

South Cambridgeshire District Council

Internal Audit Progress Report

October 2009

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1. Introduction

- 1.1 The periodic internal audit plan for 2009/10 has previously been approved by the Corporate Governance Committee. This report summarises the outcome of work completed to date against the plan, and Appendix A provides cumulative data in support of internal audit performance.

2. Final Reports Issued

- 2.1 All 2008/09 audit report have been finalised and reported to previous Corporate Governance Committee meetings.

- 2.2 We have issued the following 2009/10 final reports since the last Corporate Governance Committee:

- Housing Maintenance – Planned and Cyclical;
- HR – Absence Management;
- Emergency Planning and Business Continuity (Civil Contingency Act);
- Housing Rents;
- Contract Services – Regular and High Payments Review;
- Risk Maturity;
- Housing Allocations and Voids; and
- Review of Counter Fraud Arrangements.

3. Key Findings from Internal Audit Work

- 3.1 The Corporate Governance Committee should note that the assurances given in our audit assignments will be taken into account when we form our overall opinion on the assurance that we can provide in our Annual Report at the end of the year. In particular the Corporate Governance Committee should note that any negative assurance opinions will need to be noted in the annual report and may result in a qualified or negative annual opinion.

- 3.2 No common weaknesses have been identified within our reports.

- 3.3 We have included, within Appendix B of our report, an update to the 2007/08 Anti-Fraud, Corruption and Security Healthcheck report issued by RSM Bentley Jennison.

4. Work in Progress or Planned

4.1 The following audits from the 2009/10 plan are currently at the draft report stage:

- ICT Review;
- General Ledger (including Budgetary Control); and
- Capital Expenditure and Asset Management.

4.2 The following audit is currently at the fieldwork stage:

- Cash, Banking and Treasury Management; and
- Payroll.

5. Changes to our Plan

5.1 There have been no changes to the Audit Plan since the last Corporate Governance Committee.

Appendix A: Operational Plan Performance 2009/10

Detailed below is a summary of the work undertaken in 2009/10 to date, showing the levels of assurance given and the number of recommendations arising. *Reports being considered at this Committee are shown in italics.* Definitions with regard to the levels of assurance and the classification of recommendations are provided below.

Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Fundamental (F): *action is imperative to ensure that the objectives for the area under review are met*

Significant (S): *requires action to avoid exposure to significant risks in achieving the objectives for the area under review.*

Merits Attention (MA): *action advised to enhance control or improve operational efficiency*

Opinions

Risk Based Internal Audit Assignments

The definitions for the level of assurance that can be given are:

	Level	System Adequacy	Control Application
(positive opinions)	Substantial Assurance	Robust framework of controls ensures objectives are likely to be achieved.	Controls are applied continuously or with minor lapses.
	Adequate Assurance	Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger.	Controls are applied but with some lapses.
(negative opinion)	Limited Assurance	Risk of objectives not being achieved due to the absence of key internal controls.	Significant breakdown in the application of controls.

Follow Up Reviews

Our opinions reflect the progress made in implementing previous internal audit recommendations:

(positive opinions)	Good Progress
	Reasonable Progress
(negative opinion)	Little Progress

2009/10 Internal Audit Plan

Auditable Area	Date Planned	Date Completed	Status	Audit approach	Days Planned	Days Actual	Last year actual	Assurance level given	Number of Recommendations Made				
									F	S	MA	In Total	Agreed
Work complete to date													
Housing Responsive Repairs	09/04/09	17/04/09	Final Report Issued	Systematic	8	8	8	Adequate	0	0	11	11	11
Housing Maintenance – Planned & Cyclical	11/05/09	28/05/09	Final Report Issued	Systematic	8	8	8	Adequate	0	2	7	9	9
Absence Management	22/06/09	30/06/09	Final Report Issued	Systematic	8	8	8	Adequate	0	2	5	7	7
Emergency Planning and Business Continuity (Civil Contingency Act)	13/07/09	17/07/09	Final Report Issued	Key Controls	8	8	8	Substantial	0	1	3	4	4
Housing Rents	12/08/09	18/08/09	Final Report Issued	Key Controls	8	8	8	Adequate	0	2	3	5	5
Risk Maturity	Jul-09	14/08/09	Final Report Issued	Advisory	8	8	8.5	Risk Managed	0	2	10	12	12
Contract Services	20/07/09	23/07/09	Final Report Issued	Systematic	8	8	8	Adequate	0	4	4	8	8
Housing Allocations and Voids	12/08/09	24/08/09	Final Report Issued	Systematic	8	8	10	Adequate	0	0	6	6	6
Review of Counter Fraud Arrangements	29/07/09	31/07/09	Final Report Issued	Thematic	10	10	5	Advisory	0	2	6	8	8
Totals to date:					74	74	71.5		0	15	55	70	70

