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**RSM** Tenon

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**

**Internal Audit Progress Report**

**Corporate Governance Committee Meeting: December 2011**

**Recommendation:** That the Committee **Notes** the Internal Audit Progress Report

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**RSM** Tenon

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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.

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## 1. INTRODUCTION

1.1 The periodic internal audit plan for 2011/12 was approved by the Corporate Governance Committee in March 2011. 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 for the 2011/12 plan to date.

## 2. FINAL REPORTS ISSUED

2.1 We finalised the 2010/11 follow up report, this completed our audit plan for 2010/11.

2.2 We have finalised three 2011/12 reports since the last Committee meeting; these are in the areas of:

- Project Management (6.11/12);
- General Ledger and Budgetary Control (7.11/12); and
- VAT Advisory Review (9.11/12).

2.3 Appendix A summarises our opinions and the number of recommendations made during 2011/12 to date.

## 3. KEY FINDINGS FROM INTERNAL AUDIT WORK

3.1 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. We have not identified any issues from our 2011/12 work to date that will impact negatively on this year's annual opinion.

3.2 No common weaknesses have been identified within our reports for 2011/12. Management have agreed all of the recommendations in the three reports finalised at 2.2 above, with agreed target dates for implementation.

## 4. WORK IN PROGRESS OR PLANNED

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

- Housing Allocations (8.11/12);
- Governance – Good Governance Framework (10.11/12);
- Creditors (11.11/12);
- Contract Services (12.11/12);

- Payroll including Expenses (13.11/12);
- NNDR (14.11/12); and
- Income and Debtors (15.11/12)

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

- Cash, Banking and Treasury Management;
- Capital Expenditure and Asset Management; and
- Reconciliations.

## **5. LIAISON WITH MANAGEMENT AND EXTERNAL AUDIT**

5.1 Since the last Corporate Governance Committee we have met with Management to discuss the progress of the audit plan and to scope a number of 2011/12 audits.

## **6. CHANGES TO OUR PLAN**

6.1 There have been no changes to the audit plan since the last meeting.

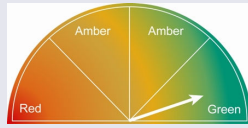
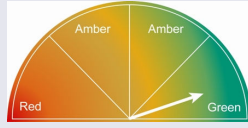
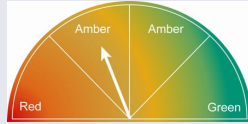
## **7. CLIENT BRIEFINGS**

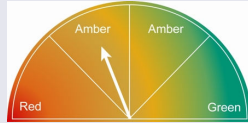
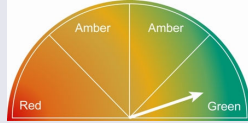
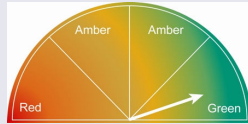
7.1 There has been one new Local Government eUpdate issued since the last Corporate Governance Committee.

## APPENDIX A: 2010/11 & 2011/12 WORK COMPLETED TO DATE INCLUDING SUMMARY OF ASSURANCE 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				
						<i>Actual</i>		<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>In Total</i>	<i>Agreed</i>
<i>Follow Up (30.10/11)</i>	<i>09/02/11</i>	<i>14/02/11</i>	<i>07/03/11</i>	<i>24/11/11</i>	<i>24/11/11</i>	<i>December 2011</i>	<i>Adequate Progress</i>	<i>0</i>	<i>3</i>	<i>5</i>	<i>8</i>	<i>8</i>

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Corporate Governance Committee	Assurance level given	Number of Recommendations Made				
						<i>Actual</i>		<i>High</i>	<i>Medium</i>	<i>Low</i>	<i>In Total</i>	<i>Agreed</i>
HR – Absence Management including the Impact of Redundancies (1.11/12)	18/04/11	21/04/11	16/05/11	27/05/11	27/05/11	June 11		0	0	5	5	5
Supporting Housing (2.11/12)	18/04/2011	28/04/2011	19/05/2011	13/07/11	13/07/11	September 11		0	0	1	1	1
Housing Maintenance – Planned & Cyclical (3.11/12)	10/06/2011	17/06/2011	13/07/11	28/07/11	29/07/11	September 11		2	3	2	7	7

Auditable Area	Start Date	Debrief date	Draft report issued	Responses received	Final report issued	Corporate Governance Committee	Assurance level given	Number of Recommendations Made				
								Actual	High	Medium	Low	In Total
Information Governance (4.11/12)	25/07/2011	01/08/11	16/08/11	21/09/11	21/09/11	September 11		0	6	6	12	12
Housing Rents (5.11/12)	08/08/2011	15/08/11	25/08/11	26/08/11	26/08/11	September 11		0	1	3	4	4
Project Management (6.11.12)	15/08/2011	16/08/11	01/09/11	22/09/11	22/09/11	December 11	<b>ADVISORY</b>	-	-	-	8	8
General Ledger (including Budgetary Control) (7.11/12)	05/09/2011	13/09/11	07/10/11 08/11/11	17/10/11	15/11/11	December 11		0	0	3	3	3
VAT Advisory Review (9.11/12)	26/09/11	29/09/11	24/10/11	04/11/11	04/11/11	December 11	<b>ADVISORY</b>	0	3	5	8	8
<b>Totals to date:</b>								2	13	25	48*	48

