



Derby City Council – Internal Audit Progress Report

(Covering the period 1st April 2013 to 30th September 2013)

Audit & Accounts Committee: 30th October 2013



Our Vision

Through continuous improvement, the central midlands audit partnership will strive to provide cost effective, high quality internal audit services that meet the needs and expectations of all its partners.

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1 Summary

Role of Internal Audit

The Internal Audit Service for Derby City Council is now provided by the Central Midlands Audit Partnership (CMAP). The Partnership operates in accordance with standards of best practice applicable to Internal Audit (in particular, the CIPFA Code of Practice for Internal Audit in Local Government in the UK 2006). CMAP also adheres to the Internal Audit Terms of Reference.

The role of internal audit is to provide independent assurance that the organisation's risk management, governance and internal control processes are operating effectively.

Recommendation Ranking

To help management schedule their efforts to implement our recommendations or their alternative solutions, we have risk assessed each control weakness identified in our audits. For each recommendation a judgment was made on the likelihood of the risk occurring and the potential impact if the risk was to occur. From that risk assessment each recommendation has been given one of the following ratings:

- Critical risk.
- Significant risk.
- Moderate risk
- Low risk.

These ratings provide managers with an indication of the importance of recommendations as perceived by Audit; they do not form part of the risk management process; nor do they reflect the timeframe within

Control Assurance Definitions

Summaries of all audit reports are to be reported to Audit & Accounts Committee together with the management responses as part of Internal Audit's reports to Committee on progress made against the Audit Plan. All audit reviews will contain an overall opinion based on the adequacy of the level of internal control in existence at the time of the audit. This will be graded as either:

- **None** - We are not able to offer any assurance. The areas reviewed were found to be inadequately controlled. Risks were not being well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Limited** - We are able to offer limited assurance in relation to the areas reviewed and the controls found to be in place. Some key risks were not well managed and systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Reasonable** - We are able to offer reasonable assurance as most of the areas reviewed were found to be adequately controlled. Generally risks were well managed, but some systems required the introduction or improvement of internal controls to ensure the achievement of objectives.
- **Comprehensive** - We are able to offer comprehensive assurance as the areas reviewed were found to be adequately controlled. Internal controls were in place and operating effectively and risks against the achievement of objectives were well managed.

This report rating will be determined by the number of control weaknesses identified in relation to those examined, weighted by the significance of the risks. Any audits that receive a None or Limited assurance assessment will be highlighted to the Audit & Accounts Committee in Audit's progress reports.

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which these recommendations can be addressed. These matters are still for management to determine.

2 Audit Coverage

Progress on Audit Assignments

The following audit assignments are progressing at the moment.

In Progress at year end - 2012-13 Audit Plan Assignments B/Fwd	Type of Audit	Current Status	% Complete
Treasury Management 2012-13	Key Financial System	Final Report	100%
Main Accounting System 2012-13	Key Financial System	Draft Report	95%
Contracts Register	Systems/Risk Audit	In Progress	75%
Information Governance	IT Audit	In Progress	75%
Debtors 2012-13	Key Financial System	Final Report	100%
NNDR 2012-13	Key Financial System	Final Report	100%
Cashiers 2012-13	Key Financial System	In Progress	75%
Housing & Council Tax Benefits 2012-13	Key Financial System	Final Report	100%
Oracle EBS R12 Security Assessment	IT Audit	In Progress	75%
IT Application - Academy	IT Audit	Awaiting Review	80%
IT Transformation Programme	IT Audit	Final Report	100%
VOIP Security Assessment	IT Audit	Draft Report	95%
Workstation Security & Management	IT Audit	Final Report	100%

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Media Sanitization Compliance	IT Audit	Final Report	100%
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Another 8 assignments brought forward from the 2012-13 Audit Plan have already been reported to this Committee as finalised.

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2 Audit Coverage (Cont.)

Progress on Audit Assignments (Cont.)

2013-14 Audit Plan Assignments	Type of Audit	Current Status	% Complete
PI Self-Assessment 2013-14	Governance Review	Allocated	5%
Neighbourhoods Complaints Review	Investigation	In Progress	95%
Children in Care	Systems/Risk Audit	Awaiting Review	80%
Commissioning	Systems/Risk Audit	In Progress	75%
Shine	Investigation	Draft Report	95%
Child Protection Training	Investigation	Final Report	100%
Payroll 2013-14	Key Financial System	Allocated	0%
HR Payroll Project	Key Financial System	Allocated	0%
Fixed Assets 2013-14	Key Financial System	In Progress	10%
Treasury Management 2013-14	Key Financial System	Allocated	0%
Main Accounting System 2013-14	Key Financial System	In Progress	50%
Teachers' Pension Return TR17 2012-13	Key Financial System	Complete	100%
Risk Management 2013-14	Governance Review	In Progress	50%
Data Matching 2013-14	Governance Review	In Progress	10%
National Fraud Initiative 2013-14	Governance Review	In Progress	70%
Internal Groups 2013-14	Advice/Emerging Issues	In Progress	40%
Debtors 2013-14	Key Financial System	Allocated	0%
Council Tax 2013-14	Key Financial System	Allocated	0%
Non-Domestic Rates 2013-14	Key Financial System	Allocated	5%
Housing & Council Tax Benefits 2013-14	Key Financial System	Allocated	10%

