

Integration Joint Board



Co-bhòrd an Amalachaidh

Internal Audit Review

**Business Continuity Planning and Disaster
Recovery**

Final Report – 2019/20 – IJB

22 November 2019

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

CONTENTS

	Page
SECTION 1 - EXECUTIVE SUMMARY	1 - 4
SECTION 2 - DETAILED FINDINGS AND RECOMMENDATIONS	5 - 6
SECTION 3 - ACTION PLAN	7
APPENDIX A - RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT	8
APPENDIX B - ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES	9

Date of Visit	September/October 2019
Draft Report Issued	11 November 2019
Management Response Received	20 November 2019
Final Report Issued	22 November 2019

Issued to:	
Chief Officer	Ron Culley
Chief Financial Officer	Debbie Bozkurt
Audit Scotland	David Jamieson Ray Buist

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 1: EXECUTIVE SUMMARY

Introduction

- 1.1 This report has been prepared following an internal audit review of the Integration Joint Board (IJB) business continuity planning and disaster recovery processes and as part of the operational annual internal audit plan for 2019/20. The purpose of this report is to provide an overview of the IJB's arrangements for business continuity planning and disaster recovery in terms of the objectives noted below.

Background information

- 1.2 The Chartered Institute of Internal Auditors describes Business Continuity Planning as involving "having plans and procedures in place that enable the recovery of key business processes following a disaster or incident. The overall objective of a Business Continuity Plan (BCP) is to maintain the integrity of an organisation's data, operational service and other facilities and, if necessary, provide a temporary or restricted service until normal service can be resumed".
- 1.3 A major aspect of business continuity is disaster recovery. Disaster recovery plans are required by organisations in order that they are able to respond to incidents and minimise their effect on day to day business activities. The plan should consider how IT systems are brought back online in the event of such an event in order to promote business continuity.

Internal audit objective

- 1.4 In accordance with the remit outlined within the operational annual internal audit plan for 2019/20 and further documented within the agreed terms of reference, our internal audit work was designed to obtain assurance that the IJB's arrangements with regard to business continuity planning and disaster recovery were appropriate and operating as expected. In practice, we assessed whether the overall objective was being achieved by confirming that:-
- There is an IJB business continuity management policy and supporting procedures in place which identifies the organisation's mission critical activities and prioritised recovery;
 - The IJB has produced a business impact analysis and risk assessment and these have been agreed and approved by the IJB Board;
 - The parent bodies IT sections have identified hazards and threats in relation to IT architecture, networks, suppliers, documentation, hardware, software, storage, back-ups, staffing, buildings, facilities, security, systems monitoring, power, data communications, archiving and environmental factors such as air conditioning in data rooms;

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 1: EXECUTIVE SUMMARY (CONTINUED)

- There has been appropriate testing of disaster recovery arrangements, together with a review of learning points which have been filtered into updated procedures and processes, where appropriate;
- There is supporting documentation held within parent organisations, the IT units and in off-site locations which provide clear instruction for staff which include, responsibilities, authorisations and relocation;
- Third party arrangements are supported by a contract and have appropriate security, authorisations, recognised practices in accordance with international standards of IT management, and
- There are suitable budgetary provisions in place to facilitate appropriate business continuity and disaster recovery arrangements within the IJB.

1.5 Concluding remarks

Our detailed findings are included in the body of this report. We would point out that the main issue arising from our review which requires management attention are:

- A Business Continuity policy statement should be implemented along with annual assurance being sought formally from partner organisations confirming that Business Impact Analysis have been carried out and appropriate Business Continuity arrangements are in place; (Para 2.1)
- Formal annual assurance should also be sought from each partner organisation confirming whether the necessary IT systems and controls have been tested and are operating effectively and whether adequate budgetary provision has been made to enable this to take place. (Para 2.2)

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 1: EXECUTIVE SUMMARY (CONTINUED)

- 1.6 We have graded our detailed findings and recommendations, based on the likelihood of the identified weakness occurring and the impact on the IJB if it should occur, using the following criteria:

Grade 1 	-	“Critical” – High likelihood, High impact (HH)	“The weakness is almost bound to happen or is already happening (likelihood) and could have a significant impact on the IJB services, reputation, control, financial position, statutory, regulatory or constitutional compliance if not contained”
Grade 2 	-	“Contingent/Insurable Risk” - Low likelihood, High impact (LH)	“The weakness is unlikely to happen, but would have a significant impact on the IJB services, reputation, control, financial position, statutory, regulatory or constitutional compliance if it did occur”
Grade 3 	-	“Housekeeping” – High likelihood, Low impact (HL)	“The weakness is almost bound to happen or is already happening but is unlikely to have a material impact on the IJB services, reputation, control, financial position, statutory, regulatory or constitutional compliance, and can be contained”
Grade 4 	-	“Value for Money” – High likelihood, Value for money impact (HV)	“The weakness is almost bound to happen or is already happening but if contained would have a positive impact on economy, efficiency and effectiveness in the use of resources”

Where we have identified isolated exceptions in our sample testing, and we consider that: -

- They are unlikely to recur; and
- Would have no significant impact if they should occur,

We have classified them as low likelihood and low impact (**LL**), discussed them with relevant officers and detailed them in Appendix B to this report.

