

## Appendix 2

### Summary of Completed Audits

The following is a summary of the overall opinion and findings from the concluded audits since the last progress report to the Committee.

For each audit (unless specified) there is a table summarising the number of agreed management actions arising from the audit and the current status of those actions.

For reference there are three overall opinions we can give, defined as follows:

Acceptable	There is a sound system of internal control in which risks are being managed to acceptable levels.
Issues	There is generally a sound system of internal control, however some significant risks have been noted and there is therefore the possibility that some objectives will not be achieved.
Unacceptable	The system of internal control is generally weak, and the exposure to risk is such that it is probable that objectives will not be, or are not being achieved. The system is open to the risk of significant error or abuse.

Management actions are categorised as Priority 1 or 2, defined as follows:

Priority 1	Major issue or exposure to a significant risk that requires immediate action or the attention of Senior Management.
Priority 2	Significant issue that requires prompt action and improvement by the local manager.

### 2011/12 Not previously reported

The following audit is from the 2011/12 Plan. The audit was concluded in November 2011 but has not been reported to the Audit and Governance Committee as following the audit there has been a subsequent management/whistle blowing investigation. The outcome of that investigation was concluded in October 2012.

#### **CEF - Governance & Financial Management Establishment Audit - Youth Offending Service 2011/12**

<b>Opinion: Unacceptable</b>	<b>Date of Final Report: 28 November 2011</b>	
<b>Total:</b>	<b>Priority 1 = 12</b>	<b>Priority 2 = 13</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>25</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>0</b>	

As part of the Governance and Financial Management Audit for CEF in 2011/12 an establishment audit of Youth Offending Service (YOS) was undertaken in September 2011. The overall conclusion for the audit was Unacceptable.

Internal Audit testing identified that OCC policies and procedures were not being complied with, and that financial management practices were poor such that the probity of transactions could not be confirmed in all instances tested.

The YOS has links with the SAFE! Project, a project set up to support young victims of crime. Internal Audit noted several governance issues with the accountability of roles, responsibilities, health and safety and financial arrangements for the project, including the involvement of YOS staff and the involvement of OCC. No operational guidance was provided to OCC employees in relation to their SAFE! duties.

Due to the significance of the findings a management investigation was completed. This led to permanent withdrawal of the imprest accounts and a detailed action plan to address the control issues identified which has been implemented by the Deputy Director and newly appointed Head of YOS. The action plan has included a training package for staff supported / led by both the HR Business Partner and Finance Business Partner.

The management actions are now all reported as implemented. An audit for 2012/13 will be undertaken during December 2012 which will review the effectiveness of controls implemented.

## 2012/13 Audit Plan

### CEF Governance & Financial Management - Information Governance

<b>Opinion: Issues</b>	<b>Date of Final Report: 17 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 1</b>	<b>Priority 2 = 3</b>
<b>Current Status:</b>		
<b>Implemented</b>		<b>0</b>
<b>Due not yet actioned</b>		<b>0</b>
<b>Partially complete</b>		<b>1</b>
<b>Not yet Due</b>		<b>3</b>

This review has identified a number of risk areas with Information Governance that need to be addressed at both a corporate and local level. Corporately, we have found there is no formal structure for Information Governance, with clear ownership and defined roles and responsibilities. There is also a local issue in this respect as there is no defined responsibility for Information Governance within CEF or current representation at the corporate Information Governance Group. The joint working between CEF and S&CS on social care also requires clear ownership and management of Information Governance issues.

A priority 2 action in respect of Information Governance and access to data on SAP was agreed in the 2011/12 CEF Governance and Financial Management Audit. The original

implementation date was 30 June 2012, this has been extended and the action is still outstanding and therefore re-stated in the report.

A Corporate Data Transfer Policy was issued earlier this year but has not been well publicised and is difficult to find on the Intranet. Hence there is little evidence that relevant staff are aware of it. CEF does not have a complete and accurate register of all its external data transfers and there is no management review of this in place. A test of a sample number of transfers found that not all are undertaken securely, and some that are not covered by formal agreements.

There is now a mandatory requirement for all staff to complete an e-learning course on the Data Protection Act 1998. This was introduced during the course of the audit and will help improve staff awareness of the key issues.