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GIS Application Security Assessment	IT Audit	In Progress	15%
Virtualisation Management	IT Audit	In Progress	75%
Oracle Business Intelligence	IT Audit	In Progress	55%
Wireless Network Infrastructure	IT Audit	Allocated	5%
Network Access Management	IT Audit	Allocated	0%
6C Derby Housing Market Area Growth Fund	Key Financial System	Complete	100%
Multi-Sports Arena Contract	Procurement/Contract Audit	In Progress	45%
Markets	Systems/Risk Audit	Reviewed	90%
Trading Standards	Systems/Risk Audit	Final Report	100%
Nursing Care	Systems/Risk Audit	In Progress	50%
Public Health	Systems/Risk Audit	Final Report	100%
Self-Assessing Schools 2013-14	Schools	In Progress	60%
24 Schools SFVS	Schools	Allocated	Various

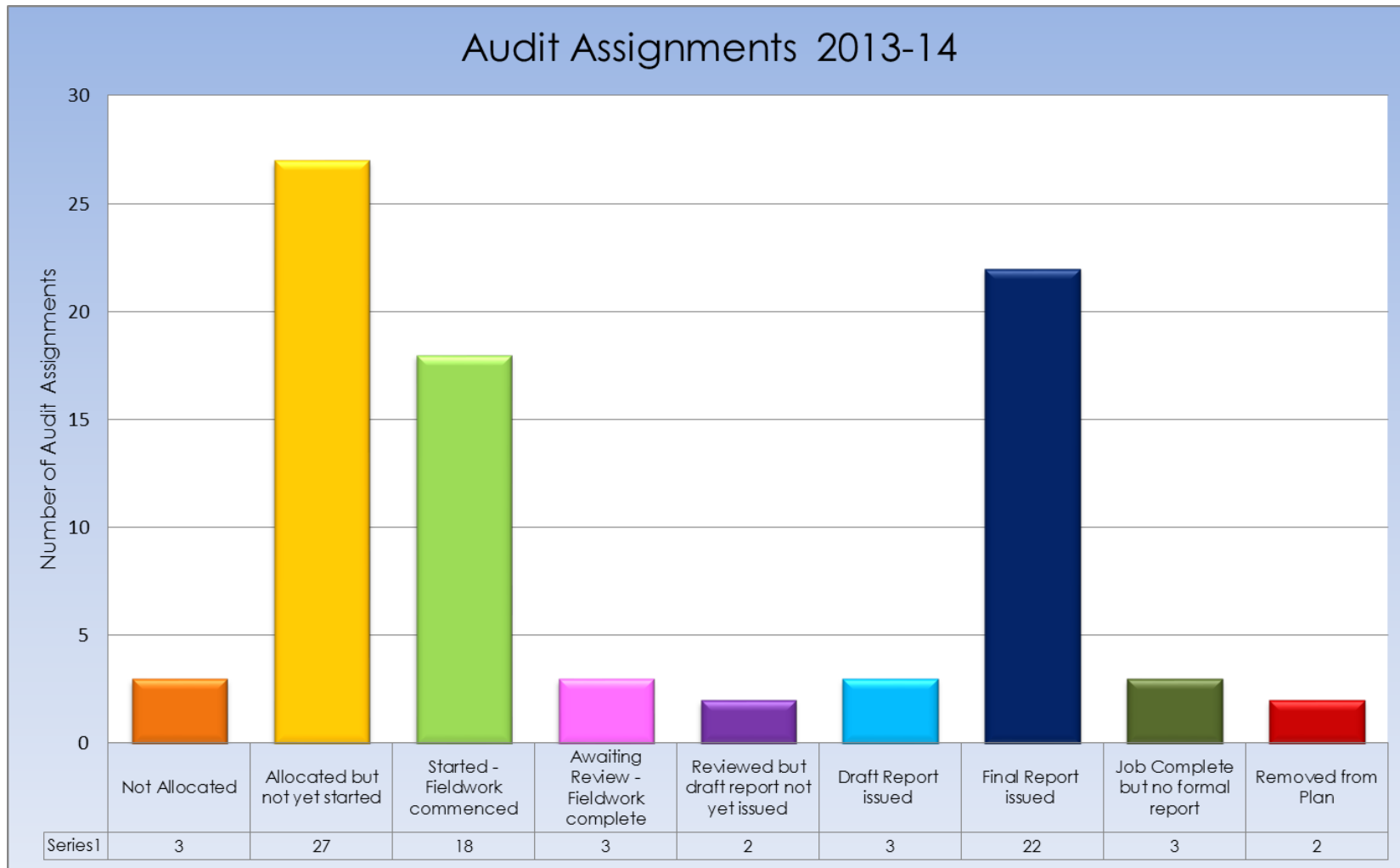
Another 3 planned assignments have yet to commence.

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2 Audit Coverage (Cont.)

Progress on Audit Assignments (Cont.)

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The two assignments removed from the Audit Plan are in respect of School's Financial Value Standard reviews, which are no longer required.

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2 Audit Coverage (Cont.)

Further Details of Completed Audit Assignments

Introduction

Between 1st June 2013 and 30th September 2013, Internal Audit has completed the following 12 audit assignments for Derby City Council as well as completing 5 School's Financial Value Standard reviews:

Audit Assignment	Overall Assurance Rating
Child Protection Training	Not Applicable
Teachers Pensions Return TR17	Comprehensive
Treasury Management 2012-13	Comprehensive
Debtors 2012-13	Reasonable
NNDR 2012-13	Reasonable
Housing & Council Tax Benefits 2012-13	Comprehensive
IT Transformation Programme	Not Applicable
Workstation Security & Management Operations	Limited
Media Sanitization Compliance	Comprehensive
6C Derby Housing Market Area Growth Fund	Not Applicable
Trading Standards	Reasonable
Public Health	Comprehensive

All audits leading to a rating of "Limited" or "None" will be brought to the Committee's specific attention. In the period, the Workstation Security & Management Operations received a Limited assurance rating.

