

# *Kilkenny County Council*

Internal Audit Report [REDACTED] Review of Staff Exit Process  
Management Response 28<sup>th</sup> September 2020

Date: 13<sup>th</sup> January 2020

## **Report Distribution**

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Audit Committee Members

Local Government Auditor

## **Objectives**

The objective of the audit is to review the exit process and provide assurance on the adequacy of key internal controls in relation staff departures. Internal Audit assessed the effectiveness of departure processes used to recover and protect information/assets when employees leave the council.

## **Approach**

Internal Audit spoke with staff in Human Resources Dept., Finance Dept. and IT Dept. Internal Audit checked user access to IT systems and physical access to council assets.

## **Scope & Limitations of scope**

The scope of the audit was limited to a sample of staff who left the organisation in 2019. Any payroll and pension considerations were not included in the scope of works.

## **Audit Risk**

- Loss of staff knowledge
- Physical assets not secured.
- Data Protection breaches.
- Financial loss
- Unauthorised access to systems and buildings

## **Co-operation of Management and staff**

Internal Audit received full co-operation from Council Management and staff throughout the course of this review and would like to thank them for their assistance.

## *Summary of Findings \**

### **Findings**

1. No formal policy on staff departures.
2. Lack of clarity in relation to managing employee exit process.
3. Weak communication between relevant sections.
4. Mobile phone accounts not being closed at time of departure resulting in ongoing financial costs for council.
5. Staff leavers retaining devices resulting in financial and data protection implications
6. Leavers retaining access to council buildings after departure.
7. No formal process in place to capture unique knowledge of leaver.

# *Management Response to Summary of Findings \**

## **Findings**

1. No formal policy on staff departures.
  1. A checklist has been completed by KCCHR and awaiting feedback from the other Departments involved in concluding an orderly employee exit namely Corporate Services, IT and Finance.
2. Lack of clarity in relation to managing employee exit process.
  1. The checklist provides clarity as to the orderly exit of staff from the organisation
3. Weak communication between relevant sections.
  1. The checklist implementation and management oversight will strengthen communication and coordination between the responsible sections
4. Mobile phone accounts not being closed at time of departure resulting in ongoing financial costs for council.
  1. The checklist will facilitate an orderly management of mobile phone accounts by Corporate Services
5. Staff leavers retaining devices resulting in financial and data protection implications
  1. The checklist will facilitate an orderly management of IT Assets by IT Department
6. Leavers retaining access to council buildings after departure.
  1. The checklist will facilitate an orderly management of security card access by IT Department
7. No formal process in place to capture unique knowledge of leaver.

1. In due course KCCHR will support line management exit interviews alongside renewed focus on PMDS as mechanisms to capture knowledge of leavers and importantly document / record this knowledge by way of Standard Operating procedures (SOPs) etc

# Findings & Recommendations

<i>Finding</i>	<i>Implication</i>	<i>Recommendation</i>	<i>Management Action Plan</i>
<p><b>1. <u>Policy</u></b></p> <ul style="list-style-type: none"> <li>• There is no Employee Exit Policy in place.</li> <li>• Based on discussions with management across the various functions, there is a lack of clarity in relation to the section responsible for managing employee departures, i.e. HR Dept. or individual line managers.</li> <li>• Relevant Depts. such as IT, Finance and Corporate Affairs are not informed when an employee is leaving.</li> </ul>	<ul style="list-style-type: none"> <li>• Failure to have a clear policy results in an absence of defined roles and responsibilities which increases the risk of non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>• Management should prepare a comprehensive Employee Departure Policy defining the respective roles, responsibilities of HR, Finance, IT and individual line managers.</li> <li>• Policy should be communicated to all device holders. Training should be provided to managers outlining their required responsibilities as per policy.</li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">Checklist in place</a></li> </ul>

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<p><b>2. <u>Asset Security</u></b></p> <p><b><u>2.1 User Access</u></b></p> <ul style="list-style-type: none"> <li>Deactivation of user accounts at the time of departure is an important step to ensure the safeguarding of sensitive data.</li> <li>The IT dept. are not officially notified when employees are leaving. They are made aware on an informal basis through internal staff emails. This makes the control process weak and inconsistent.</li> <li>IT dept. have no formal departure policy but accounts are usually closed when they are aware that an employee has left. Employees at an SEO equivalent or above are kept open for a period of time – approx. 3-6 months. At the time of audit, Kilkenny County Council are migrating to a new domain which will facilitate all old accounts being closed and they will not be carried across to the new domain.</li> <li>We were unable to test whether the sample of leavers were deactivated in a timely manner as IT dept. were unable to provide this data as logs are not formally kept.</li> </ul>	<ul style="list-style-type: none"> <li>Potential for unauthorised access to IT systems and buildings</li> <li>Potential financial loss and data protections breaches.</li> </ul>	<p><b>HR. Dept.</b></p> <ul style="list-style-type: none"> <li>HR should notify relevant departments such as IT dept. and Finance dept. when an employee has departed.</li> <li>HR should issue a standardised checklist to the line manager of the leaver to identify and retrieve council assets such as ID card, mobile devices, keys, LVP cards, fuel cards etc. The checklist should be signed off by the line manager and leaver and retained on employees file. It should be the responsibility of the line manager to return the assets to the relevant department.</li> </ul> <p><b>IT Dept.</b></p> <ul style="list-style-type: none"> <li>Procedures should be prepared for processing an employee departure. This should include: <ul style="list-style-type: none"> <li>Deactivation of network access</li> <li>Deactivation of email after a set period</li> <li>Cancellation of access to council buildings with ID card</li> <li>Cancel access to relevant IT systems such as Iplan, Ihouse.</li> <li>Access logs should be kept which include data changes to improve audit trail.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>HR systematically copy relevant sections on HR Orders regarding staff joiners, movers and leavers</li> <li>Checklist in place and operation</li> <li>Actions called out on checklist</li> </ul>