Auditable Area	Date Planned	Date Completed	Draft Issued	Status	Days Planned	Audit approach	Assurance level given	Number of Recommendations Made				
								F	S	MA	In Total	Agreed
Work in progress or yet to start (including reports still in draft)												
ICT Review	07/09/09	15/09/09	24/09/09	Awaiting Management Responses	10							
General Ledger	21/09/09	24/09/09	02/10/09	Awaiting Management Responses	7							
Capital Expenditure and Asset Management	21/09/09	24/09/09	06/10/09	Awaiting Management Responses	7							
Cash, Banking & Treasury Management	15/10/09			Fieldwork Started	7							
Payroll (including Expenses & Pensions)	05/10/09			Fieldwork Started	12							
Income & Debtors	19/10/09				7							
Procurement	19/10/09				8							
Creditors	26/10/09				7							
Insurance	06/11/09				6							
NNDR	09/11/09				7							
Council Tax	16/11/09				7							
Housing Benefits	04/01/10				14							
Performance Management	11/01/10				8							
Environmental Health	01/02/10				8							
Customer Services	01/02/10				8							
Growth					10							
Housing Futures					10							

Corporate Governance	Feb 10				8							
Annual Governance Statement	Feb 10				10							
Follow Up	22/02/10				7							
Contingency					8							
Total					176							

Appendix B: Anti-Fraud, Corruption and Security Healthcheck, Further Update on Progress

No.	Recommendation	Priority	Update progress on (29/4/09)	Further update (14/09/09)	Officer responsible	Target date & SCDC comment <i>RSM BJ response</i> <i>SCDC further response where applicable (13/10/09).</i>
Organisational Governance & Ethics						
1	The Council should consider implementing an appropriate software package designed to improve the process for communicating policies and getting staff to formally accept these policies such as CETIS.	Merits Attention	Currently drawing up a procurement specification for e-induction software – will depend on budget being identified.	No further progress on this specifically, but have procured through the Learning Pool a 'Learning Platform' that will enable us to do something very similar.	HR Manager ("HRM")	Learning Platform being tested re Government Connect; HR will then check its usefulness re induction and policies such as these, no target date available yet. Accepted - Government scheme would appear to address this recommendation.
2	As an overarching requirement, all standard contracts of employment should request all employees to act in accordance with the Council's rules and regulations.	Significant	Actioned – already implemented on new contracts (April 2008).	N/A		Accepted.
3	The Council should consider circulating the following documents to all, suppliers and third parties with whom the Council conducts business, to ensure they are aware of the Council's requirements and expectations: <ul style="list-style-type: none"> ▪ Conflicts of interests; ▪ Code of conduct; ▪ Use of confidential information; 	Significant	Considering making sure all documents are on the Council's website and sending an email to the list of suppliers on the contracts register via the service manager.	Documents or links have been placed on the website; the Procurement Officer will email service managers to advise their suppliers/contractors	Procurement Officer ("PO")	30 September 2009. E-Documents are available on the website and assurance provided that the email was sent prior to 30th September 2009.

No.	Recommendation	Priority	Update progress on (29/4/09)	Further update (14/09/09)	Officer responsible	Target date & SCDC comment <i>RSM BJ response</i> <u><i>SCDC further response where applicable (13/10/09).</i></u>
	<ul style="list-style-type: none"> ▪ Compliance with the law (Public Interest Disclosure Act 1998, Proceeds of Crime Act 2002 etc); and ▪ Security and protection of assets 					
4	<p>It is recommended that the Council urgently considers the implementation of a Surveillance/CCTV Policy. Such policies would promote the Council's compliance with the Office of Surveillance Commissioners 'best practice' guidelines and relevant legislation (i.e. Regulation of Investigatory Powers Act (RIPA) 2000), as well as ensuring that clear and concise policies and procedures are in place should any instances requiring the implementation of these policies arise. With effect from April 2006, the SCDC have been required to have in place a CCTV Operational Requirement and Users' Policy for CCTV in line with the requirements set out in the Data Protection Act (DPA) 1998.</p>	Fundamental	<p>CCTV Policy for Cambourne HQ will be considered alongside renewal of CCTV contract, together with a policy for Waterbeach depot.</p> <p>The Council does not have any other permanently fixed surveillance/ CCTV.</p> <p>Occasional other use of surveillance/ CCTV is currently covered by best practice guidelines and relevant legislation – no policy required.</p>	<p>A Facilities Manager was appointed on 1st August 2009. After reviewing and updating the various FM contracts, he will be reviewing and updating policies, including CCTV.</p>	Facilities Manager ("FM")	<p>31 December 2009.</p> <p><i>An explanation has been provided regarding the recruitment of the Facilities Manager – SCDC are minded to consider this is a Fundamental recommendation and assurances must be sought prior to December 2009 that this recommendation has been actioned. <u>We only have CCTV at SCH and Waterbeach (the depot is rented, not sure who is therefore responsible for CCTV there). We wouldn't therefore have called this Fundamental; however, the Facilities Manager is reviewing and updating the CCTV Policy for SCH, for 31/12/09</u></i></p>
5	<p>It is recommended that a Fraud Response Plan is implemented and that the</p>	Fundamental	<p>Fraud Response Plan drafted – to be agreed by</p>	<p>Being collated with ATFC Policy, Whistleblowing</p>	Finance Project Officer	<p>7 October 2009</p> <p><i>RSM BJ has had involvement and</i></p>