The following summarises the internal audit work completed in the period

Children & Young People

Child Protection Training

We sought to determine whether a Council employee had established a private company which presented a conflict of interest with his role at the Council. We concluded that there was sufficient evidence to warrant further action by management.

Resources

Teachers Pensions Return TR17

The Chief Finance Officer is required to certify that the entries made in Part B of the annual TR17 Teachers' Pensions Return are correctly calculated and paid. Part B of the return is in respect of teachers whose salary payments are administered other than directly through the LA payroll. Through undertaking a series of tests, we provide assurance that the entries on the return accurately reflect the deductions made and remitted. External Audit will seek to place reliance on this work later in the year.

Treasury Management 2012-13

This audit focused on reviewing the adequacy of controls over the Treasury Management function to provide assurance that policies and practices comply with best practice & CIPFA guidance and that the Local Authority Mortgage Scheme is actively monitored. From the 23 key controls evaluated in this audit review, 19 were considered to provide adequate control and 4 contained weaknesses. All 4 of the control issues within this report were accepted. Positive action had already been taken to address 2 of these issues raised with action agreed to be taken by 28th February 2014 in respect of another issue. With regard to the final issue

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and seeks to highlight issues which Committee may wish to review in more detail at the next meeting.

raised, the risk identified was accepted, but the recommendation was no longer relevant due to a change in accounting treatment.

2 Audit Coverage (Cont.)

Further Details of Completed Audit Assignments

Resources

Debtors 2012-13

This audit focused on the creation of debtors' invoices, the creation of new debtor accounts and the associated records, debt recovery, monitoring and management reporting, system security and the challenges brought about from the updated financial system. From the 30 key controls evaluated in this audit review, 15 were considered to provide adequate control and 15 contained weaknesses. All 7 issues were accepted and positive action had already been implemented in the case of 2 recommendations. Positive action was agreed to address 3 of the remaining issues by 16th September 2013 and another 2 by 30th September 2013.

NNDR 2012-13

This audit focused on checking the adequacy of controls in administering the NNDR property database with Valuation Office listings, NNDR Liability, including the reliefs and exemptions granted and the NNDR collection process. From the 28 key controls evaluated in this audit review, 22 were considered to provide adequate control and 6 contained weaknesses. All 4 of the control issues within this report were accepted and positive action to address 3 of these issues was agreed to be taken by 31st September 2013 and the remaining 1 by 31st December 2013.

Housing & Council Tax Benefits 2012-13

This audit focused on ensuring procedures and guidance documentation were in place, that benefit claims and changes of circumstances were

IT Transformation Programme

We were asked by the Council's Central IT section to have an early involvement in the new IT Infrastructure designs prior to the Council's recant back to the Council House. It was decided that any perceived design vulnerabilities should be formally documented and sent to the Director of ICT as and when identified, for consideration.

Top level design documentation was provided for the new Active Directory, Windows 2008 Server build (file server role), Windows 7 build, and Citrix Xen environment configuration. Only one recommendation was raised and management decided to accept the associated risk and take no corrective action.

Workstation Security & Management Operations

This audit focused on the configuration and management of client (PC's and Laptops) devices attached to the Council's DerbyAD domain. The scope of the audit was to identify configuration vulnerabilities and administrative control weaknesses found in the existing desktop estate. Such findings should aid design considerations in the new Windows 7 client build. At the time of the audit, the new baseline configuration for Windows 7 was yet to be finalised. It should be also noted that while some of the issues in the audit report refer to design vulnerabilities; other issues were the direct result of weaknesses in desktop maintenance and monitoring activities. From the 10 key controls evaluated in this audit review, 3 were considered to provide adequate control and 7 contained weaknesses. All 7 of the control issues raised in this report have been accepted. Positive actions had already been taken to address 1 of the

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supported by evidence and were processed promptly and that access to the system was adequately secure. From the 43 key controls evaluated in this audit review, all 43 were considered to provide adequate control and none contained weaknesses.

2 Audit Coverage (Cont.)

Resources

Media Sanitization Compliance

This audit focused on ensuring that the Council's policy for media disposal was being correctly adhered to. It also focused on ensuring that relevant documentation recording the transfer of media between the Council and third party contractors was adequate. From the 12 key controls evaluated in this audit review, 11 were considered to provide adequate control and 1 contained weakness. The control issue raised within this report were accepted and positive action was agreed to be taken to address this issue. Positive action in respect of this recommendation is due to be taken by 31st May 2013.

Neighbourhoods

6C Derby Housing Market Area Growth Fund

We were required to feedback to Leicester City Council, as the accountable body for the HMA Growth Fund Grant, the opinion of Derby City Council's Head of Audit on the Derby Housing Market Area (HMA). We reviewed all 2011/12 expenditure relating to the 28 projects which were in progress or completed across Derby City Council, Amber Valley Borough Council and South Derbyshire District Council. All grant claims this year were fully supported by invoices or journals and were deemed appropriate in terms of the nature of the project and in accordance with the funding agreements. We made the following declaration: *"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 Growth Fund Grant (No. 2) Grant*

control issues, positive actions were agreed to address 4 of the control issues by 30th March 2014, and for 2 of the control issues management decided to take no action and accept the risks.

