ITEM No …4…………

REPORT TO: SCRUTINY COMMITTEE – 28 SEPTEMBER 2022

REPORT ON: INTERNAL AUDIT REPORTS

REPORT BY: ACTING SENIOR MANAGER – INTERNAL AUDIT

REPORT NO: 233-2022

1.0 PURPOSE OF REPORT

To submit to Members of the Scrutiny Committee a summary of the Internal Audit Reports finalised since the last Scrutiny Committee.

2.0 RECOMMENDATIONS

Members of the Committee are asked to note the information contained within this report.

3.0 FINANCIAL IMPLICATIONS

None

4.0 MAIN TEXT

4.1 The day-to-day activity of the Internal Audit Service is primarily driven by the reviews included within the Internal Audit Plan. Broadly, on the completion of a specific review, a report which details the audit findings and recommendations is prepared and issued to management for a formal response and submission of management's proposed action plan to take the recommendations forward. Any follow-up work subsequently undertaken will examine the implementation of the action plan submitted by management.

4.2 Executive Summaries for the reviews which have been finalised in terms of paragraph 4.1 above are provided at Appendix A. Within each Executive Summary the prime aim is to provide both Elected Members and management with key information which includes the reason for undertaking the review, a summary of financial data and statistics, the areas encompassed within the review and specific areas which were excluded, the principal audit objectives, an audit opinion on the adequacy of the systems and control framework of the area reviewed, the key conclusions based on the audit findings and recommendations and a summary of management's response to the audit report. The full reports are available to Elected Members on request.

5.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

6.0 CONSULTATIONS

The Chief Executive, Executive Director of Corporate Services, Head of Corporate Finance and Head of Democratic and Legal Services have been consulted on the content of this report.

7.0 BACKGROUND PAPERS

None

David Vernon, Acting Senior Manager – Internal Audit   DATE: 26 August 2022

i) INTERNAL AUDIT REPORT 2021/13

Client	Neighbourhood Services
Subject	Interment Fees

Introduction

The Council generates income of around £630,000 per annum from interment (burial) fees. Interment charges include interments in purchased and semi-private ground, fees for the sale of lairs, title deeds and a fee for perpetuities. There are also fees for lairs and interment purchased together.

The Burials Database used by the Council was developed in house a number of years ago and has some limitations in relation to the management information and reporting features which the database can be used for. Due to the limitations in the Burials Database and several personnel changes within the burials team in recent years, the Council established a short life working group to examine the interment fees process in August 2021. The group intends to complete an end to end review of the existing process for burials management and ensure the process is managed as effectively as possible moving forward.

Included within the group's terms of reference are the following aims:

- To produce a full set of documented procedures for all key stages of the process.
- Ensure all income transactions interface effectively with the Civica Financials system.
- Review existing authorisation controls to ensure effective segregation of duties.
- Assess current performance and management information available from the current database used for burials. Consider whether the Burials Database in use is fit for purpose.
- Consider whether the Burials Database in use is fit for purpose

Scope and Objectives

End to end review of the Council's interment fees process, operated within Neighbourhood Services and Corporate Services, including how it interfaces with Civica Financials.

Conclusion

The principal conclusion drawn from this review is that there are significant weaknesses in the system which must be addressed.

The areas of concern highlighted in the report are as follows:

User Access:

- There is insufficient monitoring of user access to the Burials Database and seven accounts were identified for users who have either left the Council or who now work in another service and who therefore no longer require access.
- Formal, periodic review of existing users should be implemented to ensure user access remains appropriate.

Private Sales:

- Private sales, direct to customers and not via a funeral director, are not subject to the same invoicing process followed for funeral director sales. The process followed lacks appropriate segregation of duties and there is no formal recording of sales until after payment is received from the customer. As such there is a risk of sales taking place which may not be recorded. Furthermore, there are practical challenges with the process including customers making payment to the incorrect account or not using a suitable reference for their payment to be identified.
- The Council is currently investigating the potential to process private sales via Pay360 and Firmstep, which would mitigate these risks. Until such a time as this is implemented, additional control is required to mitigate the risks present in the process.

i) INTERNAL AUDIT REPORT 2021/13 (cont'd)

Client	Neighbourhood Services
Subject	Interment Fees

Conclusion (cont'd)

Importing Funeral Director Invoices into Civica Financials:

- Invoices for funeral directors are generated within the Burials Database and manual intervention is required to import the financial information into Civica Financials. In June 2021 the import failed, and the investigation and identification of the underlying issue took six months to resolve.

- To facilitate timely investigation and identification of any invoices which do not successfully import into Civica Financials, it is recommended that PDF copies of invoices and the IT exception report are retained by the Customer Services and IT/Corporate Debt team and are also shared with the Accountant in Corporate Finance for comparison with the information imported to Civica Financials. Additionally, to mitigate the risk of key person dependency on IT Officers with sufficient knowledge of the Burials Database programming, it is recommended that the process for running the exception report is documented.

Burial Schedules:

- There is an opportunity to enhance burial schedules which contain details of funeral proceedings, to include the weight of the deceased. This will ensure sufficient Grounds staff are available ahead of the funeral taking place to enable funerals to proceed without delay or difficulty.

- To ensure practical and operational efficiencies and clarity of ground preparation confirmation as to which lair has been prepared should be provided to the Interment team in advance of the funeral taking place.

Enhancements to the Burials Database:

- A number of potential Burials Database enhancements have been identified by the short life working group with input from the IT Officers who support the system. Although these will create efficiencies and enable better quality management information to be extracted from the system, the proposed solutions have not been formally appraised and the working arrangements between the Interment team and IT have not been formally agreed.

- In addition to formalising working arrangements, a formal assessment of proposed enhancements and a detailed action plan for developing and implementing enhancements should be documented to enable the short life working group to hold those responsible for the improvements to be held to account.

