

A thick blue line starts at the top right corner of the page and curves downwards and to the left, ending near the center of the page.

RSM! Tenon

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

Internal Audit Progress Report

Corporate Governance Committee Meeting: 24 September 2010

RSM! Tenon

CONTENTS

Section		Page
1	Introduction	1
2	Final reports issued	1
3	Key Findings from Internal Audit Work	1
4	Work in Progress or Planned	1
5	Liaison with Management and External Audit	2
6	Changes to our Plan	2
7	Client Briefings	2
Appendices		
A	2010/11 Work Completed to Date Including Summary of Assurance Levels and Recommendations	3
B	Work in Progress or Yet to Start (including reports still in draft)	4
C	Client Briefings	6

The matters raised in this report are only those which came to our attention during our internal audit work and are not necessarily a comprehensive statement of all the weaknesses that exist, or of all the improvements that may be required. Whilst every care has been taken to ensure that the information provided in this report is as accurate as possible, based on the information provided and documentation reviewed, no complete guarantee or warranty can be given with regard to the advice and information contained herein. Our work does not provide absolute assurance that material errors, loss or fraud do not exist.

This report is prepared solely for the use of South Cambridgeshire District Council. Details may be made available to specified external agencies, including external auditors, but otherwise the report should not be quoted or referred to in whole or in part without prior consent. No responsibility to any third party is accepted as the report has not been prepared, and is not intended for any other purpose.

© 2010 RSM Tenon Limited

RSM Tenon Limited is a member of RSM Tenon Group

RSM Tenon Limited is an independent member firm of RSM International an affiliation of independent accounting and consulting firms. RSM International is the name given to a network of independent accounting and consulting firms each of which practices in its own right. RSM International does not exist in any jurisdiction as a separate legal entity.

RSM Tenon Limited (No 4066924) is registered in England and Wales. Registered Office 66 Chiltern Street, London W1U 4GB. England

1. INTRODUCTION

1.1 The periodic internal audit plan for 2010/11 was approved by the Corporate Governance Committee on 31 March 2010. This report summarises the outcome of work completed to date against that plan. Appendices A and B provide cumulative data in support of internal audit performance.

2. FINAL REPORTS ISSUED

2.1 We have finalised two reports since the last Committee meeting; these are in the areas of:

- Housing Maintenance – Planned and Cyclical (3.10/11); and
- Housing Responsive Repairs Follow Up (4.10/11).

2.2 Appendix A summarises our opinions and the number of recommendations made during the year to date.

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.

4. WORK IN PROGRESS OR PLANNED

4.1 We have issued two further draft reports since the last Committee meeting; these are in the areas of:

- HR – Redundancies (5.10/11)
- Homelessness and Housing Advice (6.10/11)

4.2 We are currently at the fieldwork stage of the following reviews:

- Risk Management and Assurance Stocktake; and
- Section 106.

5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT

- 5.1 Since the last Corporate Governance Committee we have met with Management and the Audit Commission we have developed a detailed protocol setting out the respective roles and working practices for the key financial controls including the areas to be covered and sample sizes during both the main testing and the top up testing at the year end.

6. CHANGES TO OUR PLAN

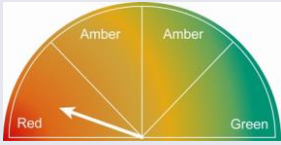
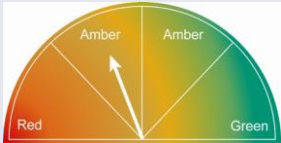
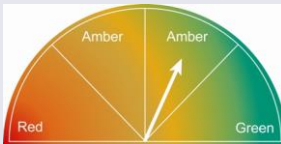
- 6.1 As reported to the last Corporate Governance Committee, due to the current tendering exercise of the Responsive Repairs function, we revised the Housing Responsive Repairs Review to be a follow up of the previous recommendations only instead of the planned review, this has reduced the resources required to complete this review.
- 6.2 As reported previously, we added Top Up Testing to the Internal Audit Plan (in line with the agreed audit protocol identified above) to provide assurance to management and the Audit Commission on compliance of key financial controls between the completion of the main audit fieldwork and the year end. This has replaced the previously planned review of Grant Validation.
- 6.3 At the request of management we have undertaken a review of data submitted by MRUK relating to National Indicator 182 (Satisfaction of business with local authority regulation services) for the year 2009/10. A memo summarising the outcomes of this have been reported to management.
- 6.4 In addition, at the request of management we have undertaken a review of the Redundancy process undertaken within the Council.

7. CLIENT BRIEFINGS

- 7.1 There have been two relevant client briefings issued since the last Corporate Governance Committee, further details of this can be found at Appendix C of our report.