\* 8 recommendations have not been categorised

**APPENDIX B: 2011/12 WORK IN PROGRESS OR YET TO START (INCLUDING REPORTS STILL IN DRAFT)**

Auditable Area	Start Date	Debrief date	Draft report issued
Housing Allocations and Voids (8.11/12)	13/09/2011	19/09/11	14/10/11
Governance – Good Governance Framework (10.11/12)	10/10/2011	17/10/11	25/10/11
Creditors (11.11/12)	03/10/2011	18/10/11	28/10/11
Contract Services (12.10/11)	10/10/2011	14/10/11	09/11/11
Payroll (including Expenses & Pensions) (13.11/12)	12/10/2011	21/10/11	09/11/11
NNDR (14.11/12)	20/10/2011	28/10/11	09/11/11
Income & Debtors (15.11/12)	01/11/2011	04/11/11	24/11/11
Cash, Banking & Treasury Management	14/11/2011	16/11/11	
Capital Expenditure and Asset Management	17/11/2011	22/11/11	
Reconciliation	05/12/2011		
Risk Management and Assurance Stocktake	12/12/2011		
Proactive Fraud Work	January 2011		
Council Tax	04/01/2012		
Environmental Health	16/01/2012		
Follow Up	16/01/2012		
Housing Benefits	23/01/2012		
Partnerships	06/02/2011		

Auditable Area	Start Date	Debrief date	Draft report issued
Top Up Testing	19/03/2012		
Performance Management	22/03/2012		
Annual Governance Statement	March 2012		



## APPENDIX C: CLIENT BRIEFING

### RSM Tenon's Local Government Update

This eUpdate provides information on some of the recent key publications and issues concerning local government.

#### **Impact, Insight, Innovation: The Comprehensive Spending Review one year on**

To coincide with the October 20 anniversary, RSM Tenon published a report on the impact of the Comprehensive Spending Review (CSR) one year on. The report focuses on the impact of the CSR on local government as well as what can be described as its 'ripple effect' on social landlords, the NHS and charities and community groups. The report considers the responses made by local government as it seeks to cope with reduced funding and examines some of the innovative solutions being implemented. In seeking to adapt and survive the cuts there is not one model that will suit all organisations but our *Impact, Insight, Innovation* report aims to provide analysis which we hope you will find thought provoking.

To read the report, which is available on the RSM Tenon website, follow this [link](#).

#### **HM Treasury announces council tax freeze**

HM Treasury has announced that it will provide an extra £805m of support for all billing and major precepting authorities in England, including police and fire authorities, to support them in freezing council tax rates in 2012. For those who decide to freeze or reduce their council tax, a new grant scheme will provide additional funding equivalent to raising their 2011/12 council tax bill by 2.5% (3% for police and fire authorities). The Department for Communities and Local Government (CLG) will shortly write to authorities to provide information on the scheme, including an indicative breakdown of estimated grants.

[Further information is available here.](#)

#### **Statement on self-financing for council housing**

Housing Minister, Grant Shapps, and the Chair of the Environment and Housing Programme Board for the Local Government Group on Self-financing, Councillor David Parsons, have issued a joint statement on self-financing for council housing. From April 2012, the way that council housing is financed will change significantly. Subject to Royal Assent of the Localism Bill, a new devolved system of funding will replace previous centrally controlled subsidies from Whitehall.

The statement provides information on key concerns and priorities for councils in preparing for this as well as links to useful sources of information.

[A copy of the statement is available here.](#)

#### **RDA accountability and financial framework**

The Department for Business, Innovation and Skills has published its *Regional Development Agency (RDA) Accountability and Financial Framework*. The document sets out the strategic level relationship between Government and the RDA and the revised framework within which the RDA will operate during its transition towards closure in March 2012. The Framework sets out: rules and guidelines relevant to the RDA's functions, duties and powers; the conditions under which public funds are paid to the RDA and how performance will be held to account; and financial provisions which the RDA is required to observe.

[The RDA Accountability and Financial Framework is available here.](#)

#### **Local government capital finance system: proposed changes – Consultation**

The CLG has launched a consultation which seeks views on the Government's proposed amendments to the capital finance regulations and Minimum Revenue Provision guidance. The consultation provides an explanation of the effects of proposed amendments to the capital finance regulations, along with alterations to CLG guidance on *Minimum Revenue Provision*. The consultation is open until 22 November 2011.

[Further information is available here.](#)

#### **Code of recommended practice for local authorities on data transparency**

The CLG has published its new Code of Recommended Practice for local authorities on the publication of data. The Code sets out key principles for local authorities in creating greater transparency through the publication of public data which include: responding to public demand; releasing data in open formats available for re-use; and releasing data in a timely way.

[The Code of Recommended Practice for Local Authorities on Data Transparency is available here.](#)

#### **New best practice guidance for local authorities and the VCS**

The National Council for Voluntary Organisations has published a *Best Practice Guide for Local Authorities and the Voluntary and Community Sector*. The guide makes recommendations for local authorities on ways they can support the sector to mitigate financial strain by assisting organisations to adapt to changes in funding. Recommendations cover the following areas: enabling communication; offering in-kind support; skilling-up the sector; encouraging partnerships between organisations; and budgeting collaboratively.

[Best Practice Guide For Local Authorities and the Voluntary and Community Sector is available here.](#)