Trading Standards

This audit focused on reviewing the Council's Approved Trader's Scheme, known as Buy With Confidence. Buy With Confidence is a nationally recognised Trading Standards initiative which aims to provide Derby residents with a reliable source of trustworthy local businesses that have been vetted and approved by Trading Standards to ensure they operate in a legal, honest and fair way. In addition, the audit considered the quality of data entered into the APP Database as it can be used to secure convictions. There was also consideration of the sharing of data external to Derby City Council Trading Standards. From the 25 key controls evaluated in this audit review, 16 were considered to provide adequate control and 9 contained weaknesses. All 7 recommendations made within this report were accepted and action has been taken to fully address 2 of the issues at the time of finalising this report, with action being taken to address 4 of the issues by 30th September 2013 and the final issue being addressed by 30th November 2013.

Adults, Health & Housing

Public Health

This audit focused on reviewing the adequacy of the framework in place for ensuring the delivery of the Council's strategic approach to Public Health. With effect from April 2013 the responsibility for the Public Health function and a budget of £12.2 million was formally transferred from the National Health Service to Local Government. From the 9 key controls evaluated in this audit review, 5 were considered to provide adequate control and 4 contained weaknesses. All 5 of the control issues within this

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Determination 2010/11 No 31/1847 ('the grant determination') have been complied with in relation to the financial year beginning on 1st April 2011.

report were accepted and positive action to address 2 of these issues had agreed to be taken by 31st August 2013, 1 by 31st September 2013 and the remaining 2 by 31st January 2014.

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3 Audit Performance

Customer Satisfaction

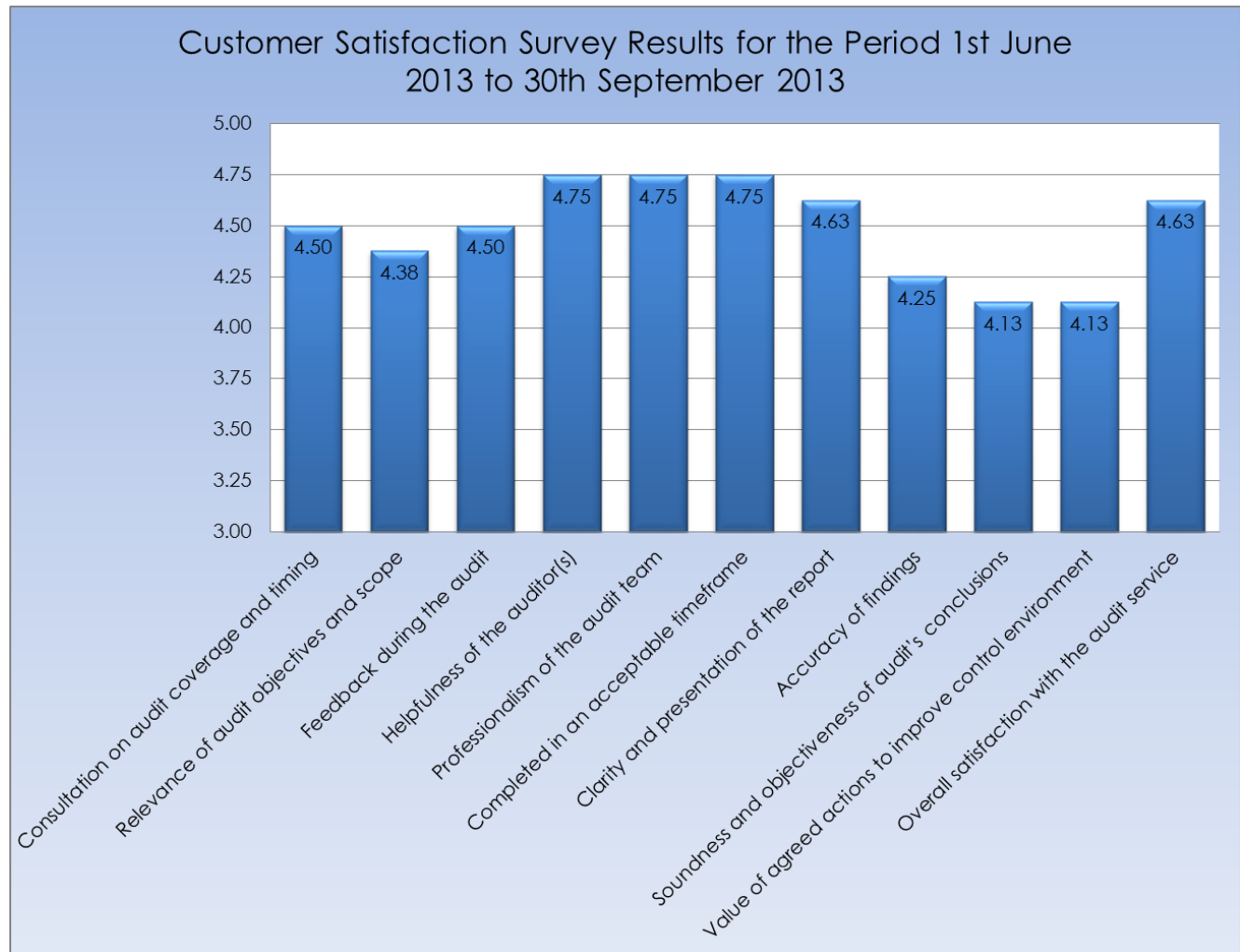
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The Audit Section sends out a customer satisfaction survey with the final audit report to obtain feedback on the performance of the auditor and on how the audit was received. The survey consists of 11 questions which require grading from 1 to 5, where 1 is very poor and 5 is excellent. The table opposite summarises the average score for each category from the 6 responses received between 1st June 2013 and 30th September 2013. The average score from the surveys was 49.3 out of 55. The lowest score received from a survey was 44, while the highest was 55.