APPENDIX A: 2010/11 WORK COMPLETED TO DATE INCLUDING SUMMARY OF ASURANCE LEVELS AND RECOMMENDATIONS

Reports being considered at this Committee are shown in italics.

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Corporate Governance Committee	Assurance level given	Number of Recommendations Made				
								High	Medium	Low	In Total	Agreed
Health and Safety – Tenant Electrical Safety Programme (1.10/11)	14/04/10	16/04/10	07/05/10	16/06/10	16/06/10	June 2010		3	2	7	12	12
HR Absence Management (2.10/11)	18/05/10	27/05/10	04/06/10	10/06/10	14/06/10	June 2010		0	3	2	5	5
<i>Housing Maintenance – Planned and Cyclical (3.10/11)</i>	<i>24/05/10</i>	<i>28/05/10</i>	<i>16/06/10</i>	<i>21/06/10</i>	<i>21/06/10</i>	<i>Sept 2010</i>		0	3	3	6	6
<i>Housing Responsive Repairs Follow Up (4.10/11)</i>	<i>01/07/10</i>	<i>05/07/10</i>	<i>19/07/10</i>	<i>27/07/10</i>	<i>28/07/10</i>	<i>Sept 2010</i>	<i>Follow Up – Little Progress</i>	0	2	5	7	7
Totals to date:								3	10	17	30	30

APPENDIX B: WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)

Auditable Area	Start Date	Debrief date	Draft report issued
HR – Redundancies (5.10/11)	23/08/10	26/08/10	06/09/10
Homelessness and Housing Advice (6.10/11)	25/08/10	02/09/10	14/09/10
Risk Management and Assurance Stocktake	25/08/10	07/09/10	
Section 106	01/09/10	07/09/10	
Housing Rents	23/09/10		
Asset Management (Housing)	23/09/10		
General Ledger	27/09/10		
NNDR	04/10/10		
Payroll (including Expenses & Pensions)	04/10/10		
Procurement	08/10/10		
Council Tax	11/10/10		
Income & Debtors	11/10/10		
Cash, Banking & Treasury Management	19/10/10		
Financial Planning and Budgetary Control	01/11/10		
ICT Review	15/11/10		
Safeguarding	16/11/10		
Creditors	22/11/10		
Capital Expenditure and Asset Management	29/11/10		

Auditable Area	Start Date	Debrief date	Draft report issued
Planning	13/12/10		
Performance Management	05/01/11		
Housing Benefits	17/01/11		
Corporate Governance	04/02/11		
Follow Up	08/02/11		
Environmental Health	17/02/11		
Contact Centre	21/02/11		
Top Up Testing	21/03/11		
Annual Governance Statement	TBC		
Audit Management	Ongoing		

APPENDIX C: CLIENT BRIEFINGS

Amendment to the Data Protection Act

May 2010

Client Briefing - Gen 04.10

INTRODUCTION

The Information Commissioner's Office (the Commissioner) is the body responsible for serving monetary penalty notices requiring organisations to pay a fine in cases where there has been a serious breach of the Data Protection Act. From 6 April 2010 the Commissioner can issue a penalty notice of up to £500,000 to deal with serious contraventions of the data protection principles.

The power to impose a monetary penalty notice is part of the Commissioner's overall regulatory regime which includes the power to serve an enforcement notice under section 40 of the Data Protection Act (the Act) and the power to carry out an Assessment. It will be used as both a sanction and a deterrent against non-compliance with the statutory requirements.

The Commissioner may still serve an enforcement notice in relation to the same contravention if he is satisfied that positive steps need to be taken by a data controller for compliance with the data protection principle(s) in question to be achieved.

The Commissioner's underlying objective in imposing a monetary penalty notice is to promote compliance with the Act. The possibility of a monetary penalty notice should act as an encouragement towards compliance, or at least as a deterrent against non-compliance, on the part of all data controllers.

ROLE OF THE INFORMATION COMMISSIONER'S OFFICE AND KEY PRINCIPLES OF THE DATA PROTECTION ACT

In relation to the Data Protection Act, the Commissioner is responsible for:

- Promoting good practice in handling personal data, and giving advice and guidance on data protection;
- Taking action to enforce compliance with the Act where appropriate; and
- Bringing about prosecutions for offences committed under the Act.

In relation to the handling of information, the Act states that anyone who processes personal information must comply with a number of principles to ensure that personal information is:

- Fairly and lawfully processed;
- Obtained and processed only for one or more specified and lawful purposes;
- Adequate, relevant and not excessive;
- Accurate and, where necessary, kept up to date;
- Not kept for longer than is necessary;
- Processed in accordance with the rights of data subjects under the Act;
- Secure against unauthorised or unlawful processing and against accidental loss, destruction or damage; and
- Not transferred to a country or territory outside the European Economic Area unless that country or territory ensures an adequate level of protection in relation to the processing of personal data.

