

Report of the Chief Finance Officer

Report to Corporate Governance and Audit Committee

Date: 22nd September 2017

Subject: KPMG IT Audit Findings 2016/17

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 for financial systems.
2. The overall opinion arising from this work was given in KPMG's External Audit Report 2016/17, also included in this agenda. The IT audit concluded that overall IT controls were operating effectively, and were sufficient to allow audit to place reliance on them. The attached more detailed report on KPMG's findings from their IT review makes 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 2016/17 audit work.

1 Purpose of this report

- 1.1 To inform members of the results of KPMG's audit work in 2016/17 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 outcomes of this work inform the extent to which they can rely on the council's IT systems in carrying out their audit of the statement of accounts.

3 Main issues

- 3.1 The attached report gives details of the audit issues identified by KPMG in respect of IT controls for 2016/17.
- 3.2 The report makes two new low priority recommendations and provides an update on five recommendations which were made in 2015/16 (of which two are medium priority and three are low priority recommendations). The recommendations have been discussed and the management responses agreed with senior officers within ICT Services, the Business Support Centre and Financial Services.
- 3.3 Of the five recommendations made in 2015/16, three related to alignment with the council's then password policy. As that policy was already under review, it was determined that these points would be addressed once the new policy was available. The principles of a new password policy were recently agreed by Corporate Leadership Team and work is underway to address how the new requirements for password structure can be implemented for SAP, FMS and the IT platforms on which they are held.
- 3.4 One further recommendation from 2015/16 relating to generic user accounts with privileged access within SAP had not been addressed at the time of the audit, but a technical solution to resolve the issue has since been found and implemented.

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 2016/17 report have been considered and appropriate actions have been agreed.

5 Conclusions

5.1 KPMG's report makes a number of recommendations in relation to user account administration and alignment to password policy. These have either already been addressed or will be addressed as part of the implementation of the Council's new 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 2016/17 audit work.

7 Background documents¹

7.1 None.

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 published works.