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 1: EXECUTIVE SUMMARY (CONTINUED)

1.7 Our recommendations can be summarised and prioritised as follows:

Recommendation		Overall grading			
		4	3	2	1
2.1	Implementation of Business Continuity policy statement along with formal annual assurance being sought from partner organisations that Business Impact Assessments have been carried out and appropriate Business Continuity arrangements are in place.				
2.2	Formal annual assurance should be given by each partner organisation confirming whether the necessary IT systems and controls have been tested and are operating effectively and whether adequate budgetary provision has been made to enable this to take place.				

1.8 We would like to thank all staff from each of the parent bodies for the co-operation and goodwill we received during the course of our internal audit fieldwork.

For Integration Joint Board Internal Audit Section
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22 November 2019

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 2 - DETAILED FINDINGS AND RECOMMENDATIONS (Con't)

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<p>Control objective 1: There is an IJB business continuity management policy and supporting procedures in place which identifies the organisation's mission critical activities and prioritised recovery.</p>					
<p>2.1 At present the IJB does not have an overarching business continuity policy in place. Although Business Continuity should be managed within each partner organisation the IJB should set out its BC policy in order to outline what it expects from partner organisations.</p> <p>Although each partner organisation has the ability to raise any BC issues for potential inclusion on the risk register there is no formal assurance presently being provided to the IJB that appropriate BC arrangements are in place. The IJB should consider gaining formal confirmation from each partner organisation, as part of the annual assurance statement, that organisational business continuity plans are in place and up to date.</p> <p>Business impact analysis should also be carried out for each service area with assurance again provided to the board that this is in place and operating as expected.</p>	L	H	<p>Implementation of Business Continuity policy statement along with formal annual assurance being sought from partner organisations that Business Impact Assessments have been carried out and appropriate Business Continuity arrangements are in place.</p>	2	<p>This action will be taken forward in line with the recommendation and will be in place by the beginning of the new financial year.</p>

**INTEGRATION JOINT BOARD
INTERNAL AUDIT REPORT
BUSINESS CONTINUITY PLANNING AND DISASTER RECOVERY**

SECTION 2 - DETAILED FINDINGS AND RECOMMENDATIONS (Con't)

FINDINGS AND IMPLICATIONS	RISK RANKING		RECOMMENDATION	GRADE	MANAGEMENT COMMENT
	L	I			
<p>Control Objective 4: There has been appropriate testing of disaster recovery arrangements, together with a review of learning points which have been filtered into updated procedures and processes, where appropriate.</p>					
<p>2.2 The responsibility of having the appropriate IT controls in place is similar to that of business continuity being the responsibility of each individual organisation. As IT and related disaster recovery issues could have a major impact on service delivery the IJB should be aware of any potential risks involved as a result of not having the necessary controls in place.</p> <p>The IJB should consider gaining annual assurance from each partner organisation that appropriate IT systems, controls, arrangements with third parties and disaster recovery systems are all in place, have been tested and are operating effectively. Assurance should also be sought that appropriate budgetary provision has been made for this matter within the budget setting cycle of each organisation.</p>	L	H	<p>Formal annual assurance should be given by each partner organisation confirming whether the necessary IT systems and controls have been tested and are operating effectively and whether adequate budgetary provision has been made to enable this to take place.</p>	2	<p>This action will be taken forward in line with the recommendation and will be in place by the beginning of the new financial year.</p>

SECTION 3 - ACTION PLAN

Ref.	RECOMMENDATION	RESPONSIBLE OFFICER	DATE OF IMPLEMENTATION
2.1	Implementation of Business Continuity policy statement along with formal annual assurance being sought from partner organisations that Business Impact Assessments have been carried out and appropriate Business Continuity arrangements are in place.	Chief Officer	April 2020
2.2	Formal annual assurance should be given by each partner organisation confirming whether the necessary IT systems and controls have been tested and are operating effectively and whether adequate budgetary provision has been made to enable this to take place.	Chief Officer	April 2020

APPENDIX A: RESPECTIVE RESPONSIBILITIES OF MANAGEMENT AND INTERNAL AUDIT

Responsibility in relation to internal controls

It is the responsibility of the Comhairle's management to maintain adequate and effective financial systems and to arrange for a system of internal controls. Our responsibility as internal auditors is to evaluate the financial systems and associated internal controls. In practice, we cannot examine every financial implication and accounting procedure within an activity, and we cannot substitute for management's responsibility to maintain adequate systems of internal controls over financial systems. We therefore may not identify all weaknesses that exist in this regard.

Responsibilities in relation to fraud and corruption

The prime responsibility for the prevention and detection of fraud and irregularities rests with management. They also have a duty to take reasonable steps to limit the opportunity for corrupt practices. It is our responsibility to review the adequacy of these arrangements, but our work does not remove the possibility that fraud, corruption or irregularity may have occurred and remained undetected.

We nevertheless endeavour to plan our internal audit work so that we have reasonable expectation of detecting material fraud, but our examination should not be relied upon to disclose all such material frauds that may exist.

APPENDIX B: ISOLATED EXCEPTIONS TO EXPECTED PROCEDURES AND CONTROLS

ITEM	ISOLATED EXCEPTION	RESPONSIBLE OFFICER	AGREED Y/N	DATE OF DISCUSSION
	None.			