The overall responses are graded as either:

- Excellent (scores 46 to 55)
- Good (scores 38 to 46)
- Fair (scores 29 to 37)
- Poor (scores 20 to 28)
- Very poor (scores 11 to 19)

Overall 5 of 6 responses categorised the audit service they received as excellent; the other response categorised the audit as good. There were no responses that fell into the fair, poor or very poor categories.



3 Audit Performance (Cont.)

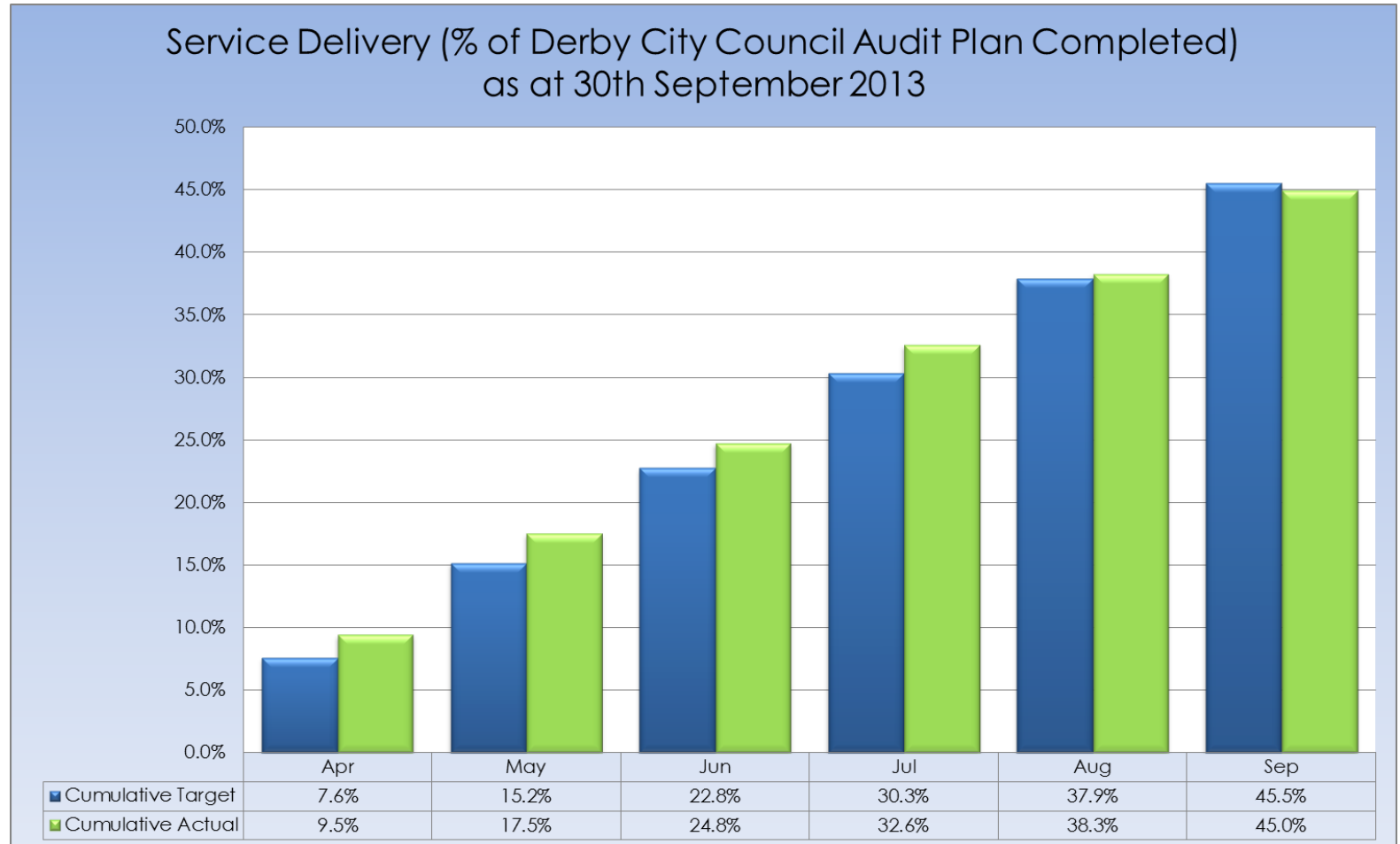
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Audit Plan Completed

This performance measure is calculated by determining the completeness of each audit assignment included in the revised Annual Audit Plan. Each month each auditor is asked to provide an estimate of their progress on all of their audit assignments.

A fixed percentage is applied to those assignments that have progressed beyond the fieldwork stage. Each audit assignment is weighted in accordance with the number of days allocated.

The target plan completion at the year-end is 91%. The chart across shows our Service Delivery performance after 6 months of the Audit Plan.



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4 Recommendation Tracking

Follow-up Process

Internal Audit has sent emails, automatically generated by our recommendations database, to officers responsible for action where their recommendations' action dates have been exceeded. We will request an update on each recommendation's implementation status, which will be fed back into the database, along with any revised implementation dates.

Prior to the Audit & Accounts Committee meeting we have provided Chief Officers with details of each of the recommendations made to their departments which have yet to be implemented. This is intended to give them an opportunity to provide Audit with an update position.

Each recommendation made by Internal Audit will be assigned one of the following "Action Status" categories as a result of our attempts to follow-up management's progress in the implementation of agreed actions. The following explanations are provided in respect of each "Action Status" category:

- **Blank (Due)** = Action is due and Audit has been unable to ascertain any progress information from the responsible officer.
- **Blank (Not Due)** = Action is not due yet, so Audit has not followed up.
- **Implemented** = Audit has received assurances that the agreed actions have been implemented.
- **Superseded** = Audit has received information about changes to the system or processes that means that the original weaknesses no longer exist.
- **Being Implemented** = Management is still committed to undertaking the agreed actions, but they have yet to be completed. (This category should result in a revised action date)

Implementation Status

Reports to Committee are intended to provide members with an overview of the current implementation status of all agreed actions to address the control weaknesses highlighted by audit recommendations made between 1st December 2010 and 30th September 2013.

