

GLASGOW CITY COUNCIL INTERNAL AUDIT SECTION

COMMITTEE SUMMARY

Title of the Audit: Corporate Review – GLAMIS Licensing Application Review

1. Introduction

1.1 The City Council as Licensing Authority for Glasgow undertakes the administration of licensing in relation to a number of activities, including the licensing of taxis, private hire cars and their drivers as specified in the Civic Government (Scotland) Act 1982. In Scotland the sale of alcohol is regulated by Licensing Boards under the Licensing (Scotland) Act 2005. The Council also administer a number of other licenses such as gambling, food related and House in Multiple Occupation.

1.2 The Northgate Glamis system is used to process and record license applications. Where objections to the granting of a license are received, The City of Glasgow Licensing Board/Licensing and Regulatory Committee will consider the application. The Licensing Department reported income of approximately £3.6m from the issuing of licences and collection of Annual Fees in 2019/20.

1.3 The purpose of the audit was to gain assurance that the application controls are operating as designed and are effective in preventing and detecting weaknesses that could adversely impact on the operation of the Northgate Glamis Application.

1.4 The scope of the audit included reviewing:

- Software licensing arrangements
- Documentation in relation to the administration of the application and staff training and awareness of these
- Back up processes
- User access and permissions management

- Software updates and security patching
- Data inputs and outputs to/from the application
- Error and exception reports
- Audit trail management
- Data storage and retention arrangements
- Business continuity planning / disaster recovery arrangements

2. Audit Opinion

2.1 Based on the audit work carried out a reasonable level of assurance can be placed on the control environment. The audit has however identified some scope for improvement in the existing arrangements and seven recommendations which management should address.

3. Main Findings

3.1 A number of the key controls are in place and are operating effectively. The application is suitably licensed and included in the GCC software inventory. Servers are located securely at a data centre off-site.

3.2 We also noted that each system user has a unique login and a formal process for requesting new users is in place. Suitable arrangement are in place to ensure the system is patched and updated timeously.

3.3 From a review of a sample of 10 granted licenses, all 10 were appropriately authorised. Where refunds are required, there is an authorisation process in place and refunds are issued by cheque or BACS depending on the original payment method.

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- 3.4 A suitable audit trail is produced recording additions, deletions and amendments to the system. Business continuity planning and disaster recovery arrangements are documented.
- 3.5 However we noted a number of areas where there is scope for improvement. There are 3 trained System Administrators, although we were advised that all staff require administrator access in order to carry out business as usual processing.
- 3.6 We were unable to verify the password controls for the system as there is a lack of clarity over the responsibilities for setting, maintaining and reviewing password controls.
- 3.7 We noted that regular reviews of users and their permission levels are not undertaken. We found that staff could be asked to process and authorise applications. This represent a segregation of duties conflict. To mitigate this risk we were advised that sample checking is carried out within the department, however there was no record of this.
- 3.8 Controlled stationary, such as ID badges, certificates and taxi plates is used in the production of licences. Control sheets are used to monitor stock levels however no reconciliations between licenses issued and stock used take place.
- 3.9 Where license applications are required to be vetted by Police Scotland the paper files are transferred via courier however there is no receipting process in place.
- 3.10 An action plan is provided at section four outlining our observations, risks and recommendations. We have made seven recommendations for improvement. The priority of each recommendation is:

Priority	Definition	Total
High	Key controls absent, not being operated as designed or could be improved. Urgent attention required.	2
Medium	Less critically important controls absent, not being operated as designed or could be improved.	4
Low	Lower level controls absent, not being operated as designed or could be improved.	1
Service Improvement	Opportunities for business improvement and/or efficiencies have been identified.	0

- 3.11 The audit has been undertaken in accordance with the Public Sector Internal Audit Standards.
- 3.12 We would like to thank officers involved in this audit for their cooperation and assistance.
- 3.13 It is recommended that the Head of Audit and Inspection submits a further report to Committee on the implementation of the actions contained in the attached Action Plan.