<b><i>Finding</i></b>	<b><i>Implication</i></b>	<b><i>Recommendation</i></b>	<b><i>Management Action Plan</i></b>
<ul style="list-style-type: none"> <li>We tested a sample of 10 leavers to establish if they were still active on Agresso. Of the 10 leavers tested, 6 had agresso accounts. 2 accounts had been closed on departure and 4 leavers still had active Agresso accounts.</li> <li>As with the IT Dept., the finance dept. is not formally notified when employees are leaving.</li> </ul> <p><b><u>2.2 Mobile Devices</u></b></p> <ul style="list-style-type: none"> <li>Some employees require mobile phones and/or tablets to carry out their work. Under Kilkenny County Councils Electronic Communications Policy, leavers are required to return mobile devices on departure. The HR dept. request leavers in writing to return mobile devices but this is not followed up on.</li> <li>This has resulted in 19 leavers devices still being paid for by Kilkenny County Council. These 19 include phones/tablets for 5 former councillors whose left the council in May 2019.</li> <li>It is difficult to determine whether mobile devices have been</li> </ul>	<ul style="list-style-type: none"> <li>Failure to ensure that leavers/retirees return devices exposes council to potential finance loss and data breach.</li> </ul>	<p><b>Corporate Dept.</b></p> <ul style="list-style-type: none"> <li>Procedures should be prepared for processing an employee departure. This should include: <ul style="list-style-type: none"> <li>Cancel mobile phone/ mobile device contract.</li> </ul> </li> </ul> <p><b>Finance Dept.</b></p> <ul style="list-style-type: none"> <li>Procedures should be prepared for processing an employee departure. This should include: <ul style="list-style-type: none"> <li>Close user account on agresso.</li> <li>Confirm council has not been invoiced for cancelled phone account.</li> <li>Cancellation of LVP card.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Action called out on checklist</li> <li>Actions called out on checklist</li> </ul>

<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<p>recovered from leavers as no formal records are kept.</p> <p><b><u>2.3 LVP Cards</u></b></p> <ul style="list-style-type: none"> <li>• Kilkenny County Councils LVPC policy states that staff should return card to Finance Dept. when leaving the organisation.</li> <li>• The Finance dept. are not formally notified when staff leave. Cards of all leavers tested had been cancelled.</li> </ul> <p><b><u>2.4 Physical Security Access</u></b></p> <ul style="list-style-type: none"> <li>• Employees are issued with identification cards which give physical access to council buildings as required.</li> <li>• The ID cards are issued by HR dept. The IT dept. are responsible for activating the cards for access to buildings.</li> <li>• It would be expected that there would be an immediate recovery and deactivation of ID cards after departure date. The cancellation of cards has not been routinely performed in a timely manner leaving council buildings vulnerable to unauthorised access.</li> </ul>	<ul style="list-style-type: none"> <li>• Weak physical access controls could leave the council vulnerable to unauthorised access to council buildings.</li> <li>• Important to ensure council assets are safeguarded.</li> </ul>	<p><b><u>IT Dept.</u></b></p> <ul style="list-style-type: none"> <li>• A data cleansing exercise should be carried out on the access system removing staff who no longer require access to buildings.</li> <li>• A periodic review of all access control cards should carried out.</li> </ul>	



<i><b>Finding</b></i>	<i><b>Implication</b></i>	<i><b>Recommendation</b></i>	<i><b>Management Action Plan</b></i>
<ul style="list-style-type: none"> <li>• The IT dept. are not formally notified when staff are leaving to deactivate access to the building.</li> <li>• We tested 10 recent leavers and all had full access on the system.</li> <li>• The HR dept. request in writing for leavers to hand back the ID card but this is not followed up.</li> <li>• Internal Audit could not test if leavers returned cards as records are not kept.</li> </ul> <p><b>3. <u>Exit Interview and Handover Process</u></b></p> <ul style="list-style-type: none"> <li>• There are no formal procedures for debriefing staff before they leave the organisation.</li> </ul>	<ul style="list-style-type: none"> <li>• Potential for missed opportunity to understand reason for departure.</li> <li>• Possible data protection breach.</li> <li>• Loss of undocumented knowledge if no exit interview carried out.</li> </ul>	<p><b><u>HR Dept.</u></b></p> <ul style="list-style-type: none"> <li>• Best practice indicates that departing employees should be formally debriefed. This debriefing should include reasons for leaving, their working experience and suggestions on improving working conditions.</li> <li>• Staff should also be reminded of their continuing responsibility relation to the sensitive information to which they had access to while working in Kilkenny County Council.</li> <li>• A handover process should also take place with departing employee. The handover information should include any unique knowledge, important contacts, deadlines and any ongoing issues.</li> <li>• Internal Audit understands that it is not always possible for a new employee to be in place prior to exit of an employee. However, it is important that the role is documented as much as possible to ensure continuity of business.</li> </ul>	<ul style="list-style-type: none"> <li>• KCCHR in due course plan to implement a exit interview process to address these issues</li> </ul>

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