### **CEF Governance & Financial Management Establishment audit - Riverside Centre**

#### **Opinion: Unacceptable**

The audit identified unacceptable financial management procedures that have been reported to the Director, in particular regarding the management and trading activity of the shop. The Director has taken immediate action by closing down the shop and the trading activity. The audit identified mistreatment of VAT on some sales, so the Finance Business Partner has allocated resources to carry out a detailed examination of all VAT transactions to ensure this is corrected.

### **CEF Childrens Social Care - Management Controls**

<b>Opinion: Issues</b>	<b>Date of Final Report: 19 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 14</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>8</b>	
<b>Due not yet actioned</b>	<b>2</b>	
<b>Partially complete</b>	<b>1</b>	
<b>Not yet Due</b>	<b>3</b>	

This audit identified the design of controls to be acceptable, however when testing a sample of records it highlighted issues with the effectiveness of those controls, and how well they are being monitored. The key findings relate to the consistency and timeliness of recording data on the management information system. The audit noted that management are aware of the issues, and that similar ones were noted in the previous years audit. Actions arising from the 2011/12 audit have been taken, but have not all resulted in effective implementation therefore are noted as partially implemented only. Timeliness of recording remains an issue, but management were aware and at the time of the audit were already taking further action to address them. In addition, at the time of the audit, management were in the process of reviewing procedures and records required for

carrying out monitoring visits to residential placements. The audit was able to highlight control improvements for incorporating into those procedures.

There were no Priority 1 actions arising from this audit.

### SCS Governance & Financial Management - Information Governance

<b>Opinion: ISSUES</b>	<b>Date of Final Report: 17 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 1</b>	<b>Priority 2 = 3</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>2</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>2</b>	

This review has identified a number of risk areas with Information Governance that need to be addressed at both a corporate and local level. Corporately, we have found there is no formal structure for Information Governance, with clear ownership and defined roles and responsibilities. There is also a local issue in this respect as the previous Information Governance Officer has transferred to ICT following the recent organisation restructure. The joint working between S&CS and CEF on social care also requires clear ownership and management of Information Governance issues.

A Corporate Data Transfer Policy was issued earlier this year but has not been well publicised and is difficult to find on the Intranet. An Information Asset Register has been produced for S&CS and includes details of external data transfers. However, a test of a sample number of transfers found that some are not undertaken securely and some that are not covered by formal agreements.

There is now a mandatory requirement for all staff to complete an e-learning course on the Data Protection Act 1998. This was introduced during the course of the audit and will help improve staff awareness of the key issues. We have identified a potential breach of the Data Protection Act as some data collection forms used to collect personal data do not have a privacy notice and consents are not always being recorded as obtained.

### SCS Personal Budgets including Direct Payments

<b>Opinion: Unacceptable</b>	<b>Date of Final Report: 23 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 7</b>	<b>Priority 2 = 28</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>14</b>	
<b>Due not yet actioned</b>	<b>2</b>	
<b>Partially complete</b>	<b>6</b>	
<b>Not yet Due</b>	<b>13</b>	
N.B. 2 actions due - not actioned, are priority 2 and only became due 31/12/12. Officer had unforeseen absence and not available to update system before 7/1/13 when this report produced.		

The audit identified an unacceptable level of control in respect of Personal Budgets and Direct Payments. The audit found that actions arising from the client annual review process were not being monitored effectively; in addition within the sample of direct payment clients examples were noted where the reconciliation and review of the clients financial returns was not operating effectively. The audit identified a need for improved communication and management information between the Direct Payments Team and Social and Community Services including highlighting where control processes are not being applied within the timescale expected, or where instances of non-compliance are identified which could need following up with the client.

The number of clients being managed through personal budgets is increasing with the roll out of Self-Directed Support and as a consequence of that, there has been a significant increase in the number of clients now in receipt of direct payments. This will continue to increase with the ongoing direction to transition clients on to Self-Directed Support and offer clients direct payments as part of this.

The Deputy Director responsible for this service attended the Audit Working Group on 8 November 2012 to respond to this report. She confirmed that actions are being progressed and that a full review of resources, and processes will be undertaken to ensure the systems are both efficient and effective. The AWG has requested a progress report at their meeting on 14 February 2013.

### SCS Adult Social Care - Management Controls

<b>Opinion: Unacceptable</b>	<b>Date of Final Report: 24 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 11</b>	<b>Priority 2 = 12</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>12</b>	
<b>Due not yet actioned</b>	<b>2</b>	
<b>Partially complete</b>	<b>5</b>	
<b>Not yet Due</b>	<b>4</b>	
N.B. 2 actions due - not actioned, are priority 1 and 2 and only became due 31/12/12. Officer had unforeseen absence and not available to update system before 7/1/13 when this report produced.		