	Implemented	Being implemented	Risk Accepted	Superseded	Due, but unable to obtain progress information	Hasn't reached agreed implementation dates	Total
Low Risk	251	27	2	6	4	6	296
Moderate Risk	116	14	2	1	0	3	136
Significant Risk	19	1	0	0	0	0	20
Critical Risk	0	0	0	0	0	0	0
Totals	386	42	4	7	4	9	452

The table below shows those recommendations not yet implemented by Dept.

Recommendations Not Yet Implemented	Chief Executives	Children & Young People	Resources	Neighbourhoods	Adults Health & Housing	Totals
Risk Accepted	0	0	4	0	0	4
Being implemented	0	9	21	10	2	42
Due, but unable to obtain progress information	0	0	1	3	0	4
Totals	0	9	26	13	2	50

Internal Audit has provided Committee with summary details of those recommendations still in the process of 'Being Implemented' and those that have passed their due date for implementation. We will provide full details of any recommendations where management has decided not to take any mitigating actions (shown in the 'Risk Accepted' category above).

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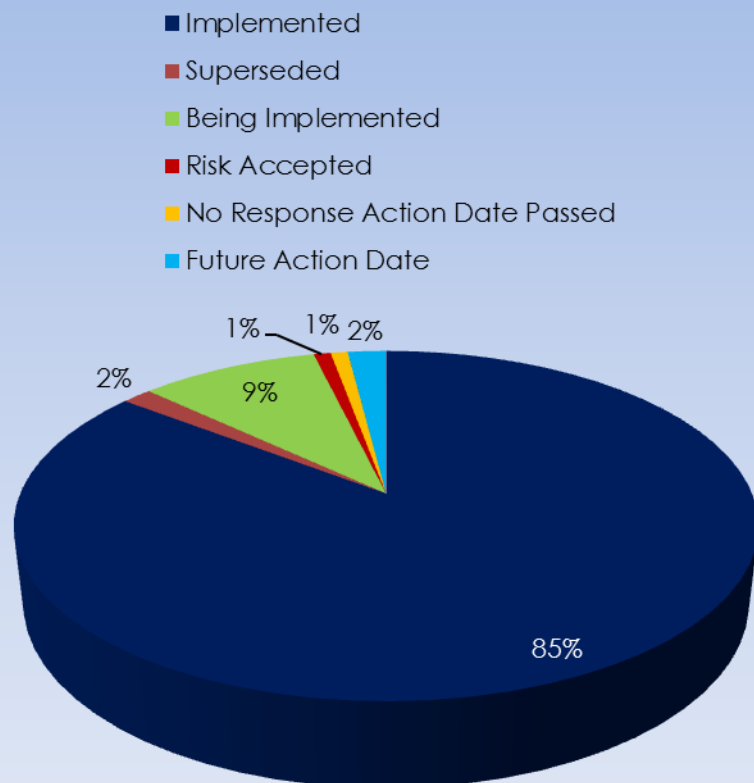
- **Risk Accepted** = Management has decided to accept the risk that Audit has identified and take no mitigating action.

