

# Internal Audit Report

## i-Connect IT Application Audit

### Final

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Prepared for: East Sussex County Council  
Date: January 2023

## Internal Audit Report – i-Connect IT Application Audit 2022/23

### Report Distribution List

Draft report:

Ian Gutsell, Chief Finance Officer

Sian Kunert, Head of Pensions

Michael Burton, Pensions Manager - Governance & Compliance

Tim Hillman, Pensions Manager – Employer Engagement

Paul Punter, Head of Pensions Administration

Final report as draft, plus:

Ros Parker, Chief Operating Officer and Senior Information Risk Owner

This audit report is written for the officers named in the distribution list. If you would like to share it with anyone else, please consult the Chief Internal Auditor.

### East Sussex County Council - Internal Audit Key Contact Information

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### 1. Introduction

- 1.1. i-Connect is the cloud-based portal used by organisations, including ESCC, that are part of the East Sussex Pension Fund (ESPF) to help manage the flow of employee information and changes from payroll to the pensions administrator system (Altair).
- 1.2. ESPF is keen to roll-out i-Connect to all employers within the ESPF by 31st March 2023 and ESPF have their own “employer on-boarding” manual/guide.
- 1.3. This application audit will review all major input, processing, and output controls, will review the controls in place including access controls and segregation of data to interface with any other systems and ensure appropriate ownership and responsibilities are known.
- 1.4. This review is part of the agreed Internal Audit Plan for 2022/23.
- 1.5. This report has been issued on an exception basis whereby only weaknesses in the control environment have been highlighted within the detailed findings section of the report.

### 2. Scope

- 2.1. The purpose of the audit was to provide assurance that controls are in place to meet the following objectives:
  - Access is restricted to appropriately authorised individuals and the permissions provided to those users are in line with job functions.
  - Data processed through interfaces is authorised, accurate, complete, securely processed and written to the appropriate file.
  - Outputs produced are complete, accurate, reliable, distributed on time and with confidentiality where appropriate.
  - Updates and enhancements are performed in a consistent manner and subject to sufficient testing and authorisation before implementation.
  - Appropriate support arrangements are in place to manage changes within the application.

### 3. Audit Opinion

- 3.1. **Reasonable Assurance is provided in respect of i-Connect IT Application Audit 2022/23.** This opinion means that most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives. *Appendix A provides a summary of the opinions and what they mean and sets out management responsibilities.*

### 4. Basis of Opinion

- 4.1. We have been able to provide Reasonable Assurance over the controls operating in respect of the i-Connect application because:
- 4.2. An owner has been assigned and a contract is in place between the East Sussex Pension Fund (ESPF) and the provider detailing key information including service requirements and responsibilities.
- 4.3. The Information Security (IS) team is aware of the i-Connect portal, and whilst a Technical Risk Assessment (TRA) has yet to be undertaken, there are no major concerns over this, and work is planned soon to complete a TRA.
- 4.4. Appropriate access controls are in place which includes the use of long alphanumeric complex passwords. Different access roles are used to ensure that appropriate access can be provided to users. Full administrative rights are restricted to a small number of users within the ESPF administrative team.
- 4.5. Administrative actions within the application/portal are recorded, however, through conversation we identified there is no regular review of actions or tasks undertaken by ESPF i-Connect administrators to help ensure activities carried out by admins are appropriate.
- 4.6. i-Connect does not store any data as it is used to transport employer data in a binary form to the Altair pensions application, however, employers i-Connect users are only able to view any information and reporting present that is applicable to their organisation. Alongside this applicable admin rights are only provided to one approved user at each of the onboarded employers for them to then manage access locally.
- 4.7. Local management of access by employers helps to keep access appropriate and removed when applicable, however due to the cloud access nature of i-Connect there is a risk that if local admins fail to manage access this may not be picked up in a timely manner due to ESPF admins only reviewing users' access with employers on a yearly basis.
- 4.8. Data validation takes place within i-Connect using set tolerance levels to ensure key employer data uploaded isn't uploaded containing significant errors. These controls are only amendable by ESPF admins and are agreed with employers and then reviewed if regularly failing. We did identify that no record is kept confirming employers' agreement of these tolerances.
- 4.9. Our testing did identify that there is no dedicated ESPF i-Connect business continuity plan (BCP) held by ESPF, however, this should be included in the general pensions BCP which has been identified and an action agreed as part of a previous audit.
- 4.10. Appropriate details and support is provided to ESPF and onboarded employers for scheduled and completed updates; this includes details of the update, scheduled portal unavailability, and if applicable issues experienced during updates.