This audit has concluded an unacceptable level of control, however, it should be acknowledged that the Deputy Director for Adult Social Care, who has been in post from August 2012, and her team had already identified some of the key issues identified in the Internal Audit testing and raised in this report. A new Adult Social Care Operational Governance Group has been established and management actions identified to address these weaknesses have now been identified and are in progress of being implemented.

The key findings relate to the completeness, timeliness and accuracy of data recording, the monitoring and recording of actions taken, and the timeliness and accuracy of management information. The audit noted there are planned changes within Adult Social Care to improve data recording and monitoring of data; however, it is acknowledged that it will take time to embed.

This audit included a follow up of related actions from 2011/12 audits. It was found that three priority 1 actions had not been implemented and as a result have been restated.

The Deputy Director responsible for this service attended the Audit Working Group on 8 November 2012 to respond to this report. She confirmed that actions are being progressed and that through the Operational Governance Group she has already established a stronger process by which management issues are being identified and actions tracked. The AWG has requested a progress report at their meeting on 14 February 2013.

### SCS Mental Health Reviews

<b>Opinion: Issues</b>	<b>Date of Final Report: 27 November 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 3</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>0</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>3</b>	

The audit found that performance regarding the completion of reviews on a timely basis has recently significantly improved. Performance figures in October 2012 show that timely reviews are at 81%.

The timeliness of the CPA and Mental Health process now appears to be well managed, with a robust monitoring spread sheet, evidence of quarterly auditing of data recorded on RIO and active monitoring by the mental health teams of client review / risk assessment status. The key area for improvement is that management information on timeliness of reviews is not currently reported to SCS Senior Management.

### CEO Governance & Financial Management -Information Governance

<b>Opinion: Issues</b>	<b>Date of Final Report: 24 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 3</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>0</b>	
<b>Due not yet actioned</b>	<b>1</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>2</b>	

This review has identified a number of risk areas with Information Governance that need to be addressed at both a corporate and local level. Corporately, we have found there is no formal structure for Information Governance, with clear ownership and defined roles

and responsibilities. An Information Governance lead has been identified within the CEO, but responsibilities are not formally documented.

A Corporate Data Transfer Policy was issued earlier this year but has not been well publicised and is difficult to find on the Intranet. CEO does not have a complete and accurate register of all its external data transfers, a risk that has been previously reported by internal audit in the Governance of Financial Management audits of 2010/11 and 2011/12, to which agreed management actions have not been implemented.

There is now a mandatory requirement for all staff to complete an e-learning course on the Data Protection Act 1998. This was introduced during the course of the audit and will help improve staff awareness of the key issues. We have identified a potential breach of the Data Protection Act as a number of on-line data collection forms used to collect personal data do not have a privacy notice.

### **Corporate Governance & Financial Management - Information Governance - Corporate issues**

<b>Opinion: Issues</b>	<b>Date of Final Report: 24 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 6</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>0</b>	
<b>Due not yet actioned</b>	<b>1</b>	
<b>Partially complete</b>	<b>1</b>	
<b>Not yet Due</b>	<b>4</b>	

Our review of Information Governance, which was primarily focussed at looking at arrangements within each Directorate, has identified a number of risks that need to be addressed at a corporate level. This includes the identification of clear corporate roles and responsibilities as well as how these support local responsibilities. We have found that local responsibilities have changed following the organisation re-structure, to the extent that some Directorate's do not now have any identified person with Information Governance responsibility. This risk has been included within relevant Directorate reports. Membership of the corporate Information Governance Group also needs to be reviewed as a number of current attendees are all now based in ICT.

Further support and guidance needs to be available at a corporate level in respect of the work being undertaken by each Directorate to produce and monitor registers of all their external data transfers. There is little knowledge of the Data Transfer Policy and no corporate template for compiling these registers. Our review has identified some external transfers are not being undertaken securely or are not covered by a formal agreement and this has been included in relevant Directorate reports.

There are no corporate issues with regard to the Data Protection Act 1998. There is now a mandatory requirement for all staff to complete an e-learning course on Data Protection which will help improve their awareness of the key issues. Our testing of data collection forms identified some that do not include a privacy notice and this has been identified as a risk to relevant Directorate's.

