

REPORT OF: CHIEF FINANCIAL OFFICER
TO: Accounts and Audit Committee
DATE: 27th September 2018

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Arrangements for Computer Audit

PURPOSE OF REPORT

1. The purpose of this report is to inform the Accounts and Audit Committee of the arrangements for the provision of computer audit services.

RECOMMENDATION

2. Members are asked to note the engagement of the Merseyside Internal Audit Agency for the provision of computer audit services via the Lancashire County Council framework access arrangement.

REASON FOR RECOMMENDATION

3. To ensure the Council continues to receive an efficient and effective provision of computer audit services and to deliver on the strategic audit plan.

ISSUES

4. The annual audit plan includes provision for computer audit. In 2017/18, Mersey Internal Audit Agency (MIAA) was engaged to fulfil this provision. This arrangement was for one year with the scope to extend the agreement by mutual consent between the parties, [click here](#) for more information regarding the [MIAA](#).
5. A programme of work was agreed and covered the following areas during 2017/18;
 - (a) IT Service Governance
 - (b) Cyber Security
 - (c) Asset Management

6. Outputs in the form of audit assurance opinions were reported amongst others to the Chief Executive and the Accounts and Audit Committee in July 2018. Actions arising from the outputs have been included in the Internal Audit Recommendations Database and monitored via the established arrangements for monitoring and progress updates on the work of internal audit.
7. It was expected that the arrangement with MIAA would continue into 2018/19 and an indicative plan for computer audit work covering remote/mobile working and GDPR had been suggested.
8. During mid-2017, Lancashire County Council's (LCC) Audit Manager approached members of the Lancashire Chief Auditors Group advising that as they no longer employed any specialist computer auditors they would be commencing a tender process to procure an ICT audit service externally. It was suggested to the Group that district councils who might wish to use the supplier LCC select could do so without having to go through a separate procurement process. The tender was for three year contract with an option to extend for a further 2 years. Pendle indicated that they would consider the access arrangement.
9. The tender was eventually awarded to MIAA i.e. the same provider Pendle currently use. A meeting was held on 12th July at County Hall to discuss the details of the arrangement and how the contract would work in practice. Pendle's Internal Audit Manager attended the meeting and the framework agreement was discussed.
10. A fixed budget of £10k for computer audit work was set in 2017-18 and MIAA was requested to complete an agreed schedule of work. A similar budget of £10k has been set for 2018-19. From the meeting it was apparent that the daily rate approach was the only variation to our existing arrangement with MIAA, consequently, it would prove beneficial to call into the framework agreement rather than maintain a separate arrangement. It was also noted that the rates were beneficial to Pendle due to the scale of activity MIAA will undertake which, presumably, has allowed them to price more competitively; it is anticipated that the budget will not be exceeded.
11. MIAA has indicated that they will continue to work closely with the Council's internal audit team and through this arrangement the team can continue to benefit from access to the resources, experience and expertise of the Agency which will support the team's own professional learning and development. The Council's Internal Audit Manager would be the main contact with the MIAA for the delivery of their work.
12. Computer audit work has become a technical area of work in recent years and the need to seek specialist computer audit to address the emerging ICT risks to the Authority is vital. This arrangement will continue to maintain audit coverage of ICT risks faced by organisations such as ours.
13. There is also a proviso that whilst signing up to the arrangement there is no obligation to call upon any work by MIAA. Management Team has agreed to sign up to the framework agreement.
14. Outputs from any arrangement will be reported via the normal channels and the quality of the arrangement will be kept under review.
15. It is recommended to Accounts and Audit Committee that Pendle enter into the framework access arrangement with LCC and MIAA in preference of maintaining a separate agreement.

IMPLICATIONS

Policy:	There are no new policy arrangements resulting from this report. It simply outlines the new arrangement for computer audit services provided by an existing provider (MIAA).
Financial:	The cost of the arrangement with MIAA will not exceed £10k in the current financial year and this will be contained within existing approved budgets
Legal:	No implications arising directly from the Report
Risk Management:	The engagement of MIAA will help address a gap in the Council's capability to deliver computer audit services.
Health and Safety:	No implications arising directly from the Report
Sustainability:	No implications arising directly from the Report
Community Safety:	No implications arising directly from the Report
Equality and Diversity:	No implications arising directly from the Report

Background papers

- Briefing Note: Lancashire's ICT audit contract with MIAA
- Framework agreement for ICT Audit Services to LCC
- ITT – Method Statement
- Framework Access Agreement
- Purchase Order proforma