
Report of the Deputy Chief Executive**Report to Corporate Governance and Audit Committee****Date: 27th January 2017****Subject: KPMG IT Audit 2015/16**

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. As part of their work on the Council's overall control environment each year, KPMG's IT specialists carry out audit work on the council's IT controls. The results of this work are usually included with the outcome of their interim audit, but due to the timing of the work they are presented this year in a separate report. However the overall conclusions were included in the ISA 260 report presented at the September meeting of the committee.
2. The IT audit concluded that overall IT controls were effective, and made some recommendations on specific issues.

Recommendations

3. Members are asked to receive KPMG's IT Audit Report and note the conclusions and recommendations arising from their 2015/16 audit work.

1 Purpose of this report

- 1.1 To inform members of the results of KPMG's audit work in 2015/16 in respect of IT controls.

2 Background information

- 2.1 Each year, KPMG carry out an audit of IT controls as part of their review of the Council's overall control environment. The results of this work are usually reported with the outcome of their interim audit, but due to the timing of the work they are presented this year in a separate report. However the overall conclusions of the IT audit were included in the ISA 260 report which was presented to the committee in September.

3 Main issues

- 3.1 In their ISA260 report presented to this committee in September 2016, KPMG concluded that the Council's IT controls were sound overall, but noted that they would be making some recommendations for improvements in specific areas. The attached report gives details of the audit issues identified by KPMG in respect of IT controls for 2015/16.
- 3.2 The report makes three medium priority and three low priority recommendations. These have been discussed and the relevant actions agreed with senior officers within ICT Services, the Business Support Centre and Financial Services.
- 3.3 The first two medium priority recommendations relate to the structure of passwords within the SAP (payroll) system and for the IT platforms on which the SAP and FMS systems are held. In both cases the finding was that the system itself was not forcing users to choose passwords of the level of complexity or to change their passwords as frequently as is recommended by the Council's current password policy. As the password policy is currently under review, the situation for all of these areas will be revisited once the new password policy has been agreed. Responsibility for approving the password policy is currently sub-delegated to the Chief Digital and Information Officer.
- 3.4 The third medium priority recommendation related to the authorisation of system amendments within the SAP and FMS systems. In all cases the findings related to the records for the authorisation of the amendments, rather than to any issues with the amendments themselves. As regards SAP, staff have been reminded to ensure that appropriate documentation is maintained. As regards FMS, a revised procedure has been proposed for urgent changes where a senior officer is unavailable to approve the change.
- 3.5 The three low priority recommendations related to administrator accounts within SAP which were no longer required, to password structures for privileged user accounts within the SAP, FMS and the IT platforms on which they are held, and to a lack of review of user access levels within SAP. Processes for the review of SAP user accounts are being reviewed and improved in the light of the first and third of these recommendations. The structure of privileged user passwords will be

considered in the light of the new corporate password policy once this has been agreed.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 This is a factual report based on evidence provided by the external auditors and consequently no public, Ward Member or Councillor consultation or engagement has been sought.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 There are no direct implications for equality, diversity, cohesion and integration arising from this report.

4.3 Council policies and Best Council Plan

- 4.3.1 Under this Committee's terms of reference members are required to consider the Council's arrangements relating to external audit, including the receipt of external audit reports. There are no implications for council policies arising from the report.

4.4 Resources and value for money

- 4.4.1 The report has no direct implications for value for money issues.

4.5 Legal Implications, Access to Information and Call In

- 4.5.1 As this is a factual report based on evidence provided by the external auditors none of the information enclosed is deemed to be sensitive or requesting decisions going forward and therefore raises no issues for access to information or call in.

4.6 Risk Management

- 4.6.1 All recommendations contained within the IT Audit 2015/16 report have been considered and appropriate actions agreed.

5 Conclusions

- 5.1 KPMG's report makes a number of recommendations in relation to passwords and the authorisation of system amendments. These have either been addressed or will be addressed as part of the Council's review of its password policy.

6 Recommendations

- 6.1 Members are asked to receive KPMG's IT Audit Report, and to note the conclusions and recommendations arising from their 2015/16 audit work.

7 Background documents¹

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include

7.1 None.

published works.