

South Cambridgeshire District Council

Internal Audit Progress Report

December 2007



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Bentley Jennison Risk Management Limited

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Registered in England & Wales No. 3444889
Registered Office 1 Hollinswood Court Stafford Park 1 Telford TF3 3DE

1. Introduction

- 1.1 The periodic internal audit plan for 2007/08 was approved by the Corporate Governance Committee in June 2007. This report summarises the outcome of work completed to date against that plan, and Appendix A provides cumulative data in support of internal audit performance.
- 1.2 We are delighted to advise the Corporate Governance Committee that with effect from 21 August 2007, Bentley Jennison has joined the RSM International (RSMI) network of accountants and business advisors (www.rsmi.com). On joining the RSMI network we changed our name to RSM Bentley Jennison to be consistent with the other members of RSMI. Please be assured that this does not mean in any way that the ownership of our practice has changed and it remains owned and controlled completely by its partners.
- 1.3 RSM Bentley Jennison provides traditional auditing, accountancy, taxation, business planning and consultancy services to businesses throughout the United Kingdom and Europe. RSM Bentley Jennison is now 14th in the “Top Fifty” table for UK accountancy firms, and as partner of RSMI Group we are now a member of the 7th largest Accounting Group in the World. The firm has a turnover in excess of £60 million, 75 Partners and over 1,000 staff. We are justifiably proud of this growth, coming as it does within 20 years of our inception.

2. Final Reports Issued

We have issued the following final report since the last Corporate Governance Committee:

- ICT Review
- Civil Contingencies Act
- Housing Maintenance
- Contact Centre
- Income & Debtors
- Housing Allocations
- Creditors (Ordering Receipts and Payments)
- Cash, Banking & Treasury Management
- Section 106

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 so far for 2007/08.

4. Work in Progress or Planned

4.1 The following audits are currently at the draft report stage:

- General Ledger (including budgetary setting and monitoring)
- Payroll
- HR
- Housing Rents
- Housing Benefit

4.2 The following audits are currently at the fieldwork stage:

- Capital Expenditure
- Procurement
- Housing Responsive Repairs
- Contract Services
- Pro-active Fraud

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 2007/08

Detailed below is a summary of the work undertaken in 2007/08 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 overleaf.

Auditable Area	Date Planned	Date Started	Status	Audit approach	Days Planned	Assurance level given	Number of Recommendations Made					
							F	S	MA	In Total	Agreed	
Work complete to date												
Assurance	Home Improvement Agency	May 2007	05.07	Final Report Issued	Advisory		N/A					
	Risk Management	June 2007	06.06.07	Final Report Issued	Systematic	8	Adequate	0	1	1	2	2
	ICT Review	July 2007	16.07.07	<i>Final Report Issued</i>	<i>Healthcheck</i>	<i>Part of below</i>	<i>N/A</i>	-	-	-	10	10
	Civil Contingencies Act	August 2007	31.08.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	7	<i>Substantial</i>	0	0	4	4	4
	Housing Maintenance	July 2007	03.07.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	10	<i>Adequate</i>	0	2	3	5	5
	Contact Centre	October 2007	11.09.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	5	<i>Limited</i>	1	3	2	6	5
	Income & Debtors	October / November 2007	22.10.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	8	<i>Substantial</i>	0	1	3	4	4
	Housing Allocations	October 2007	25.10.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	8	<i>Limited</i>	0	9	5	14	14
	Creditors	October/ November 2007	22.10.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	8	<i>Adequate</i>	0	2	3	5	5
	Cash, Banking & Treasury Management	October/ November 2007	22.10.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	8	<i>Substantial</i>	0	0	2	2	2
Section 106	October 2007	22.10.07	<i>Final Report Issued</i>	<i>Systematic/ Key Controls</i>	6	<i>Limited</i>	1	2	5	8	8	
Totals to date:							2	20	28	60	59	

Auditable Area	Date Planned	Date Started	Status	Audit approach	Days Planned	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)												
Governance	November 2007			Systematic/ Key Controls	8							
Improvement Planning and Performance Management	January 2008			Systematic/ Key Controls	10							
Best Value Performance Indicators	February 2008			Systematic/ Key Controls	15							
Partnerships	November 2007			Systematic/ Key Controls	12							
General Ledger (including budget setting and monitoring)	October / November 2007	22 October 2007	Draft Report Issued	Systematic/ Key Controls	8							
Payroll (including Expenses & Pensions)	October/ November 2007	31 October 2007	Draft Report Issued	Systematic/ Key Controls	12							
Capital Expenditure	November 2007	29 October 2007	Fieldwork Started	Systematic/ Key Controls	10							
Procurement.	December 2007	03 December 2007	Fieldwork Started	Systematic/ Key Controls	8							
NNDR	January 2008			Systematic/ Key Controls	8							
Council Tax	January 2008			Systematic/ Key Controls	8							
Housing Benefits	February 2008	06 November 2007	Draft Report Issued	Systematic/ Key Controls	18							
Human Resources & Training	July 2007	11 July 2007	Draft Report Issued	Systematic/ Key Controls	7							

	Auditable Area	Date Planned	Date Started	Status	Audit approach	Days Planned	Assurance level given	Number of Recommendations Made				
								F	S	MA	In Total	Agreed
	Housing responsive repairs	August 2007	08 October 2007	Fieldwork Complete	Systematic/ Key Controls	10						
	Housing Rents	September 2007	01 October 2007	Draft Report Issued	Systematic/ Key Controls	10						
	Contract Services	September 2007	14 September 2007	Fieldwork Complete	Systematic/ Key Controls	8						
	ICT Review				Systematic	20 (15 remaining)						
	Pro-active Fraud		September 2007	Fieldwork Complete	Systematic	5						
Other	Follow up				Follow Up	7						
	Audit Management	-	-	-	-	20						
	Contingency	-	-	-	-	8						

Recommendation Categorisation

Our findings and recommendations are categorised as follows:

Fundamental (F): <i>action is imperative to ensure that the objectives for the area under review are met</i>	Significant (S): <i>requires action to avoid exposure to significant risks in achieving the objectives for the area under review.</i>	Merits Attention (MA): <i>action advised to enhance control or improve operational efficiency</i>
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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