FINANCIAL PENALTIES

The Commissioner has published the document entitled the *Data Protection Act 1998, Information Commissioner's guidance about the issue of monetary penalties prepared and issued under section 55C (1) of the Data Protection Act 1998*. This statutory guidance sets out how the Commissioner will exercise its new power to issue fines of up to £500,000. It also provides information on how the Commissioner will determine whether a monetary penalty is appropriate and the factors that will contribute to determining how much any potential monetary penalty may be.

The guidance states that the Commissioner may impose a monetary penalty notice if:

- A data controller has seriously contravened the data protection principles and the contravention was of a kind likely to cause substantial damage or substantial distress.
- In addition, the contravention must either:
 - Have been deliberate; or
 - The data controller knew or should have known that there was a risk that a contravention would occur and failed to take reasonable steps to prevent it.

Factors determining the penalty amount will include an organisation's size, financial resources, and the severity of the data breach.

Prior to issuing any monetary penalty the Commissioner will undertake a full investigation; the initial drivers for any investigation include:

- Issues of general public concern (including those raised in the media);
- Concerns that arise because of the novel or intrusive nature of particular activities;
- Concerns raised with the Commissioner via formal complaints it has received; and
- Concerns that become apparent through the Commissioner's other activities.

Once the Commissioner has decided to impose a monetary penalty, it must then decide the appropriate amount. The Commissioner will take the circumstances of each individual case into account. The Commissioner will, however, consider the nature of the data breach, its effect on individuals and the impact it has had on the organisation charged with committing the offence.

Appeals on notices are heard by the First-tier Tribunal (Information Rights), an independent body set up to hear cases concerning enforcement notices or decision notices issued by the Commissioner.

FURTHER INFORMATION

For further information and advice on Data Protection issues please contact:

Terry Day, Associate Director, Information Systems Assurance:

Tel: +44 (0) 7788 150913

Email: terry.day@rsmtenon.com

The Bribery Act: Can You Afford to Gamble?

28 June 2010

Client Briefing - Gen 05.10

THE BRIBERY ACT

The tough new Bribery Act heralds the end of an era of practice and law described by the Law Commission as *"riddled with uncertainty and in need of rationalisation"*. Having received Royal Assent in April this year, organisations need to understand the legislative requirements and act now to ensure compliance, or risk exposing themselves to an unlimited fine, up to ten years imprisonment for Directors and critical damage to the reputation of the organisation. With the stakes this high, you cannot afford to gamble and risk the consequences. Organisations must ensure that they have incorporated adequate procedures into their standard operational practice and control framework that are designed to prevent bribery in order to mitigate their liability.

The new Bribery Act has created four principal offences:

- Offering, promising or giving of an advantage;
- Requesting, agreeing to receive or accepting of an advantage;
- Bribery of a foreign public official; and
- Failing to prevent bribery ('failing to prevent bribery' is the new corporate offence which commercial organisations must act to set in place appropriate procedures to stamp out unethical business practices).

ADEQUATE PROCEDURES

The adequate procedures that the Act requires commercial organisations to adopt also represents good governance and best practice for the public sector. This preventive approach to anti-bribery is not prescriptive however it will include anti-bribery policies, training of staff, clear guidance and limits on corporate entertainment and gifts, plus better due diligence on agents and business partners. You should be preparing now and not wait until the Government issues guidance on what constitutes 'adequate procedures' to ensure you do not fall foul of the legislation.

HOW WE CAN HELP YOU

RSM Tenon can assist by working with you to design, deliver and embed a comprehensive and bespoke Anti-Bribery Programme including:

- A bespoke anti-bribery policy;

- Updating internal codes of conduct and policies such as gifts and hospitality, declarations of interests, Standing Financial Instructions, and whistleblowing;
- Deliver a communication strategy to both internal staff and external contractors;
- Training to all staff as well as targeting high risk areas such as procurement and finance; and
- A comprehensive bribery risk assessment to identify areas of the highest risk of exposure.

With unlimited fines, potential jail sentences and reputational devastation, ask the question: can your organisation afford to gamble?

IF YOU REQUIRE FURTHER INFORMATION CONTACT

John Baker
Director of Fraud Solutions
Tel: 07753 584 973
Email: john.baker@rsmtenon.com

John Slater
National Investigations Manager
Tel: 07753 584 990
Email: john.slater@rsmtenon.com