No.	Recommendation	Priority	Update progress on (29/4/09)	Further update (14/09/09)	Officer responsible	Target date & SCDC comment <i>RSM BJ response SCDC further response where applicable (13/10/09).</i>
	Fraud Response Plan should be held as a separate document. The document should have restricted disclosure, giving management advice and direction to those responsible for responding to allegations of fraud and corruption. Due to this it is advisable that the Fraud or Incident Response Plan is not a public, widely disseminated policy.		CFO.	Policy and recent IA Counter Fraud Review; to go to SMT on 7 October 2009		<i>the Fraud Response Plan meets recognised sector good practice.</i>
6	It is recommended that the Recruitment & Selection Policy contains sufficient information on Fraud/Security related matters and then circulated to specific personnel, as per 3.1.12.	Significant	Not yet actioned - is dependant on the implementation of the Fraud Response Plan	Will be actioned on adoption of the Fraud Response Plan.	HRM	30 November 2009 <i>As per response (5)</i>
7	We recommend the implementation of a corporate Anti Fraud & Corruption training plan and periodic delivery package should be undertaken to establish an Anti Fraud culture at South Cambridgeshire District Council.	Fundamental	Not yet actioned - corporate training budget has been reduced therefore no funds available to procure this. It has been proposed that the Council contacts neighbouring authorities to see what they have in place with a view of using these as	Still no training funds available; other policies have taken priority on funds that are available, e.g. Safeguarding; we will seek to link our action to the proposal under #1 above.	HRM	As for 1 above. <i>As per response (1)</i>

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			a template.			
<i>Fraud, Corruption & Money Laundering – Risk Evaluation & Management</i>						
8	It is recommended that a review is conducted into the departments within the Council which have not been subjected to a review of the potential risks of a security nature in key areas. Upon completion of this review the findings should be analysed and a Security Risk Fraud Management action plan developed.	Significant	These issues are reviewed but due to the size of the operation at Waterbeach there is little or no room for change.	N/A		<i>It has been stated that the Waterbeach operation has limited resource to undertake this recommendation. SCDC are advised to obtain further explanation of their own response and ensure that this recommendation is given further consideration.</i> <i>FM is also updating the Security Policy for SCH for 31/12/09.</i>
9	All anti-fraud and corruption policies should be reviewed on a periodic basis, such as annually. This should include the Fraud Policy, Fraud Response Plan and Anti-Money Laundering Policy.	Significant	Agreed. Anti-Theft, -Fraud and -Corruption Policy – recently reviewed by Internal Audit Fraud Response Plan – provision for review has been included in the draft.	N/A		<i>Accepted.</i>
10	The Chief Executive is also the Chief Finance Officer but appears not to have a named deputy to cover in his absence. It is recommended that an individual is considered to act as cover in the Chief Executive absence and the list of persons who can be	Fundamental	Once the new S151 Officer is appointed this will be addressed as they will appoint a deputy.	The recently appointed Executive Director (s151 officer) will be discussing a restructuring proposal with the Chief Executive, which will identify	Executive Director (Corporate Services) (“ED(CS)”)	31 October 2009 <i>Accepted.</i>

