

Sheffield City Council

**BIS Update for Audit
Committee 13 December
2012**

KPMG LLP

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1 **Update on 2011/12 IT follow-up report**

1.1 **Purpose**

This report updates the Audit Committee on the Council's further progress in implementing agreed recommendations from previous Audit Commission overall IT assessments.

1.2 **Update on Progress**

1.2.1 **Previous Audit Commission work**

As part of the 2010/11 external audit the Audit Commission reported on its overall IT risk assessment of the Council's IT systems. The scope of this review was to complete a high-level IT Risk Assessment including review of the key general IT controls for the operation of the main financial systems and associated infrastructure. The resulting report included eight agreed recommendations.

During 2011/12 the Audit Commission followed up the Council's progress in implementing these recommendations, and again reported to the Council's Audit Committee. In response the Audit Committee requested that the Council's external auditors (i) submit a report to the Committee in December 2012 on the Council's progress on recommendation 2 relating to the procedure for disabling user ICT accounts for staff leaving the Council, and (ii) submit a progress report to the Committee in the New Year on the actions to implement all the recommendations in the report.

1.2.2 **Detail of Recommendation 2**

Recommendation 2 in the 2010/11 report was as follows:

- The procedure for disabling the user accounts of users of Council ICT leaving the employment of the Council should be re-designed to ensure it is more timely and complete. This should include a checklist to ensure all IT equipment is collected, for example, any two factor remote access devices, mobile devices and laptops.

The Council agreed the recommendation with an implementation date of March 2011, and commented as follows:

- The existing process will be reviewed and redesigned by Capita & BIS (with BIS assurance). The process design will include engagement with HR system / information owners - to ensure business process is aligned with redesigned ICT process.

1.2.3 **Progress in 2011/12**

The External Audit 2011/12 follow-up report commented in relation to recommendation 2 as follows:

- Some action has been taken, but there still remains scope for improvement in this area. Capita users of Council ICT have expressed some concerns that the end of month

HR/payroll leavers report used as a compensating control to identify leaver accounts is not accurate. There is also evidence to show that user accounts belonging to users of Council ICT who have left the employment of the Council have been used since their departure.

Officers agreed the external audit follow-up, and responded:

- Officers have commented that a review is already underway by BIS P&P Assurance on the processes within SCC and Capita. This review has identified a further significant area of concern, namely users who are not employed by SCC (contractors, consultants, NHS or agency staff etc) who are granted legitimate access but whose records (especially leaving dates) are not processed through Capita HR. Work is progressing, but BIS estimate that delivery of a solution will be 31 July 2012 at the earliest.

On receiving these comments, the Audit Committee asked for a further update on progress.

1.2.4 **Further progress during 2012/13**

To comply with the Audit Committee's request, we have liaised with officers and asked them to provide a further update on progress, which is included in Appendix 1. In summary officers have commented that progress on implementing this recommendation has been slower than hoped, but that a way forward has now been agreed by all parties.

Please note that we have not carried out any checking of the information in Appendix 1.

1.3 **Further work in 2012/13**

As part of our 2012/13 external audit responsibilities we will review the Council's general IT controls in so far as they provide assurance over the complete and accurate processing of material entries for the Council's accounts. The scope of this work will differ from the risk assessment work carried out by the Audit Commission.

In addition, in response to the Audit Committee's request for specific follow-up of previous external audit IT risk assessments, we will ask the Council's officers to provide a further update for the Audit Committee on the Council's progress on implementing all the remaining outstanding recommendations from the 2010/11 External Audit report. We would be happy to carry out a more detailed follow-up of progress, involving review and testing of officers' responses, as an additional piece of work, if the Audit Committee would find this beneficial.

Appendix 1 Update by officers

Progress on this work has been slower than hoped for two reasons:

- 1 Resolving the process issues is even more complex than thought, and will involve joint working between the Council's Business Information Solutions team (BIS) and Human Resources Team (HR), and Capita's IT Services team (ITS) and Human Resources team (HRConnect).
- 2 Workforce reductions in both BIS and Capita have meant that staff resources for this work are also spread more thinly, leading to delays. This has been exacerbated by priority work on other major projects, eg Highways PFI and Mainframe decommissioning.

However, BIS have now developed a full action plan, which will be implemented by all parties, and is currently being implemented, chiefly as part of the preparations for the calculation and notification of the BIS chargeback to ICT users in 2013. The plan aims to address both the process issues that have led to the problems, and to cleanse the existing ICT user data to give a reliable baseline.

When the current processes were set up some years ago, most ICT users were employed directly by the Council. However, it now appears that up to 40% of those with Council email addresses are not on the Council payroll, although this proportion will reduce substantially when Sheffield Homes' staff return to the Council next Spring. Reliable monitoring of user changes by comparing data with the Council's payroll is not possible for these users. It is therefore planned to put more robust processes in place to specifically address this issue, though these will rely on timely action by Council business managers to ensure changes are communicated promptly to BIS and Capita ITS.

Regarding Capita employees, Capita state that all Capita IT leavers go through Capita's standard leavers process which is driven by Capita's HR toolset. Exit interviews are conducted through Capita Desktop and automatically sent to Capita HR. Group IT then disable group accounts and e-mail. Local accounts are disabled on completion of the notice period and handover of any objects on loan (IT kit & Phone).

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