



Meeting: Harbour Committee

Date: 18th March 2013

Wards Affected: All wards in Torbay

Report Title: Internal Audit Report – IT System Administration and Security

Executive Lead Contact Details: Non-Executive Function

Supporting Officer Contact Details: Kevin Mowat

Executive Head of Tor Bay Harbour Authority

Tor Bay Harbour Master

 **Telephone: 01803 292429**

 **E.mail: Kevin.Mowat@torbay.gov.uk**

1. Purpose

- 1.1 This report provides Members with an overview of the results of the Internal Audit Report undertaken for Tor Bay Harbour Authority on the harbour IT System Administration and Security, which was concluded in September 2012.
- 1.2 It is entirely appropriate that the Harbour Committee also receives and notes the main findings of the Internal Audit of the harbour IT System Administration and Security as shown in the Executive Summary - Appendix 1.

2. Summary

- 2.1 A 5 year rolling audit plan was taken to the Harbour Committee and approved in June 2011 separating the various operation and strategic elements of the harbour operation into distinct audit areas; this audit is the second audit from the rolling plan and focuses on IT system administration and security.
- 2.2 The audit scope has previously been agreed for 2012/13, as taken to Harbour Committee in June 2012; hence this audit is focussing on IT system administration and security and its associated controls. The audit was undertaken based on the following key risk areas bulleted below using previous audit work and input from Harbour staff to ensure that the programme was relevant to Tor Bay Harbour Authority :-

- Inappropriate use of IT systems
- Unauthorised / inappropriate access to the IT systems
- Data is not reliable
- Loss of data or assets
- Inappropriate use of CCTV

- 2.3 The opinions and recommendations contained within the Internal Audit report are based on an examination of restricted samples of transactions / records and discussions with officers responsible for the processes reviewed.
- 2.4 It is the Audit Report's opinion that improvements are required. The opinion states that there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made within the Report to ensure that organisational objectives are not put at risk.
- 2.5 The findings and recommendations in relation to each of the areas are discussed in the "Detailed Audit Observations and Action Plan" which forms an Appendix to the full report. This Appendix records the action plan agreed by the Executive Head of Tor Bay Harbour Authority to enhance the internal control framework and mitigate identified risks where agreed. The Tor Bay Harbour Authority business unit have already agreed the action plan with the Devon Audit Partnership.
- 2.6 The "Detailed Audit Observations and Action Plan" referred to in 2.5 above has been marked RESTRICTED and therefore does not form part of this report because it contains information or data or documents that should only be shared between a specific group of work staff who have to demonstrate a need to know, because of the sensitive content.

Supporting Information

3. Position

- 3.1 The following table summarises the assurance opinions given on each of the risks covered during the audit.

| Risks Covered | | Level of Assurance |
|---------------|-------------------------------------------------------|------------------------|
| 1 | Inappropriate use of IT systems | Fundamental weaknesses |
| 2 | Unauthorised / inappropriate access to the IT systems | Improvements Required |
| 3 | Data is not reliable | Improvements Required |
| 4 | Loss of data or assets | Improvements required |
| 5 | Inappropriate use of CCTV | Improvements required |

3.2 Assurance opinion levels are defined as follows :-

| Assurance | Definition |
|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| High Standard. | The system and controls in place adequately mitigate exposure to the risks identified. The system is being adhered to and substantial reliance can be placed upon the procedures in place. We have made only minor recommendations aimed at further enhancing already sound procedures. |
| Good Standard. | The systems and controls generally mitigate the risk identified but a few weaknesses have been identified and / or mitigating controls may not be fully applied. There are no significant matters arising from the audit and the recommendations made serve to strengthen what are mainly reliable procedures. |
| Improvements required. | In our opinion there are a number of instances where controls and procedures do not adequately mitigate the risks identified. Existing procedures need to be improved in order to ensure that they are fully reliable. Recommendations have been made to ensure that organisational objectives are not put at risk. |
| Fundamental Weaknesses Identified. | The risks identified are not being controlled and there is an increased likelihood that risks could occur. The matters arising from the audit are sufficiently significant to place doubt on the reliability of the procedures reviewed, to an extent that the objectives and / or resources of the Council may be at risk, and the ability to deliver the service may be adversely affected. Implementation of the recommendations made is a priority. |

3.3 The recommendations are categorised as follows :-

| | |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| High | A significant finding. A key control is absent or is being compromised; if not acted upon this could result in high exposure to risk. Failure to address could result in internal or external responsibilities and obligations not being met. |
|------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

Medium Control arrangements not operating as required resulting in a moderate exposure to risk. This could result in minor disruption of service, undetected errors or inefficiencies in service provision. Important recommendations made to improve internal control arrangements and manage identified risks.

Low Low risk issues, minor system compliance concerns or process inefficiencies where benefit would be gained from improving arrangements. Management should review, make changes if considered necessary or formally agree to accept the risks. These issues may be dealt with outside of the formal report during the course of the audit.

- 3.4 The full report contains 31 recommendations of which 9 are 'High', 18 are 'Medium' and 4 are 'Low'. Some of the agreed actions identified within the Report's Action Plan have already been implemented or are in the process of being implemented. All of the 'High' priority actions will have been taken by April 2013. The Executive Head of Tor Bay Harbour Authority has commenced a procurement process to replace the existing harbour software system and any new software will considerably mitigate many of the risks identified during this audit. Funding for a new IT system has been identified within the "project list" attached as Appendix 2 to the Budget Monitoring Report.

Appendices

Appendix 1 Devon Audit Partnership Internal Audit Report – Tor Bay Harbour Authority ~ IT System Administration and Security (September 2013) – Executive Summary

Additional Information

The following documents/files were used to compile this report:

Devon Audit Partnership Internal Audit Report – Tor Bay Harbour Authority ~ IT System Administration and Security (September 2013) RESTRICTED