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Access to powerful transactions is restricted and access is routinely monitored.				
1	<p>Due to the increased permissions that come with the role, administrator access should be restricted to a small number of users. We were advised, however, that system users require administrator access in order to carry out business as usual processing.</p> <p>Without appropriate levels of access controls there is an increased risk of unauthorised transactions, due to staff having access to transactions they do not require.</p>	<p>Management should engage with the system suppliers to request segregation of access between system administrators and standard system users. Where this is not possible management should use reporting to verify system administrator tasks.</p>	Medium	<p>Response: Will liaise with SIT, CGI and Northgate to establish if an interim access level for system users can be established. If not will introduce additional reporting to verify tasks.</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 31 July 2021</p>
2	<p>We were advised that regular reviews of system users and their permissions are not undertaken. Regular reviews help to ensure that all system users are valid and have the correct permissions for their roles.</p> <p>Without regular user reviews there is an increased risk that staff retain access to the system when it is no longer required.</p>	<p>Management should ensure user reviews are carried out on an annual basis to ensure that all leavers have had their system access removed.</p> <p>The permissions granted to users should also be reviewed to ensure that they are commensurate with the roles performed.</p>	Medium	<p>Response: Although there is no annual check, when staff leave, their access is updated to 'Removed' at the time they leave. An annual check will be put in place</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 30 April 2021</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Staff have access to relevant procedures.				
3	<p>The system administrators have received training in carrying out their tasks however they do not currently have access to written procedures for the main system admin related task (e.g. add / amend / remove user etc.).</p> <p>There is an increased risk that system admin tasks are carried out incorrectly or in an inconsistent manner.</p>	<p>System administrator procedures should be developed and documented. These should include the main administrator tasks, e.g. processes for the managing user accounts and permissions, password management arrangements (where relevant), user access reviews etc.</p>	Low	<p>Response: Will liaise with SIT, CGI and Northgate to establish documented system administrator procedures</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 31 July 2021</p>

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Key Control: Roles and responsibilities for the management and administration of the system have been clearly defined and communicated.				
4	<p>We were unable to verify the password controls for the system as there is a lack of clarity over who within the organisation is responsible for the decision making around setting, maintaining and reviewing password controls.</p> <p>Without clear lines of responsibility there is an increased risk that system controls are not aligned with the requirements of the service.</p>	<p>Management should clarify between the service and the SIT team who is responsible for setting and maintaining system controls.</p>	High	<p>Response: Will liaise with SIT, CGI and Northgate to establish time periods and to clarify responsibility for setting and maintaining system controls.</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 31 July 2021</p>
Key Control: Segregation of duties are enforced to prevent users inputting and authorising applications.				
5	<p>Employees can occasionally be asked to both process and authorise licensing applications. This represents a segregation of duties conflict. To mitigate this risk we were advised that sample checking is carried out to validate the appropriateness of the licences processed, however there was no record of this.</p> <p>Without sample checking there is an increased risk of unauthorised transactions being undetected.</p>	<p>Management should consider changes to working arrangements to ensure segregation of duties is in place. If this is not possible then management should ensure that sample checks are undertaken and their findings are recorded.</p>	High	<p>Response: Due to current homeworking staff are tasked with checking incoming applications remotely, which may also be a licence type that they are also responsible for processing. The majority of these applications are reviewed and signed off by senior staff/solicitors individually under delegated authority prior to granting.</p> <p>Applications granted in bulk are 10%</p>

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				<p>sample checked by a supervisor prior to being granted by senior staff under delegated authority. The applications which are sample checked will be initialled and signed by a supervisor prior to passing to officers for granting under delegated authority.</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 30 April 2021</p>
<p>Key Control: The use of controlled stationary is monitored.</p>				
6	<p>Controlled stationary is used in the production of licences such as ID badges, certificates and taxi plates. Control sheets are used to monitor stock levels however reconciliations between the licenses issued and stock used do not take place.</p> <p>There is currently an increased risk that controlled stationary could be misappropriated and that this is not detected.</p>	<p>Management should ensure regular reconciliations between the stationary used and licences issued.</p> <p>Any discrepancies identified should be recorded and fully investigated.</p>	Medium	<p>Response: Stock controls to be established and monitored</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 30 April 2021</p>

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No.	Observation and Risk	Recommendation	Priority	Management Response
Key Control: Sensitive data is handled securely.				
7	<p>Where license applications are required to be vetted by Police Scotland the paper files are collected by a Police courier, however, there is no receipting process in place when application forms are transferred.</p> <p>Formalising the transfer of files would make it easier to identify if files have been lost and ensures there are clear lines of responsibility in the event of a data loss.</p>	<p>Management should liaise with Police Scotland to review the current method of transferring files to the Police. If hard copy files are still required to be transferred then management should ensure there is a formal record of this.</p>	Medium	<p>Response: Arrangements are now in place whereby all applications are sent electronically to Police Scotland.</p> <p>Officer Responsible for Implementation: Principal Officer Licensing</p> <p>Timescale for Implementation: 30 April 2021</p>