Family History:

- The Family History service provided within the Interment team has been provided without charge since August 2021 despite charges being defined within the Dundee City Council Cemetery Charges Document and is therefore lost income. It is recommended that the process supporting the Family History service is better defined to ensure there are clear criteria for assessing whether or not to meet requests and that time spent fulfilling requests is factored into both resource requirements of the team and income generated.

Management Response to the Audit Report

The audit findings and recommendations were formally reported to the Executive Director of Neighbourhood Services and the Executive Director of Corporate Services and appropriate action agreed to address the matters raised.

ii) INTERNAL AUDIT REPORT 2021/19

Client	Corporate Services and Children and Families
Subject	Schools IT Network

Introduction

The Council's Schools IT network is used by staff and pupils across the Council's eight secondary schools, two specialist provisions, 33 primary schools, 13 nurseries and 28 nursery partner provider sites. In total there are around 3,250 staff licenses and a further 21,000 licenses for pupils at primary and secondary schools. Network access is managed using a Windows Active Directory which enables access using a Microsoft user licence.

The network can be accessed from devices within each of the education sites or on user's portable devices. An active directory is maintained outlining the number of devices used to access the network and there are around 10,000 devices registered in the directory and a further 2,000 iPad devices are recorded on the Azure active directory which are managed at the endpoint within the schools. In response to the COVID-19 pandemic and the requirement for remote teaching, additional funding was provided by the Scottish Government to fund an additional 3,000 portable devices for use by students.

Portable devices accessing the Schools IT network remotely have the same access to the network that they would if they were accessing from a device within a school. There are however some exceptions, for example the 3,000 additional portable devices funded by the Scottish Government through the COVID-19 pandemic only have access to Microsoft 365 and Glow (Scotland's national digital learning environment). Furthermore, some systems which use the network are not accessible via remote access, including SEEMiS, the database which records pupil and attendance information. There is however full access to all systems, including SEEMiS, within the network via Edu Gateway (a one terminal access server). Given the range of access which this connection enables, access has only been provided to between 30 and 40 teachers as at the time of the audit.

Within the network there are three categories of user access levels, one for students and two for teachers split by generic teacher access and management teacher access. The management teacher access level includes functionality such as manually resetting passwords of other users and is typically given to administrative or secretarial staff. Depending on whether the user is a student or a teacher, and what school they attend, the access provided will also be restricted to ensure data held on the network is only accessible by relevant and appropriate individuals. For example, student licences will not permit access to other student records and teacher licences will only provide student data for the school the teacher works at and not others across the Council.

Scope and Objectives

Review of information security and access controls on devices used on the school network. The scope of this audit did not consider the technical application controls within the Schools IT Network.

Conclusion

The principal conclusion drawn from this review is that whilst there is basically a sound system of control there are some areas where it is viewed improvements can be made.

The main areas commented upon in the report are as follows:

Acceptable Use Policy:

- Monitoring of users reading and accepting the terms of the Acceptable Use Policy is delegated to each school and as such there is an opportunity to enhance the central monitoring of this control. Each school should be required to perform a periodic review and report the results of this review to the Education team within IT. Non-compliance should be followed up with users who have not read and agreed to the Policy.

ii) INTERNAL AUDIT REPORT 2021/19 (cont'd)

Client	**Corporate Services and Children and Families**
Subject	**Schools IT Network**

Conclusion (cont'd)

Timely Access to the IT Network
• Sample testing of new staff starters identified that a small number were not granted access timeously. This can risk inefficient operations within schools and heighten the risk of logins being shared. The process for requesting access should be assessed to determine if it is possible to ensure all mandatory information is provided prior to requests being submitted and a protocol should be defined for granting access to the Schools IT network to ensure requests are completed timeously.
Management Response to the Audit Report
The audit findings and recommendations were formally reported to the Executive Director of Corporate Services and the Executive Director of Children and Families and appropriate action agreed to address the matters raised.

iii) INTERNAL AUDIT REPORT 2022/02

Client	Chief Executive's Service
Subject	Follow-up Review of Brexit

Introduction
As part of the planned 2022/23 internal audit work, a follow-up review of Internal Audit Report 2020/31 Brexit was undertaken. The original internal audit report concluded that whilst there was basically a sound system of control, there were some areas where it was viewed that improvements can be made. The three main areas highlighted in the report were as follows: • Risks in relation to the supply chain should be assessed holistically with consideration being given to both the legal and practical implications. This should include consideration of the impact of tariffs or duties on the Council's own suppliers. When reviewing the supply chains and identifying those suppliers most at risk, the Council's Corporate Procurement Team should liaise with Scotland Excel. • The Brexit Risk Register should be routinely considered by the Brexit Advisory Team and submitted to the Policy and Resources Committee as part of the Brexit Update Report. In addition, the Brexit Risk Register should be updated to introduce and incorporate risk owners, statuses as to whether the risk has been adequately mitigated and dates of updates. Once risk owners are assigned, they should be required to review risks at least quarterly. In order to continue to manage risk and in particular, benefit from opportunities, it is recommended that the Brexit Advisory Team continues in operation through to at least the end of the financial year 2022/23 and focuses on a roadmap of priorities. Internal Audit has provided an analysis of the key areas of Brexit impact to assist, along with an assessment of the Council's considerations to date and suggested future activities by area.

Scope and Objectives
To assess whether or not each of the six recommendations (three Significant and three Routine) agreed by management in Internal Audit Report 2020/31 have been implemented within the given timescales. The follow-up review is restricted to areas included in the original report.

Conclusion
The principal conclusion drawn from the follow-up work undertaken is that the actions taken by management have addressed the control weaknesses highlighted in the original review.