WILTSHIRE COUNCIL

Audit Committee
Date: 17 September 2013

KPMG INTERIM REPORT 2012-13

Cabinet member: Councillor Stuart Wheeler

Purpose of Report

1.   To update the committee on the current position regarding the recommendations in the KPMG Interim Audit 2012-13 report (May 2013) regarding the IT control environment. The report included KPMG's request to see additional certification from a key supplier (CGI, formerly Logica) and recommended improvements in change controls and user account management for a small number of Council IT applications.

Background

2.   At its last meeting the Committee received the Interim Audit Report (May 2012/13) from KPMG. The minutes noted that :-

At its meeting on 18th June 2013, the Audit committee asked the Service Director for Business Services to provide an update on this issue at a future meeting. This report updates the committee on the actions taken.

Progress to date

3.   Council staff met with KPMG on 31st July 2013 to discuss the new and legacy issues described in the Interim Audit Report and a number of actions and risk-mitigation controls were agreed. The majority of these actions have been completed and are pending final review by KPMG. For those that are still in progress, the relevant resources and required tasks have been identified.

4.   KPMG had specifically recommended that Logica should seek compliance with, and certification to, the ISAE3402 standard.The applicability of this standard to the type of services provided by CGI is yet to be confirmed or ratified by KPMG. Wiltshire Council do, however, acknowledge the intention of this recommendation to provide regular, evidence based and auditable assurance of significant controls, by a major supplier.

5.   To that effect, the Committee should note that Logica was bought out by the Canadian company CGI in August 2012. As a result of this acquisition, Logica UK (now CGI) has changed its internal procedures and controls to establish compliance with (or alignment to) the requirements of the Sarbanes-Oxley Act 2002. Ernst &Young LLP confirm CGI's Sarbanes-Oxley compliance as set out in their annual report (reports are lodged with the relevant regulator). This provides substantial assurance of effectiveness of their controls.

6. This development, combined with evidence of the Council's contractual right to independently audit CGI will be provided to KPMG with a request for them to consider this evidence as sufficient information to close this issue.

7. The issues around Change Control noted by KPMG in their report were also reviewed and discussed. Recent development work by the Council's IS team in this area was presented during the meeting (it was unavailable or incomplete at the time of audit); KPMG has agreed to provide Wiltshire Council with an independent review of the new overarching IS Change Control procedures and have been provided with a copy of the documentation for consultation. Their comments are still pending, however initial discussions indicated that KPMG is confident that the procedures will meet audit requirements.

8. Information Services staff have successfully sought engagement from Information Assurance (IA) staff to assist with regular, fully independent reviews of powerful SAP user accounts. Procedures have been agreed and are currently being documented. The outputs of these assurance checks are generated, handled and managed solely by IA staff, providing a fully independent cross-check. They are then retained securely for audit review. The Council's Head of Governance has agreed that these assurance checks will be included in the Assurance Catalogue.

Financial implications

9. There are no financial implications arising from this report.

Risk Assessment

10. The production of the Annual Governance is a statutory requirement. Ongoing review of the effectiveness of the Council's governance arrangements is an important part of the Council's risk management strategy. The review of the council's IT systems forms part of that assurance process.

Environmental Impact

11. There is no environmental impact arising from the proposals in this report.

Equality and Diversity Impact

12. There are no equality and diversity issues arising from this report.

Conclusions

13. The Information Services team will continue to work very closely with KPMG and have welcomed the recent discussions which have enabled us to reach a more effective working relationship.

    Key procedures within Information Services will benefit from direct consultation and review by the KPMG Audit team.

14.   Ongoing development of strengthened mitigating controls (including new processes and policies within Information Services, as well as engagement with the Council's Information Assurance team to provide independent reviews of powerful access), combined with an improved understanding of key supplier operations, has resulted in the Council and KPMG agreeing to remove the majority of the 'previous-year' finding from the next Interim Audit Report.

Proposal

15.   To note that the requirement identified by KPMG for CGI to obtain certification to ISAE3402 has been successfully mitigated through the ongoing approach outlined in section 2 of this report.

16.   To note and agree that KPMG may provide us with feedback and consultation on key Information Services procedures to ensure they support audit objectives.

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Background Papers: Interim report KPMG 2012-13
Appendices: None