**CEO Capital Accounting**

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 18 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 1</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>0</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>1</b>	
<b>Not yet Due</b>	<b>0</b>	

Our overall conclusion is ACCEPTABLE. There is a sound system of internal control in which risks are being managed to acceptable levels.

An area for improvement was identified in the updating of the capital accounting procedure notes.

**CEO Treasury Management**

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 25 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 2</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>1</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>1</b>	

Our overall conclusion is ACCEPTABLE. Internal Audit identified that there is generally a sound system of internal control in place. Risks are being mitigated to acceptable levels, although there is a need for processes and procedures to be followed in all instances to ensure that control is always applied as intended and on a timely basis.

As the Council has not borrowed within the period of review nor appears likely to need to do so in the immediate future we did not carry out any testing of this activity. There are sufficient investments in money market funds and call accounts to cover unexpected payments. Treasury Management Team undertakes constant and detailed analysis of available investments. Actions agreed in the 2011/12 audit have been confirmed as fully implemented.

**CEO Pension Fund**

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 20 December 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 2</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>1</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>1</b>	



Our overall conclusion is ACCEPTABLE. Internal Audit identified that there is generally a sound system of internal control in place.

Areas of good practise were noted in the regularity of Fund Manager and Independent Financial Advisor meetings and reports to the Pension Fund Committee. There appear to be good processes in place for reviewing and monitoring the performance of the Fund Managers and the Pension Fund in general, and good transactional processes for recording and checking contributions from participating bodies and In-House transactions. The main issue identified was the monitoring of daily BACS reconciliations.

### EE Governance & Financial Management -Information Governance

<b>Opinion: Issues</b>	<b>Date of Final Report: 11 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 2</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>2</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>0</b>	

This review has identified a number of risk areas with Information Governance that need to be addressed at both a corporate and local level. Corporately, we have found there is no formal structure for Information Governance, with clear ownership and defined roles and responsibilities. There is also a local issue in this respect with regard to current IG roles in E&E, OCS and ICT.

A Corporate Data Transfer Policy was issued earlier this year but has not been well publicised and is difficult to find on the Intranet. Hence, there is little evidence of staff being aware of it. A register of external data transfers has recently been compiled, however, it does not record all relevant details.

On a positive note, there is now a mandatory requirement for all staff to complete an e-learning course on the Data Protection Act 1998. This was introduced during the course of the audit and will help improve staff awareness of the key issues.

### EE Governance & Financial Management Establishment audit - Facilities Management Samuelson House

<b>Opinion: Issues</b>	<b>Date of Final Report: 11 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 3</b>	<b>Priority 2 = 7</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>10</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>0</b>	

This report has highlighted issues in respect of the transactions the Finance Team process on behalf of CEF and SCS. Some issues remain outstanding from the Facilities Management audit at Knights Court which has impacted on the findings for Samuelson House. The outstanding management actions for Knights Court include; issue of local financial procedures, review of procurement activity within CEF and SCS area teams and identification of additional procurement card holders as appropriate.

Due to the lack of financial procedures in place for Facilities Management and Social Care teams at the time of the audit, it was difficult for audit to establish whether the frequency/amounts of claims paid was necessary and in accordance with standard protocols. From review of financial activity we were able to ascertain examples that the imprest account at Samuelson House appears to be utilised by CEF and SCS staff in preference to alternative methods of procurement such as procurement cards, SAP/SRM and reimbursement through central submission of a Travel & Expense claim form to Payroll. Since the audit it has been reported that finalisation and publication of the Local Financial procedures for all Facilities Management Finance Offices is now due for implementation at the beginning of November 2012.

During the audit it was difficult to identify whether claims were appropriately authorised due to the list of authorised signatories not being up to date.

An issue was also identified whereby lettings income had not been invoiced. This has since been rectified.

Where relevant management actions agreed in Knights Court 2011/12 report have not been fully embedded / implemented they have been re-stated in this report. 5 management actions that are not implemented are referred to in the findings section and will continue to be followed up as part of the Knights Court Action Plan. 2 management actions have been reported to have been implemented for Knights Court, but have not been implemented for Samuelson House so these have been specifically raised again under the Samuelson House action plan.