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	contacted, when staff or members have concerns be distributed to all staff, third parties and contractors.			a deputy s151 officer.		
11	<p>It is highly recommended that an Anti-Money Laundering Policy is put into place and the following, as a minimum, implemented;</p> <ul style="list-style-type: none"> ▪ Training of staff (key staff trained on the law and their responsibilities) ▪ MLRO (Money Laundering Reporting Officer) ▪ Internal and external reporting requirements ▪ The handling of suspicious individuals/businesses ▪ Procedures for checking who the organisation is doing business with ▪ Cash acceptance policy ▪ Types of money laundering in the sector 	Fundamental	Agreed, the Accountancy team should produce this but there are resource issues for completion.		Head of Accountancy ("HOA")	<p><i>No target date has been provided by SCDC, it is of concern that this fundamental recommendation has not been actioned and it is advised that this is addressed and actioned without further substantial delay.</i></p> <p><u><i>There is an anti-money laundering policy re treasury management. As we don't receive large amounts of cash, this is the only area of the Council at risk and again we would not have thought this is Fundamental and don't think there's any proposal to widen the AML policy.</i></u></p>
12	<p>The Fraud Response Plan should cover as a minimum;</p> <ul style="list-style-type: none"> ▪ Assignment of responsibilities; ▪ Conduct of Investigations, (PACE, RIPA, CPIA 	Fundamental	Fraud Response Plan drafted taking Internal Audit's recommendations and template into account – to be agreed by CFO.	N/A		<p><i>RSM BJ have had involvement with this key document – suggested that the Fraud Response Plan is implemented without further delay as no date provided by SCDC.</i></p> <p><u><i>The date was given under 7.</i></u></p>

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	<p>etc.); and,</p> <ul style="list-style-type: none"> ▪ Consequence of non compliance (criminal, civil, disciplinary) <p>It is therefore highly recommended that the Council should implement the following response plan;</p> <ul style="list-style-type: none"> ▪ Introduction – SCDC policy and to be read in conjunction with other SCDC procedures. ▪ Purpose of the plan – to define authority levels, responsibilities for action and reporting lines in the event of suspected fraud, corruption or other irregularity. ▪ Initiating Action – How suspicions of fraud or irregularity may be captured including, Whistleblowing policy, planned audit work, third party knowledge, SCDC personnel. ▪ Prevention of further loss – SCDC procedures to prevent further loss. ▪ Responsibility for Investigation of Suspected Fraud 					

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	Irregularity or Corruption. <ul style="list-style-type: none"> ▪ Police Investigations – who has responsibility for informing the police ▪ Recovery of Losses ▪ Reporting Lines ▪ References for employees disciplined or prosecuted for fraud ▪ Legal advice ▪ Procedures to follow if informing the press, radio or other third party ▪ Contact names and details ▪ Ensuring this is a standalone policy ▪ Ensuring only disseminated to senior staff who would be involved in the investigation process ▪ Only suitably trained staff are those responsible for conducting investigations ▪ Requirement for the plan to be reviewed annually and after its use to consider its effectiveness ▪ Enable criminal and disciplinary actions to be conducted at the same time if the instance arises 					

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	<ul style="list-style-type: none"> ▪ Consideration of civil recovery as an option against an individual 					
Security Procedures & Incident Response Planning						
13	<p>It is recommended that the Council should conduct a review into the current procedures and consider implementing a concise Security Policy encompassing its Security Procedures & Incident Response Plan, which as a minimum should include;</p> <ul style="list-style-type: none"> ▪ Physical security of premises; ▪ Physical security of assets; ▪ Physical security of staff; ▪ Assignment of responsibility; and, ▪ Consequence of non-compliance (criminal, civil, disciplinary) 	Fundamental	<p>Waterbeach depot is covered by an intruder alarm linked to the police and a fire alarm linked to the fire brigade, which is tested weekly and the appropriate risk assessment is on display. There are also 4 cctv cameras covering movements within the depot space.</p> <p>Cambourne HQ is similarly covered by intruder alarms, fire alarms and cctv cameras.</p> <p>Other aspects of a security policy are being considered. A Safety Policy is already in place, to which the Security Policy would need to</p>	<p>A Facilities Manager was appointed on 1st August 2009. After reviewing and updating the various FM contracts, he will be reviewing and updating policies, including Security.</p>	FM	<p>31 December 2009</p> <p>As per Response (4)</p>

