

Members of the Audit Committee
 Oldham Metropolitan Borough Council
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 9 July 2019

Dear Sirs

Conclusion of pending matters– Audit completion report

Following on from our recent meeting and as required by International Standards on Auditing (UK and Ireland), I am writing to communicate the conclusion of those matters that were marked as outstanding within the Audit Completion Report dated 25 June 2019.

The outstanding matters and the conclusions reached are detailed below:

Matter	Conclusion reached
Pension Liability	<p>The National Audit Office engaged its consulting actuary to provide assurance to auditors on the appropriateness of the actuarial methodology and assumptions relating to the legal cases which impact on the Local Government Pension Scheme. This assurance was received, and confirmed that the impact of the legal cases on its pension liability are not material. The Council has considered this and determined that it does not intend to amend the financial statements. We have identified this as a non-material unadjusted audit difference and have included the details in Appendix A to this letter.</p> <p>We have also requested an additional management representation to confirm that the Council intends to not adjust the financial statements on the grounds of immateriality.</p>
Testing of IT general controls	<p>We have completed our testing of IT general controls and have concluded that there controls in place are designed effectively and are operating as expected.</p> <p>While there are no control deficiencies identified, our work has identified some minor matters for which we raised three low priority recommendations in the table overleaf.</p>

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Recommendations arising from IT general controls testing

1. Corporate Information Security Policy

The Council's Corporate Information Security Policy is dated 2009. Although we found no control deficiencies in our testing of access controls, as the IT and Cyber-related risks have changed in the past 10 years it is important to confirm that the Council's Policy is up to date and able to respond to the new challenges and risks.

Recommendation

The Council should consider reviewing and updating its Corporate Information Security Policy.

2. IT Backup Policy

Although our testing of IT General Controls did not include testing the operating effectiveness of the Council's IT backup routines, we noted from our discussions and walkthrough testing that the Council does not have a formal documented Backup Policy.

Recommendation

The Council should consider documenting a formal Backup Policy.

3. IT 'Logical Access' Policy

From our discussions we understand that the Council does not have a formal logical access policy, to set out the approach and procedures for areas such as granting new starters IT access, removing leavers' IT access and maintaining appropriate access for existing staff. Although our testing identified that the Council does have controls in place to ensure access is set up, removed, and maintained appropriately, this isn't governed by a formal policy.

Recommendation

The Council should consider documenting a formal logical access policy.

If you wish to discuss these or any other points discussed at the meeting then please do not hesitate to contact me.

Yours sincerely

Mazars LLP

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Cc Anne Ryans, Director of Finance

Appendix A

Unadjusted audit differences

Following the completion of our audit testing on the Council's Pension Liability we have identified the following unadjusted audit difference relating to the valuation of the liability.

	CIES		Balance Sheet	
	Dr	Cr	Dr	Cr
Dr Net Cost of Services (Past Service Cost)	£5.81m			
Cr Remeasurement of Pension Liability		£5.81m		
Dr Pension Reserve			£5.81m	
Cr Pension Liability				£5.81m

The adjustment would increase the Council's pension liability by £5.81m, with a corresponding increase in the Pension Reserve. The transactions would be included within the Service Costs (as a past service cost) and adjusted through the Movement in Reserves Statement so that they do not impact on the Council's Usable Reserves.