

REPORT OF: FINANCIAL SERVICES MANAGER

TO: ACCOUNTS & AUDIT COMMITTEE

DATES: 28th September 2016

Contact Details: Vince Green
Tel. No: 01282 661867
E-mail: vince.green@pendle.gov.uk

External Audit – IT Controls Review

PURPOSE OF REPORT

1. The purpose of this report is to inform the Committee of the findings of a review by Grant Thornton on aspects of the Council's IT controls framework.

RECOMMENDATIONS

2. It is recommended that the Committee note the findings of the review by Grant Thornton and the action plan proposed by Management in response.

ISSUE

Introduction

3. In March this year Grant Thornton undertook a review of the IT controls environment linked to the following:
 - The Council's network (domain) – e.g. security, programme maintenance
 - Financial system
 - Payroll system
 - Revenues and Benefits system

The review is undertaken on a periodic basis and in part is intended to provide assurance to the auditors in respect of their work on the accounts and the underlying integrity of the application outputs and the reliance that can be placed on these.

4. The review was completed in March following which a report was produced in July for consideration by service management. A copy of the findings and associated management response is provided at [Appendix A](#). All the findings have been assessed at the lowest level of deficiency under the methodology adopted by Grant Thornton, this being *Deficiency – risk of inconsequential misstatement*.

5. The findings were discussed in early September with the External Audit Manager and further discussion / clarification has been requested in connection with 2 of the findings (namely items 3 and 10) to assist service management in completing the required response. Subject to this clarification the onus is now on service management and the report author to ensure that the appropriate response to each finding is implemented effectively. This will be followed up during the year and an update will be provided to the next meeting of this Committee.

IMPLICATIONS

Policy

6. No policy implications arise from this report.

Financial

7. There are no direct financial implications resulting from this report.

Legal

8. There are no direct legal implications resulting from this report.

Risk Management

9. All of the findings have been graded as 'deficiency – risk of inconsequential misstatement' by Grant Thornton. However, effective implementation of the audit recommendations should serve to further reduce the level of risk.

Health and Safety

10. There are no health and safety implications arising from the contents of this report.

Sustainability

11. There are no sustainability issues arising from the contents of this report.

Community Safety

12. There are no community safety issues arising from the contents of this report.

Equality and Diversity

13. There are no equality and diversity issues arising from the contents of this report.

APPENDICES

[Appendix A](#): IT Controls Review – Summary of Findings and Management Responses

LIST OF BACKGROUND PAPERS

None.