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			refer as appropriate.			
14	We recommend that key employees should receive regular security awareness training to maintain and improve their awareness.	Significant	From a Health & Safety perspective, Induction training, training in “Dealing with Difficult Customers”, “Lone Working” and Risk Assessment are provided to all staff who require it. Corporate training budget has been reduced therefore no funds available to procure further training.	N/A		<i>It appears that SCDC are addressing personal security – this does not address this recommendation concerning ‘Security Awareness’ – It is advised that the Facilities Manager is advised without delay of this recommendation and this is included in recommendations to be implemented by 31st December 2009.</i> <u><i>SCDC states FM to consider by 31st December 2009</i></u>
15	It is suggested that the findings of the Security Reports are disseminated to Senior Management.	Significant	If any security reports had identified adverse findings, these would have been (and would be) reported to the appropriate management forum.	N/A		<i>This conflicts with the response provided on the questionnaire submitted by SCDC during the initial Healthcheck. However if this response is accurate then this is accepted.</i> <u><i>Some recent incidents have been reported to senior management</i></u>
Organisational Wide Procedures						

No.	Recommendation	Priority	Update progress on (29/4/09)	Further update (14/09/09)	Officer responsible	Target date & SCDC comment <i>RSM BJ response</i> <u><i>SCDC further response where applicable (13/10/09).</i></u>
16	The application form should be amended to include the following: <ul style="list-style-type: none"> ▪ the consequences of those completing a false application or falsifying details as part of the signed declaration. ▪ a question asking if the applicant has any pending convictions. 	Significant	Already in place	N/A		<i>The application form provided during this review on the 14th September 2009 does not ask these questions. SCDC are advised to ensure that recommendation is followed up and an explanation provided regarding the response provided.</i> <i>HR a</i>
17	It is recommended that the application form should ask applicants if they have ever been dismissed by an employer. Although this information may not necessarily affect a candidate's suitability for a Council position, it is vital that the Council requests such information in order to facilitate a clearly informed decision making and appointment process.	Significant	Do not agree – normal reference processes will identify employment issues.	N/A		<i>This is recognised good practice although SCDC are confident that this will be identified during the reference process.</i> <u><i>HR would have to comment on this – but HR currently unavailable.</i></u>
18	The Council should undertake credit reference checks on all individual employees (prospective or existing).	Significant	Several queries over why we would want to check all employees, how we would use the information, how long we would keep it for and	N/A		<i>It is recognised that this recommendation should be not applicable to all employees. Although SCDC are recommended to consider that key personnel in known risk areas (HR/Finance/Procurement/Accounts) should be subject to credit reference checks pre-employment</i>

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			<p>how often would we need to re-check ?</p> <p>There are also cost and resource implications: cost for basic Experian check £3.50 per employee, plus internal administrative cost.</p>			<p><i>and at periodic intervals after.</i> <i>HR would have to comment on this – but HR currently unavailable</i></p>
19	<p>It is recommended that the Council should identify the most risk-sensitive positions by conducting a sensitivity analysis and carrying out enhanced background checks on those who are employed in such positions. The Council will require a signed release by the potential employee to obtain such records, or should make the provision of such information by the candidate themselves a condition of permanent employment.</p>	Significant	<p>Agreed that the Council should identify the most risk sensitive positions; however, it is not agreed that enhanced CRB/ISA checks are completed. Robust recruitment practices such as thorough checks or references, professional body membership, certificates to practice etc and career history should be sufficient.</p>	<p>The Establishment List has a flag against posts that require a CRB check; a similar flag can be placed against posts that are judged to be risk sensitive – however, who makes this judgment and on what criteria ?</p>	HRM	<p><i>RSM BJ can provide further documentation in relation to identifying risk sensitive positions, if agreed, to be provided by 01/11/09.</i></p>

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20	The Council should ensure that background checks of employees supplied by contractors and agencies have been undertaken. The Council should seek assurance from the contractors and agencies that these checks are conducted, as well as CRB checks when required.	Significant	Agencies undertake checks on employees as per the requirements of the Agency Contract. Contract Regulations (approved Council 17/7/08) does ask for this and when involved in the tender process we ask for relevant certificates and where relevant CRB checks as part of the tender response.	N/A		<i>Accepted</i>
Data Protection Standards						
21	SCDC should formulate a procedure which stipulates clear financial definitions when references prior to the purchase of ICT equipment are required.	Significant	Contract Regulations set out the requirements for ascertaining whether external procurement is required and detail the criteria that can be used for assessment of bids.	N/A		<i>Accepted</i>

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			<p>Only Officers authorised by the Chief Finance Officer can accept ICT contracts over £500. These are considered sufficient for the letting of ICT related contracts.</p> <p>It should also be noted that most ICT equipment is sourced through frameworks where the contract has been pre vetted by another Government body. It is considered that use of an OGC/ESPO contract should be sufficient to cover the risks here.</p>			
22	It is recommended that to protect its own interests SCDC implement a policy where Contract staff are subject to confidentiality agreements	Significant	Confidentiality agreement could be implemented – Internal Audit will be asked to provide a sample. In addition Parts	Employees sign a contract of employment; code of conduct in place; data protection measures in	HRM	<i>RSM BJ will provide requested documentation by 01/11/09</i>