4 Recommendation Tracking (Cont.)

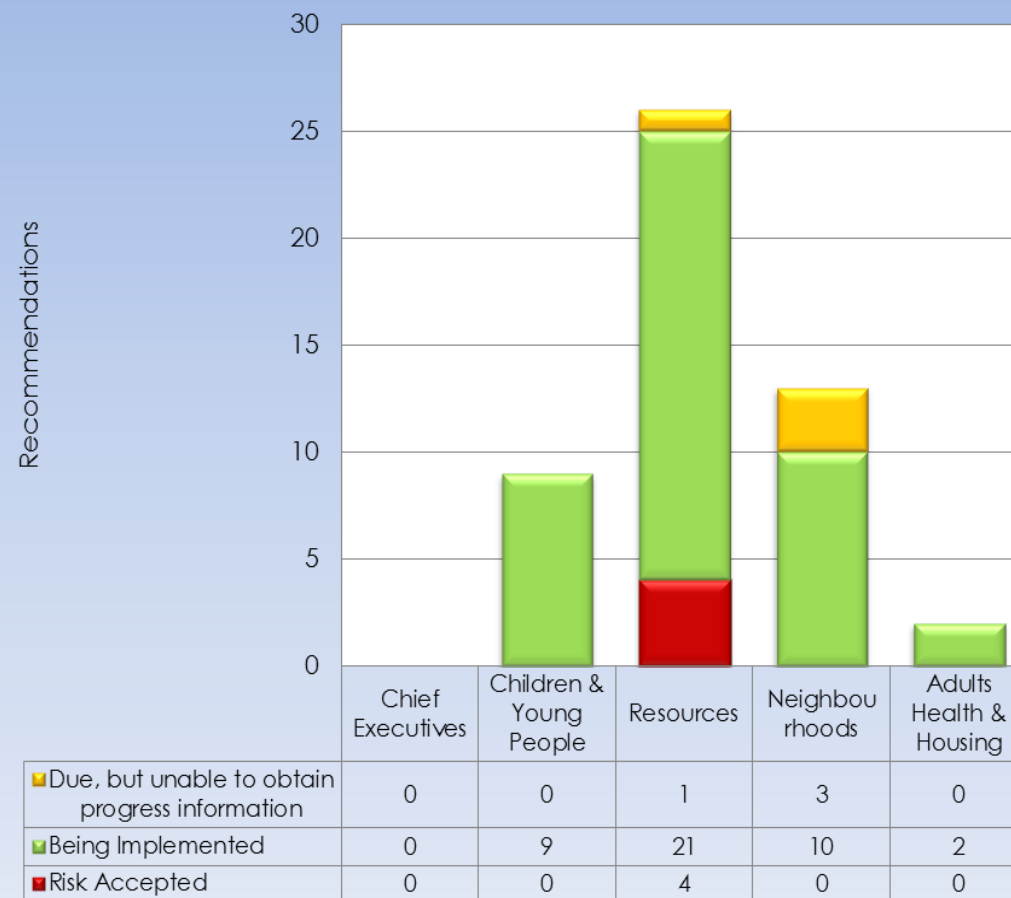
Implementation Status Charts

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Action Status of Recommendations made between 1st Dec 2010 and 30th Sep 2013



Recommendations Not Yet Implemented by Department



4 Recommendation Tracking (Cont.)

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Recommendations Not Yet Implemented

Children & Young People			
Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Safeguarding Children	9		06-Jul-12
Total No. of Outstanding Recommendations	9	0	

Resources			
Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Network Security - Password Audit	3		24-May-11
Debtors 2010-11	1		08-Aug-11
Fixed Assets 2011-12	1		03-Oct-12
Fixed Assets 2012-13	1	1	09-Apr-13
Business Support Hub	8		16-Mar-12
NNDR 2011-12	1		31-Jul-12
Creditors 2011-12	1		23-Aug-12
Payroll 2012-13	3		12-Apr-13
Taxation	2		23-Jan-13
Total No. of Outstanding Recommendations	21	1	

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4 Recommendation Tracking (Cont.)

Recommendations Not Yet Implemented (Cont.)

Neighbourhoods			
Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Chipside - IT System Security	1		31-Jan-11
Health & Safety		1	02-Apr-12
Carbon Reduction Commitment	1	2	05-Sep-12
Home To School Transport	2		17-Oct-12
Civica APP IT Security	2		05-Nov-12
Waste Management	2		23-Jan-13
PI Missed Bins	1		23-May-13
Trading Standards	1		28-Aug-13
Total No. of Outstanding Recommendations	10	3	

Adults, Health & Housing			
Audit Assignment	No. of Recs Still Being Implemented	No. of Recs Where Unable to Obtain a Response	Final Report Date
Public Health	2	0	30-Jul-13
Total No. of Outstanding Recommendations	2	0	

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4 Recommendation Tracking (Cont.)

Risk Accepted Recommendations

IT Transformation Programme Audit

Audit Finding

Design documentation was provided to Audit by Central IT that detailed top level configuration designs for the new Active Directory, Windows 2008 Server build (file server role), Windows 7 build, and Citrix Xen environment configuration. Audit raised concerns that the designs did not formally specify exact configuration settings in many areas, such as security related configuration parameters, or detailed test schedules. Subsequently, further requests were made by the Principal IT Auditor to Serco's Technical Architects and Project Managers, for clarification and assurance.

The earliest appointment date the Principal IT Auditor was given to meet with Serco's Technical Architect was 14th November 2012. Prior to this date, several requests for documentation, test plans and fault results had been made via formal email requests to the Project Managers and Technical Architects. During the meeting with Serco, the original requests for documentation were again discussed, as well as progress with the IT recant project.

The Auditor asked for details on current performance, load and application testing schedules for the new Citrix Xen environment, and requested documented test schedules and fault results. The Auditor was given a verbal update about the existing testing regimes for the Citrix Xen environment. A strong emphasis on the testing schedules was around application verification testing, ensuring interoperability of the Council's IT applications with the Citrix Xen environment.

The auditor questioned the test schedules around load/performance

was not perceived to be as much of concern as application testing, due to the high specification of hardware, memory, processing resources supporting the Citrix Xen environment. Subsequently, no formal test results or schedules on load testing could be provided.

Despite what we agree are high specification resources behind the Citrix Xen environment, we feel it is a high risk strategy to automatically assume the resources will be sufficient to support the demands of a high concurrent user load, without formal load testing regimes and scaling hardware accordingly based on test results. Lack of concurrent load testing means the Council runs the risk that users may experience significant performance issues when performing standard tasks.

Recommendation 1

Risk Rating: Moderate Risk

Summary of Weakness: No formal load testing was to be undertaken on the Citrix Xen environment to determine whether the high specification resources will be sufficient to support the demands of a high concurrent user load.

Suggested Actions: We recommend that, in accordance with best practice, management should ensure that specific testing is undertaken to simulate anticipated concurrent load on the Citrix Xen environment. Management should look to define, document and complete testing regimes to simulate user load to ensure the Xen environment can handle anticipated demand. This load should include simulation of common user tasks using manual and automated tools (i.e. Tevron CitraTest), i.e. users

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testing. The Technical Architect explained that load/performance testing

opening word, writing test documents and printing them, or users opening outlook, composing email, and sending mail. Due to the imminent recant,

4 Recommendation Tracking (Cont.)

Risk Accepted Recommendations (Cont.)

and given that thorough load testing can be a labour intensive exercise, management needs to consider the practicalities of performing such testing at this stage of the project.

