

Moray Council  
Internal Audit Section

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Payroll- Access Controls  
Final Report



# Moray Council

## Internal Audit Section

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**DEPARTMENT:** Corporate Services Department

**SUBJECT:** Payroll- Access Controls

**REPORT REF:** 19'032

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### 1. Executive Summary

The annual audit plan for 2018/19 provided for a review to be undertaken of access controls to the Council's payroll application software. The audit reviewed the controls governing user access rights and thereafter the administration and monitoring of user activity. The Chartered Institute of Public Finance and Accountancy (CIPFA) Information Technology Control Matrices and the International Standards Organisation (ISO) Information Security Standards were used in the development of an audit programme for this review. In addition to user access, an overview was also undertaken of payroll data storage and back-up arrangements.

The Council's Payroll Software Application is supplied by a company called MHR (formerly Midland HR). The system went live in 2017, and prior to this point a Project Working Group was established to ensure its effective implementation. The software was configured to meet the requirements of each system 'user type'. The system has a dual function to meet the requirements of two main service areas i.e. Payroll and Human Resources. Each 'user type' is allocated specific access rights that allow access to particular functions within the system. The level of access ranges from 'read only' to full 'system administrator' access.

The audit found that the nominated system administrator (a senior payroll officer) was managing system user access effectively. This ensures access entitlements remain current where roles change and for new starts and leavers in the payroll and HR teams. Application software controls were also found to enforce minimum password entry requirements. The following areas were identified where further development of controls and governance arrangements should be considered:-

- While testing noted that any specific processing action by an authorised user could be reconciled to an audit trail, further development is recommended to the risk based audit log reporting function within the system to highlight any exceptional user actions that would merit specific investigation.
- The software is structured on a hierarchical basis to ensure so far as is practicable that individual user profiles can be developed that restrict access only to data required for a particular job role. User type access profiles had been determined upon implementation in 2016, and a review to ensure these remain relevant would be prudent now that the system has been operational for some time.
- It was noted that the system administrator access is limited to certain officers within the Payroll Section and ICT, and system support personnel external to the Council. A review should be undertaken of all system administrator users to ensure access requirements remain appropriate and have been assigned to an individual rather than to a generic service user.

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### 2. Introduction

In 2017 the Authority introduced a Payroll and a Human Resources management software application called iTrent. The supplier for this software is a company called MHR (formerly Midland HR). A Project Working Group was established to ensure the new system was configured correctly to the requirements of the Council. Currently the operational management of the iTrent system is the responsibility of the System Administrator based within the Payroll Section. The audit included a review of user access controls, configuration of access rights to each users individual post requirements etc.

### 3. Audit Scope

The annual audit plan for 2018/19 provided for an audit review to be undertaken of payroll access controls. The payroll function is provided by a software product called iTrent. The iTrent system was introduced within the Council in 2017 to meet the requirements of both Payroll and Human Resources. The audit reviewed the controls regarding access to the system and the monitoring of user usage.

### 4. Summary Assessment

The Internal Audit Section will provide Management with an opinion on the internal control environment based on four categories of classification:

Assurance Level	System and Testing Conclusion
Full	The controls tested are being consistently applied
Substantial	There is evidence that the level of non compliance with some of the controls may put some of the system objectives at risk.
Limited	The level of non compliance puts the system objectives at risk.
None	Significant non-compliance with basic controls leaves the system open to error or abuse.

Our assessment in terms of the design of, and compliance with, the system of internal controls for Payroll- Access Controls as limited by the scope of audit is set out below:

System Assessment	Testing Assessment
Full	Full

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### 5. Findings

The main issues raised for management consideration are:

- 5.1 It was noted that the Information Technology (IT) Section have system administration level access to the iTrent System. However access has been given through a generic user name and not specific to an individual officer.
- 5.2 A review of users with access to the ITrent System found that three officers from Phase 3 Consultants and a generic system user from MHR had system administrative level access. No confirmation or notification of any changes in user access requirements are provided to the Council by MHR or Phase 3 Consultants.
- 5.3 Testing noted that the any processing actions could be reconciled to an audit trail. However limited evidence was found in the development of audit log reports to provide information regarding the management of the system as a whole
- 5.4 Each user within the ITrent system has been allocated a profile that determines the level of access to the different functions within ITrent. However, it was noted that these user access profiles had not been reviewed for a number of years.
- 5.5 All new users to the ITrent System complete a "New User Request Form", the form requires to be authorised by a Manager before the System Administrator will set up access. However it was found that any change in officer responsibility does not require any formal notification to the System Administrator
- 5.6 An appropriate level of user password complexity is required by iTrent to access the system. However, the password is not time limited, once a user has set up a password there is no future requirement requiring a change in system log-in details.
- 5.7 Further to discussions with the System Administrator, it has been found iTrent is not retaining information transferred into it's Archive Function. The System Administrator is investigating why iTrent is deleting data held within Archive. It should however be noted that this does not affect the completeness or integrity of the data stored within the system.

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- 5.8 It was noted that the System Administrator, in addition to undertaking duties regarding the management of the iTrent system, will also process payroll data eg timesheets. Good practice was introduced by the System Administrator to configure iTrent with regard to segregation of user access. However, these controls are not applicable to the System Administrator when processing payroll information.

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### 6. Recommendations

Risk Ratings for Recommendations						
<b>High</b>	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	<b>Medium</b>	Less critically important controls absent, not being operated as designed or could be improved.		<b>Low</b>	Lower level controls absent, not being operated as designed or could be improved.
No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
<b>Key Control:</b> Appropriate controls exist in the management and administration of access controls within the Payroll System.						
<b>5.1</b>	Access required to the iTrent system by the Council's Information Technology Section should be based on an individual's user identity rather than on a generic access log in function.	Medium	Yes	Individual user access will be set up for officers from the Information Technology Section requiring access to the iTrent System	Senior Payments Officer	31 <sup>st</sup> July 2019
<b>5.2</b>	Phase 3 Consultants should be asked to provide a current listing of individual officer access requirements and to inform the Council immediately of any changes to this listing.	Medium	Yes	No further access required by officers from Phase 3 Consultants. User access profiles will be deleted.	Senior Payments Officer	31 <sup>st</sup> July 2019

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
	Midland HR should be asked for provide details of the individual who will require access to the Council's Payroll iTrent System. Access should then be provided to an individual rather than a generic log in for the company.		Yes	All generic users log in access will be deleted. Future iTrent access will be based on individual user requirements.	Senior Payments Officer	31 <sup>st</sup> July 2019
<b>5.3</b>	Audit Log functions within the iTrent system should be further explored with the view to develop standard reports that will allow the reporting of user activity within the system.	High	Yes	Midland HR and other Local Authority users will be contacted to enquire whether the audit log function can be further developed to produce monitoring reports on user activity.	Assistant Payroll Manager	31 <sup>st</sup> August 2019



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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.4	A review should be undertaken of user access profiles within ITrent to ensure that officers are only allocated access to information and functions required to undertake their duties.	Medium	Yes	.	Assistant Payroll Manager/ Senior Payments Officer	31 <sup>st</sup> March 2020
5.5	Service Managers should be reminded that the System Administrator should be informed immediately of any changes in officer responsibilities that will effect access requirements to the ITrent System.	Medium	Yes	A reminder will be sent to all Service Managers to request that the Senior Payments Officer is informed immediately, of any such changes.	Senior Payments Officer	31 <sup>st</sup> August 2019

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.6	An appropriate time period should be established where the iTrent system forces a user to change their password in order to maintain access to the system.	Medium	Yes	Agreed; however Midland HR is to issue a system update that will provide an additional function to remind users to change their password.	Assistant Payroll Manager/ Senior Payments Officer	To be implemented after system update by Midland HR
5.7	Further investigatory work is required to explore the archive functions within ITrent. The transfer of information to Archives within iTrent should provide an additional facility for the storage of data.	Low	Yes	Midland HR and the Council's Information Technology Section will be consulted to resolve the issue of the system deleting data held within the Archive function.	Senior Payments Officer	31 <sup>st</sup> August 2019

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No.	Audit Recommendation	Priority	Accepted (Yes/ No)	Comments	Responsible Officer	Timescale for Implementation
5.8	System Administration level access should not be used for the processing of payroll data but for the overall management of the iTrent System.	Medium	Yes		Senior Payments Officer	Immediate