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			26, 27 and 28 of the Council's standard General Conditions of Contract for Professional Services cover Data Protection. These will be reviewed to see whether they need updating to be more relevant.	place; covered at induction; need to be careful about granting agency etc staff employment rights		
Protection of Information						
23	SCDC does have standard procedures in place when classifying or disclosing information in accordance with the Data Protection Act 1984 & 1998 and the Freedom of Information Act 2000, it is recommended following additions are included in addition to SCDC procedures: <ul style="list-style-type: none"> ▪ All Sensitive information to be clearly marked; ▪ Release of Information on a strict need to know basis; ▪ The owner to maintain a circulation list; ▪ Sensitive information to be locked away when not 	Merits Attention	A Records Management Survey is currently being undertaken. This will be considered in the context of the outcome of that survey.	Survey has identified vital records, those containing personal information and those stored in unlocked cabinets The Records Mgt Manual addresses clear desk policy. Services are being asked to consider the value of scanning vital or confidential records.	Senior Lawyer/ Document and Records Management Analyst ("SL/DRMA")	Report to EMT, October 2009; completion of outcomes from survey, possibly by September 2010. Accepted.

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	in use and particularly overnight; and, <ul style="list-style-type: none"> ▪ The secure destruction of all unwanted records 			A new protective marking policy has been issued in draft as part of the GCSX requirements.		
24	It is recommended that SCDC implements a Security & Health and Safety Review of the Remote Garages facility which is used for storing Revenues & Benefits archived materials.	Merits Attention	Revenues Services have been proactive in identifying offsite document storage as an issue. Quotes were obtained from a number of storage suppliers, but rates were typically 6 times higher than garage rents. Legal Services have instigated a records management review and this issue will be considered as part of the review.	SCDC is partnering with Cambs CC who have negotiated a contract with a commercial off-site storage facility. SH/DL/MH will be working with other services to identify, document and securely dispose/ shred old documentation. All shredding to be securely carried out with a company.	SL/DRMA	end September 2009 As 23. above As 23. above Accepted if delivered to timescales stated.
25	It is recommended that a review is conducted which concentrates on the role & responsibilities of the departed Information Manager. This review should include the re-	Significant	This will be considered in the context of the Records Management Survey currently	An Information Management Officer is now in post, assisting SH/DL in	SL/DRMA	Completed First meeting, September 2009 Accepted if delivered to timescales

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	allocation of the duties to other posts to ensure continuing compliance.		being undertaken	completing the survey. The survey findings also helped develop recommendations for the new ICT & Information Governance Steering Group.		
Screening of New Partnerships/Initiatives/Major Purchases						
26	It is strongly recommended that to protect itself with regard to the Screening of New Partnerships, Initiatives, and Major Purchases. that; <ul style="list-style-type: none"> ▪ A formal system for adequately reviewing the security and due diligence aspect of all major ventures, such as partnership projects with private sector organisations, major capital projects is implemented. ▪ Security Clearance/Due Diligence reviews and authorisations to disburse funds are made by a department or senior official other than that department or 	Fundamental	Not aware of any major ventures in which the Council shares liability. When Contract Regulations are next reviewed such points will be included with regard to the consideration of any major venture.	Will be included in the review of Contract Regulations	PO	31 January 2010 <i>Accepted in relation to timescales and SCDC stating that not aware of any major ventures.</i>

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	<p>official responsible for negotiating the project or acquisition prior to the funds being released.</p> <ul style="list-style-type: none"> ▪ A written report of the security clearance/due diligence reviews and authorisations undertaken. ▪ An independent security/due diligence review or audit into the proposed appointment of contractors, partner, suppliers is undertaken before any contracts are signed (i.e. taking up business references and performing financial viability checks as a minimum) 					
27	SCDC should consider altering its conditions of business such there is a requirement that all contractors agree to provide full audit access to their records on request, should this need arise.	Merits Attention	This will be considered in the next review of Contract Regulations.	As for 26. above	PO	31 January 2010 <i>Accepted if delivered in timescale as stated.</i>
28	A contractual review should be undertaken urgently to prevent issues involving insufficient contractual documentation.	Significant	The contracts database has been brought up to date. Contract	In line with the recent Contract Services review, documentation will	PO	31 March 2010 <i>Accepted if delivered in timescale as stated.</i>