Summary Response

Responsible Officer: Glyn Peach

Issue Accepted

Agreed Actions: We have decided not to take any actions and accept the risk identified, for the following reasons:

- Though we did not test the hardware, we have extensive experience of Citrix and vSphere on which Citrix will be deployed:
- Both architects and technical leads on the project are formally certified Citrix design and engineering specialists.
- We have both the hardware manufacturer and Citrix benchmarking and sizing information used as a basis for the specification.
- Three members of the team have together previously delivered more sizeable Citrix deployments (myself and two of the Serco Citrix specialists).
- The proposed tests of Microsoft office components are not necessarily representative of the 300-odd applications we are deploying. Therefore we do not believe “best practice” can be applied where there is such a large application base.
- We have been running 750 users on equivalent hardware for over 10 years, and Citrix is known to scale out in a near-linear fashion. The

- We are following Citrix best practice to segregate different workloads such that if any one application makes excessive demands, those demands are restricted to a small silo of servers without affecting the overall performance of the server estate.

Implementation Date: N/A

Update Comments: Subsequent to implementation results show Citrix under DTP runs at 15% load maximum vindicating the approach above.

Workstation Security & Management Audit

Audit Finding

We expected that security-related Software Patches would be applied to client-side applications.

We audited a sample of client devices attached to the corporate network to determine their patch status for non-MS security patches. We found all were considerably out-of-date for products such as adobe reader, apple quicktime, adobe flash player, sun Java JRE etc.

Client-side exploits are the current number one security issue being exploited by attacker’s intent on gaining footholds on private networks. Unpatched software provides attackers with opportunities to gain unauthorised access to private networks, which can subsequently be escalated to put confidential data at risk of unauthorised access and leakage.

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current 750 user farm has 10 servers and reaches 100% concurrency running the major applications (Microsoft Office, EDMS and both SQL and Oracle-based applications), the new farm has 86 servers.

4 Recommendation Tracking (Cont.)

Risk Accepted Recommendations

Recommendation 3

Risk Rating: Moderate Risk

Summary of Weakness: From a sample of workstations audited, many client-side applications such as adobe reader, flash, apple quicktime and java were not protected by the latest security patches.

Suggested Actions: We recommend that management define, document and implement a process to keep all client-side applications patched with the latest security updates.

Summary Response

Responsible Officer: Glyn Peach

Issue Accepted

Agreed Actions: To maintain the stability and interoperability of the line of business application for the council we cannot allow automatic patching of all software to take place.

Where we identify a critical vulnerability via our established notification methods we package new versions of the applications and apply these across the organisation.

Implementation Date: N/A

Workstation Security & Management Audit

Audit Finding

We expected that effective password controls would be in operation for all local accounts.

We found the local administrator account was not protected by account lockout or password expiry settings. When a machine is joined to the domain, local accounts can be made to adhere to the domain password policies around password complexity, expiry, re-use, account lockout etc.

However, if you configure a password policy prior to joining the machine to the domain, and set the accounts password to never expire, then it will never be required to adhere to the domain password policy, and subsequently won't be protected by account lockout and expiry policies.

Accounts that are not locked after a pre-defined number of failed login attempts are susceptible to compromise. This could lead to an attacker obtaining administrative access to another user's device over the network, and then being able to access any local data. Administrators can also install unapproved software that may breach corporate policies and be used to attack other devices in the network.

Recommendation 4

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Risk Rating: Low Risk

Summary of Weakness: The local administrator account on XP clients was not locked after a pre-defined number of failed login attempts.

4 Recommendation Tracking (Cont.)

Risk Accepted Recommendations (Cont.)

Suggested Actions: We recommend that management ensure local accounts on client devices enforce failed login account lockout mechanisms.

Summary Response

Responsible Officer: Glyn Peach

Issue Accepted

Agreed Actions: The local administrator account does not have lockout mechanisms enforced. This risk is accepted.

Implementation Date: N/A

Council Tax 2012-13 Audit

Audit Finding

We expected that reconciliations would be performed regularly to ensure property and banding amendments had been recorded accurately in the Council Tax system and that these agreed to the Valuation Office listings. Furthermore, any discrepancies highlighted by the reconciliations would be investigated and satisfactorily resolved in a timely manner

We examined the reconciliation performed in November 2012 and found

- 3 Properties where the banding allocated differed between the 2 systems.

Although it appeared there were a large number of discrepancies, the majority had been identified as mismatches since 1993, and were explained as appearing as mismatches because of slight differences in the address details or properties had been issued with completely different property reference numbers. Though the reasons were known, no corrective action had been taken to prevent the discrepancies from reoccurring.

If the discrepancies that are identified from the quarterly reconciliation between the Council Tax system and the Valuation Office listings are not properly resolved, there is a risk of the reconciliation process becoming a futile exercise and without corrective action being taken these discrepancies will continue to reoccur, potentially concealing new discrepancies that require prompt attention.

Recommendation 2

Risk Rating: Low Risk

Summary of Weakness: Corrective action was not being taken to resolve the discrepancies that were identified from the quarterly reconciliation

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the following mismatches had been identified:

- 546 Properties on Valuation Office list were not matched to the Academy system.
- 544 Properties on Academy system were not matched to the Valuation Office.

between the Council Tax system and the Valuation Office listings.

Suggested Actions: We recommend that corrective action is promptly taken to address any discrepancies identified through the quarterly reconciliation process between the Council Tax system and the Valuation Office listings. Action should be taken in consultation with the Valuation Office to address the long-standing discrepancies and whenever possible

4 Recommendation Tracking (Cont.)

Risk Accepted Recommendations

efforts should be made to ensure that future discrepancies are resolved before the next reconciliation exercise is undertaken.

Summary Response

Responsible Officer: Caroline McLeod

Issue Accepted

Agreed Actions: No change to current working practices. The discrepancies are known and we have a work around in place that is not timely. It would not be cost effective to spend valuable resource hours doing such a low risk task.

Implementation Date: N/A