



**RSM** Tenon

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

INTERNAL AUDIT PROGRESS REPORT

FEBRUARY 2010

## 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
6	Changes to our Plan	2
7	Sector Guidance	2
Appendix A	Periodic Plan Performance 2009/10	
Appendix B	Client Briefings	

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 Board and senior management 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 2009/10 has previously been approved by the Corporate Governance Committee]. 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.

## 2. FINAL REPORTS ISSUED

- 2.1 We have finalised six reports since the last Committee meeting; these being in the areas of:

- General Ledger (including Budgetary Control) (11.09/10);
- Capital Expenditure and Asset Management (12.09/10).
- Payroll (13.09/10);
- Cash, Banking and Treasury Management (14.09/10);
- Income and Debtors (15.09/10); and
- Creditors (16.09/10);

## 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 five draft reports to which we are awaiting management responses; these being in the areas of:

- 10.09/10            ICT Review;
- 17.09/10            Procurement;

- 18.09/10 Insurance;
- 19.09/10 Council Tax; and
- 20.09/10 NNDR.

4.2 The following reviews are currently at the fieldwork stage:

- Housing Benefit
- Performance Management

## 5. CHANGES TO OUR PLAN

5.1 There have been no changes to the Audit Plan since the last Corporate Governance Committee. However the scope of the outstanding work is currently in discussion with management.

## 6. SECTOR GUIDANCE

6.1 There has been one further relevant client briefing issued since the last Audit Committee. This is included at Appendix B.

## 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 overleaf.

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
<b>Work complete to date</b>													
Housing Responsive Repairs (1)	09/04/09	17/04/09	Final Report Issued	Systematic	8	8	8	Adequate	0	0	11	11	11
Housing Maintenance – Planned & Cyclical (2)	11/05/09	28/05/09	Final Report Issued	Systematic	8	8	8	Adequate	0	2	7	9	9
Absence Management (3)	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) (4)	13/07/09	17/07/09	Final Report Issued	Key Controls	8	8	8	Substantial	0	1	3	4	4
Review of Counter Fraud Arrangements (5)	29/07/09	31/07/09	Final Report Issued	Thematic	10	10	5	Advisory	0	2	6	8	8
Contract Services (6)	20/07/09	23/07/09	Final Report Issued	Systematic	8	8	8	Adequate	0	4	4	8	8
Housing Rents (7)	12/08/09	18/08/09	Final Report Issued	Key Controls	8	8	8	Adequate	0	2	3	5	5
Risk Maturity (8)	Jul-09	14/08/09	Final Report Issued	Advisory	8	8	8.5	Risk Managed	0	2	10	12	12

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
Housing Allocations and Voids (9)	12/08/09	24/08/09	Final Report Issued	Systematic	8	8	10	Adequate	0	0	6	6	6
General Ledger (11)	21/09/09	24/09/09	Final Report Issued	Key Controls	7	7	6	Adequate	0	0	4	4	4
Capital Expenditure and Asset Management (12)	21/09/09	24/09/09	Final Report Issued	Key Controls	7	7	7	Adequate	0	2	4	6	6
Payroll (including Expenses & Pensions) (13)	05/10/09	14/10/09	Final Report Issued	Key Controls	12	12	12	Substantial	0	0	0	0	0
Cash, Banking & Treasury Management (14)	15/10/09	19/10/09	Final Report Issued	Key Controls	7	7	6	Substantial	0	0	1	1	1
Income & Debtors (15)	19/10/09	21/10/09	Final Report Issued	Key Controls	7	7	6	Substantial	0	0	4	4	4
Creditors (16)	26/10/09	30/10/09	Final Report Issued	Key Controls	7	7	6	Substantial	0	0	5	5	5
<b>Totals to date:</b>					<b>121</b>	<b>121</b>	<b>114.5</b>		<b>0</b>	<b>17</b>	<b>73</b>	<b>90</b>	<b>90</b>

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	
<b>Work in progress or yet to start (including reports still in draft)</b>													
ICT Review (10)	07/09/09	15/09/09	24/09/09	Management Responses being discussed	10								

Procurement (17)	19/10/09	30/10/09	12/11/09	Awaiting Management Responses	8							
Insurance (18)	06/11/09	11/11/09	19/11/09	Awaiting Management Responses	6							
Council Tax (19)	16/11/09	23/11/09	26/11/09	Awaiting Management Responses	7							
NNDR (20)	09/11/09	12/11/09	26/11/09	Awaiting Management Responses	7							
Housing Benefits	04/01/10	04/01/10		Fieldwork Complete	14							
Performance Management	11/01/10	11/01/10		Fieldwork Complete	8							
Environmental Health	01/02/10				8							
Customer Services	01/02/10				8							
Growth	23/03/10				10							
Housing Futures	Review cancelled, alternatives are currently being discussed with management				10							
Corporate Governance	02/03/10				8							
Annual Governance Statement	Feb 10				10							
Follow Up	22/02/10				7							
Contingency					8							
<b>Total</b>					136							

### 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	Control Design	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



## APPENDIX B: CLIENT BRIEFINGS

### RSM Bentley Jennison joins forces with Tenon

4 January 2010

Client Briefing - Gen 01.10

You are probably aware, from recent press coverage that we merged with Tenon Group Plc on 30 December 2009.

As you may know, before this merger Tenon was a large, established national practice with excellent audit and advisory teams and a significant strength in public sector audit and advisory work. Like us, Tenon was a modern, dynamic and successful practice, pursuing an aggressive growth strategy through acquisition as well as strong organic development. This merger has created a new and significant force in professional services, since both practices have a clear and consistent vision to become the leading UK adviser to the public and not for profit sector by focusing on providing flexible and innovative customer-focused solutions.

The firm, which is now called RSM Tenon, will remain the UK's largest provider of internal audit and risk management services to the public sector providing a comprehensive range of governance, audit, anti fraud, forensic, consultancy and software solutions. RSM Tenon will now provide services to an even larger public sector client base increasing the opportunities for sharing best practice and facilitating benchmarking among our clients.

As a PLC with more than 3,000 staff and locations throughout the UK, the business as a whole will have significant financial strength and a support infrastructure, around key areas such as Technical support, HR (including training) and IT, to match.

The deal was completed on 30 December 2009. But, other than a different name, letterhead and some changes to our livery, our people, our communication mechanisms and our service delivery to our clients will remain unchanged.

However, we can say with certainty that this merger will bring you added benefits. You will have an even larger team to draw resources from, more public sector technical experts at your disposal, substantially increased investment in technical and sector based training, and the further development of best-practice methodologies.

Given that this merger can only bring positive benefits to our clients we look forward to continuing to work closely with you under our new name RSM Tenon.