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			documentation is in the process of being located, scanned and archived.	be updated in a prioritised programme		
<i>Incident Reporting</i>						
29	<p>The requirement of all Security Incidents to be reported should form part of the Council's policies and procedures. It is therefore recommended that appropriate arrangements are put in place to ensure that;</p> <ul style="list-style-type: none"> ▪ An appropriate person be appointed and given responsibility for Incident Reporting ▪ All incidents are reported and this requirement is clearly stated in the Council's procedures i.e. by forming part of the Security Policy; ▪ Incident reports should be serialised; ▪ Statistics from incidents are summarised so that trends can be detected and any preventative work undertaken as a result of this process is acknowledged; and, 	Significant	As stated above, if any security reports had identified adverse findings, these would have been (and would be) reported to the appropriate management forum. This will be included in the consideration of a security policy.	As for 13. above	FM	<p>31 December 2009</p> <p><i>Accepted if delivered in timescale as stated.</i></p>

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	<ul style="list-style-type: none"> ▪ The incident register should be made available at each Audit Committee meeting for review. 					
30	The Council should consider providing guidance on the types of Security incidents that may need to be reported, giving relevant sector specific examples to staff.	Merits Attention	This will be included in the consideration of a security policy.	As for 13. above	FM	31 December 2009 <i>Accepted if delivered in timescale as stated.</i>
Personnel Policies						
31	It is recommended that leaver interviews are not conducted by the employee's supervisor. If the interview is conducted by a third party, and not the employees supervisor, this may assist in providing information concerning organisational weaknesses, concerns or complaints.	Merits Attention	Employees can request to have the interview with a member of HR team or they can complete the form themselves and send it in confidence to HR. It is considered that this is already covered within HR procedures and the Whistleblowing policy.	N/A		<i>Accepted</i>
32	SCDC should consider a policy in relation to the searching of premises, desks and lockers.	Significant	Do not agree that this should be a separate policy – if necessary it should form part	N/A		<i>Accepted</i>

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			of the policy on conduct of investigations.			
Conduct of Investigations						
33	<p>A policy for the Conduct of Investigations (outside the remit of Benefit Fraud) is highly recommended.</p> <ul style="list-style-type: none"> ▪ The policy should make it clear that all employees are expected to co-operate in an investigation and that they may be subject to disciplinary action if they fail to do so. ▪ Only trained individuals should undertake the collection of evidence and the taking of witness statements, ▪ The Conduct of the Investigation will be in accordance with prevailing legislation ▪ The intention of SCDC to report all cases to the Police ▪ To press for criminal prosecution, ▪ To seek redress by civil recovery and dismissal. 	Significant	<p>Agreed, however need to consider resources to complete. Revenues Services can provide assistance in the development of a policy.</p> <p>It should be noted that in order to implement the recommended policy the Council will need to ensure there are officers fully training in PACE, RIPA etc to collect evidence and build a case.</p> <p>A service planning bid was made for the creation of a counter-fraud intelligence officer</p>	<p>A protocol exists between Internal Audit and the Chief Finance Officer for the conduct of investigations; a similar protocol has been drafted for discussion and implementation with the Benefit Fraud Manager.</p>	ED(CS)	<p>31 October 2009 Accepted if delivered in timescale as stated.</p>

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			to enable the current remit of the benefit fraud team to be expanded to allow for proactive counter fraud work in areas other than benefits.			
Insurance						
34	It is recommended that an evaluation is undertaken of the current organisation's risk to establish if the interests of SCDC are adequately covered in the event of a subsequent Insurance claim.	Significant	This will be undertaken as part of the next insurance review.	The Insurance Officer will discuss this with the Council's insurers	Insurance Officer	30 September 2009 Accepted if delivered in timescale as stated.
Preventative Security						
35	It is recommended that a Preventative Security policy is implemented to protect the interests of SCDC.	Significant	As stated above, aspects of a security policy are being considered.	As for 13. above	FM	31 December 2009 Accepted if delivered in timescale as stated.
36	It is highly recommended that procedures are put into place where the background checks of security guards, cleaners, maintenance workers etc that conduct out of office hours	Significant	Background checks are included in appropriate contract specifications and	As for 13. above	FM	31 December 2009 A sample contract was provided and SCDC stated that the cleaning contractor stated that verbal and or written references were obtained for