**5. Action Summary**

5.1. The table below summarises the actions that have been agreed together with the risk:

<b>Risk</b>	<b>Definition</b>	<b>No</b>	<b>Ref</b>
<b>High</b>	This is a major control weakness requiring attention.	0	
<b>Medium</b>	Existing procedures have a negative impact on internal control or the efficient use of resources.	0	
<b>Low</b>	This represents good practice; implementation is not fundamental to internal control.	2	1, 2
<b>Total number of agreed actions</b>		<b>2</b>	

5.2. Full details of the audit findings and agreed actions are contained in the detailed findings section below.

5.3. As part of our quarterly progress reports to Audit Committee we track and report progress made in implementing all high priority actions agreed. Medium and low priority actions will be monitored and re-assessed by Internal Audit at the next audit review or through random sample checks.

**6. Acknowledgement**

6.1. We would like to thank all staff that provided assistance during the course of this audit.

**Internal Audit Report – i-Connect IT Application Audit 2022/23**  
**Detailed Findings**

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
1	<p><b>ESPF i-Connect Admin Activity</b>                      i-Connect records activity that has been carried out on the portal by administrators, this includes any changes made to data validation controls and creation of users by admins.</p> <p>Through our review of the portal we identified that no review of this admin activity is regularly undertaken to ensure there is no inappropriate activity or errors in changes e.g. incorrect changes to data validation controls or user creation.</p>	<p>There is a risk of errors or inappropriate activity not being detected by ESPF leading to the inability to detect incorrect data being uploaded or inappropriate access to the portal.</p>	Low	<p>To run an annual review to make sure any changes or validation controls are picked up by the i-connect admin team.</p> <p>Identify issues through the omitted members validation that are highlighted on each monthly return.</p> <p>A monthly log has been created and looked at on a monthly basis to check and address all suppressions that are highlighted through the monthly returns. Any historic suppressions will also be reviewed and investigated over the next 6 months.</p>
<b>Responsible Officer:</b>		Tim Hillman, Employer Engagement Manager	<b>Target Implementation Date:</b>	End of June 2023

**Internal Audit Report – i-Connect IT Application Audit 2022/23**  
**Detailed Findings**

Ref	Finding	Potential Risk Implication	Risk	Agreed Action
2	<p><b>Access Review</b>  Employers onboarded to use i-Connect are responsible for managing their own access and therefore most leavers and changes required to access should be picked up locally.</p> <p>To support employers ESPF admins review access to i-Connect with the onboarded employers on an annual basis, however, whilst information viewable by users is minimal and limited to their organisation, irregular review of access may lead to a lack of effective support for employers to ensure effective management of access at that employer.</p>	<p>Irregular review of access could lead to inability for employers to make admin changes, inappropriate access to the portal, or needed changes to user accounts e.g., access level changes not being picked up.</p>	Low	<p>Scheme Access: Bi-annual checks on access for i-Connect administration rights will be carried out by the Pensions Administration Manager.</p> <p>Employer Access: All i-Connect employers will have an annual audit review to check that all users that have been setup are current and correct. This review will also include checking each employers tolerances and their submission dates. Any changes will be agreed between the employer and the i-Connect team.</p> <p>The review dates will be determined by the employers onboarding date and spread across the scheme year.</p>
<b>Responsible Officer:</b>		Tim Hillman, Employer Engagement Manager / Paul Punter, Pensions Admin manager	<b>Target Implementation Date:</b>	From April 2023

# Appendix A

## Audit Opinions and Definitions

Opinion	Definition
<b>Substantial Assurance</b>	Controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Reasonable Assurance</b>	Most controls are in place and are operating as expected to manage key risks to the achievement of system or service objectives.
<b>Partial Assurance</b>	There are weaknesses in the system of control and/or the level of non-compliance is such as to put the achievement of the system or service objectives at risk.
<b>Minimal Assurance</b>	Controls are generally weak or non-existent, leaving the system open to the risk of significant error or fraud. There is a high risk to the ability of the system/service to meet its objectives.

## Management Responsibilities

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required.

Internal control systems, no matter how well designed and operated, are affected by inherent limitations. These include the possibility of poor judgment in decision-making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

This report, and our work, should not be taken as a substitute for management's responsibilities for the application of sound business practices. We emphasise that it is management's responsibility to develop and maintain sound systems of risk management, internal control and governance and for the prevention and detection of irregularities and fraud. Internal Audit work should not be seen as a substitute for management's responsibilities for the design and operation of these systems.