### EE OCS - Payment Card Industry (PCI) Compliance

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 29 November 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 2</b>
<b>Current Status:</b>		
<b>Implemented</b>		<b>2</b>
<b>Due not yet actioned</b>		<b>0</b>
<b>Partially complete</b>		<b>0</b>
<b>Not yet Due</b>		<b>0</b>

Our overall conclusion is ACCEPTABLE. There is a sound system of internal control in which risks are being managed to acceptable levels. (At draft report stage the overall conclusion was Issues, however overall conclusion changed due to implementation of priority 1 management action).

Departments are generally compliant with PCI Standards, no major incidents of card detail security were found during the audit process. Minor improvements are required around local procedures.

It was identified that there was no evidence of PCI compliance in place for the Government Gateway used for the Councils invoice payments and by Registrars for online certificates. This was being actively chased by management with the provider and has since been rectified at the time of the draft audit report.

### EE OCS - ICT Remote Access

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 18 December 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 4</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>1</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>3</b>	

Our overall conclusion is ACCEPTABLE. Internal Audit identified that there is a sound system of internal control in which risks are being managed to acceptable levels.

Remote access is now generally regarded as a standard service that is used by organisations to support initiatives such as home and mobile working. Third-party suppliers are also given remote access to support and/or maintain their software systems. Where remote access is provided, it is important that all such access is appropriately managed and that only secure and authenticated connections are permitted to networked systems and data. The audit found that this is being well controlled.

Detailed procedures have been developed covering the remote access process, and guidance notes on security requirements are available to users. The Remote Working Policy is in the process of being reviewed and updated. We understand that third parties and suppliers are made aware of remote access security requirements, and that contracts include standard clauses relating to the security of data and systems. However, this information was not provided during the audit so could not be verified.

### EE (ICT) Telephony Infrastructure Project Review

<b>Opinion: Issues</b>	<b>Date of Final Report: 25 October 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 5</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>5</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>0</b>	

The objective of the Telephony Infrastructure Project is to replace the existing telephone system, which is deemed expensive and complicated, with a new system that is based on current technology and developments in the market. The aim of the project includes reducing the overall cost of telephony at OCC, consolidating the telephone budgets into ICT and providing softphones for all users to support new ways of working.

There is a documented and approved Project Initiation Document (PID) for the Telephony Infrastructure Project. This defines a project structure comprising of a Governance Group and a Work Stream Leads Group, however, we found that the latter does not formally meet. The audit identified areas for improvement with the project management as the project progresses, mainly regarding the content, detail and timeliness of information to the Governance Group who are the Project Board.

There has been some slippage in project timescales as a result of procurement delays. This has been reported to the Governance Group who have approved changes to delivery dates. We have looked at the initial plans for testing the new system and discussed how users will be supported during the implementation stages. No areas of risk have been identified with current plans, although this will be followed up at the next audit.

**EE ICT - SAP system**

<b>Opinion: Acceptable</b>	<b>Date of Final Report: 7 November 2012</b>	
<b>Total:</b>	<b>Priority 1 = 0</b>	<b>Priority 2 = 5</b>
<b>Current Status:</b>		
<b>Implemented</b>	<b>2</b>	
<b>Due not yet actioned</b>	<b>0</b>	
<b>Partially complete</b>	<b>0</b>	
<b>Not yet Due</b>	<b>3</b>	

Our overall conclusion is ACCEPTABLE. Internal Audit identified that there is a sound system of internal control in which risks are being managed to acceptable levels.

Oxfordshire and Hampshire County Councils have entered into a collaborative partnership, which is initially centred on support arrangements for the SAP system. Other areas will be reviewed and considered as required. Plans are being developed to transfer responsibility for SAP support from Serco to Hampshire County Council (HCC) by the 31<sup>st</sup> October 2012.

A Shared Services Agreement has been put in place and ICT are currently working to define the service levels required from HCC. We have supported this process by reviewing the draft proposals and suggesting areas that should be included within them. In addition, we have recommended that ICT should introduce formal monitoring of HCC users and also ensure that all passwords known by Serco are changed on the termination of their contract.

Our review of the plans to give HCC ICT users access to the SAP system has confirmed that key risks are being adequately managed. All HCC users will have individual accounts and specific roles, which have been documented and are currently being tested. All HCC

roles will be formally signed off by the Programme Manager and the SAP Operations Group.

The logical security controls over the SAP system were tested and found to be adequate. It was further confirmed that all SAP roles have a nominated 'Owner' and 'Responsible Person,' although we have identified that roles have not been formally reviewed since they were re-defined in 2010. It is pleasing to report that testing has confirmed that a number of previously agreed management actions have been fully implemented.