref.	Rec No.	Recommendation	Rec Rating	Proposed Management Action	Lead Officer	Date to be Actioned
1.1	1	To ensure that, in line with the WME Data Protection Policy, staff who manage and handle personal information are appropriately trained to do so, Data Protection training should be undertaken.	Significant	It is agreed that it would be beneficial to obtain more formal training and we will look to secure this though Shropshire Council arrangements.	Nigel Evans	March 2020
1.2	2	The Information Security Policy should be reviewed and updated at the earliest opportunity to ensure that it is relevant and provides officers with up to date information security guidance.	Requires Attention	Agreed.	Neil Marston	June 2020
1.3	3	A software inventory that records the organisations applications should be maintained and kept up to date.	Requires Attention	Agreed.	Neil Marston	June 2020
4.1	4	An impact assessment to determine the effect of a short, medium- and long-term loss of the utilities and billing system on the organisation should be undertaken and plan to	Significant	Agreed.	Nigel Evans	June 2020

		address these effects developed.				
4.2	5	Recovery testing should be undertaken to ensure that, in the event of a disaster the utilities and billing system can be successfully retrieved.	Significant	Agreed but should be noted that as part of redevelopment of the billing system through the test environment, the recovery of data from backups has been successful.	Neil Marston	March 2020
4.3	6	A full review of the Business Continuity Policy and Recovery Plan should be undertaken to ensure that both documents are up to date and reflect current systems, working practices and recovery arrangements.	Significant	Agreed.	Nigel Evans	June 2020
5.1	7	The system log should be used proactively to review activity and provide assurance that no in appropriate or unauthorised access or changes have been made to the system and system data.	Requires Attention	Agreed and this will be conducted on the new elements of the billing system.	Neil Marston	June 2020
5.2	8	A retention policy for the utilities/billing system data should be established to ensure that information is retained but only for the required periods and in line with GDPR.	Requires Attention	We will review and update our general Data Retention Policy as necessary.	Nigel Evans	June 2020
6.1	9	A formal change control process should be documented and approved. This should include the procedure for emergency changes to the utilities and billing system.	Significant	Agreed.	Neil Marston	April 2020

7.2	10	Documentation detailing the export interface between the utilities and billing system and SAGE should be completed at the earliest opportunity.	Requires Attention	Agreed.	Neil Marston	Feb 2020
7.3	11	Testing of interfaces and changes to interfaces should be documented in a test plan. This plan should be retained along with test results.	Requires Attention	Agreed although it should be noted that the current format of interface files flowing in and out of the billing system will be replicated under the new development. Verification of the interfaces will be conducted in the same manner as currently.	Neil Marston	March 2020
7.4	12	Details of exceptions and action taken to resolve these should be retained and shared with senior officers to confirm that the exceptions have been dealt with appropriately and promptly.	Requires Attention	The IT Manager notifies senior officers where exceptions occur and going forward details will be retained.	Neil Marston	January 2020
7.5	13	A review of access to interface filed before, during and following process should be undertaken to ensure that arrangements are appropriate, and the risk of unauthorised changes being made to data is minimised.	Requires Attention	Supplier billing files are currently issued by email and we will liaise with the supplier to receive these files by SFTP.	Neil Marston	June 2020