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	work on SCDC premises, which are conducted by third parties are contractually bound, prior to allowing these personnel onto the business premises.		will be discussed with the relevant contractors.			<i>their employees and the cleaning contractor stated that SCDC should bear the costs of the background checks if required. SCDC are advised to ensure that this recommendation is actioned.</i> <i><u>The Facilities Manager is dealing with this</u></i>
37	It is highly recommended that SCDC conduct a thorough Preventative Security Assessment of its business premises and interests	Significant	As stated above, aspects of a security policy are being considered.	As for 13. above	FM	31 December 2009 <i>Accepted if delivered in timescale as stated.</i>
ISA240 Compliance (Financial Statements)						
38	It is recommended that the concerns of the Procurement Team are addressed. They have stated that within the tendering and quotation process, there is scope to review the procedures, make them simpler, and more fool proof to ensure compliance.	Merits Attention	Contract Regulations have been updated and a simplified process has covered these concerns.	N/A		<i>Accepted</i>
39	The following recommendations should be considered: For purchases less than £50k a chief officer can purchase items, for higher amounts	Significant	Not agreed. This is not realistic, would cause confusion and	N/A		<i>This is an acceptable response.</i>

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	<p>committee approval is required. It is suggested to occasionally reduce the £50k limit without notice as an audit test to ensure compliance.</p> <p>It is recommended reviewing employees do not avoid exceeding their purchasing authorities, by means of splitting larger invoices into smaller amounts. This can also be conducted as an audit test on a sample basis of purchases.</p> <p>There are no checks undertaken where employees could use inside information to their advantage (sealed bids) for Capital Purchases, including land, buildings, computer systems etc.</p> <p>Budget Holders are currently not required to sign an annual</p>		<p>would be difficult to administer.</p> <p>Contract Regulations have been made clearer to help eliminate this possibility.</p> <p>Contract Regulations underline the competitive process and logging mechanisms to prevent this type of activity and to ensure transparency and fairness.</p> <p>The process for staff declarations of interest is currently being reviewed and will include consideration of this.</p>	<p>N/A</p> <p>N/A</p> <p>The review is complete and will be mentioned in September's Corporate Brief</p>	<p>Principal Solicitor</p>	<p><i>Although SCDC contract regs state purchase limits should not be exceeded SCDC are advised to test this as an Audit sample in the near future.</i></p> <p><i>Accepted.</i></p> <p>30 September 2009</p> <p><i>Accepted if delivered in timescales as stated.</i></p>

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	<p>declaration of interest of any potential conflict of interests. It is recommended that SCDC implement this annual requirement to prevent potential undeclared conflict of interests.</p> <p>It is recommended that SCDC also address these weaknesses:</p> <p>At present the credentials of suppliers are not checked prior to entry on SCDC files.</p> <p>Purchase Orders/Contracts are not raised in all cases</p> <p>Partial orders for good and services are not closely controlled and no records are kept.</p> <p>There is no system for ensuring that credits are received for goods returned to suppliers</p>		These will be reviewed.		HOA	<p><i>SCDC should provide a clear indication of when these findings will be considered as SCDC remain exposed to potential risk.</i></p> <p><u><i>Accountancy to comment on</i></u></p>
Disbursements & Sales						
40	It is recommended that the procedure is reviewed and	Merits Attention	This will be considered.		HOA	<i>No update provided by SCDC.</i>

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	consideration given to entering the invoice details in a format where names/initials are more difficult to change, as this may prevent alteration (i.e. IBM to IB Miller etc).					<u><i>Accountancy to comment on</i></u>
41	It is recommended that returned cheques should be inspected for signs of alteration or conversion. Such inspections on returned cheques may identify potential fraud or highlight fraudulent behaviour/patterns.	Merits Attention	The returned cheques process will be reviewed.		HOA	<i>No update provided by SCDC.</i> <u><i>Accountancy to comment on</i></u>
Fixed Assets						
42	It is recommended that the control of Fixed Assets is reviewed to prevent further incidence of theft of SCDC assets. However, it has been stated that it is not practical given the staffing resources of SCDC to adequately monitor the security of fixed assets in order to prevent theft.	Significant	The number of fixed assets held at Waterbeach has now been significantly reduced with the outsourcing of the DLO stores to Travis Perkins. An inventory is kept and checked.	N/A		Accepted.
43	It is recommended that a specific policy is implemented regarding acceptable Mobile Phone usage.	Significant	Agreed. This is already in progress and all options are to be included in the	In draft. A report is going to the ICT & Information Governance Steering Group on	Head of ICT	ICT & Information Governance Steering Group, 22 September 2009 Complete review of ICT security etc

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			review. This will cover the use of desk based phones as well. A report will be presented to the appropriate management forum in due course.	22 September 2009 recommending that the ICT related policy be overhauled, including telephone usage, both desktop and mobile.		policies due by April 2010. <i>Accepted if delivered in timescales as stated.</i>