

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL**  
**AUDIT AND CORPORATE GOVERNANCE COMMITTEE**

**30 SEPTEMBER 2016**

**INTERNAL AUDIT PROGRESS REPORT 2016 / 2017**

**RECOMMENDATION:**

**Members of the Audit and Corporate Governance Committee are asked to consider, review, and provide challenge to the attached progress report on the delivery of the audit service up to 31 August 2016.**

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## 1. INTRODUCTION

- 1.1 Management is responsible for the system of internal control and should set in place policies and procedures to help ensure that the system is functioning correctly. On behalf of the Audit and Corporate Governance Committee and the Executive Director (Corporate Services), Internal Audit acts as an assurance function providing an independent and objective opinion to the organisation on the entire control environment by evaluating the effectiveness in achieving the organisation's objectives.
- 1.2 The purpose of this report is to bring the Committee up to date with progress made against the delivery of the 2016 / 2017 Internal Plan, as at August 2016. The information included in the progress report will feed into and inform our overall opinion in the annual Head of Internal Audit (HoIA) report issued at the year end. This opinion will in turn be used to inform the Annual Governance Statement included in the Statement of Accounts and signed by the Chief Executive and Leader of the Council.
- 1.3 Where appropriate each report we issue during the year is given an overall opinion based on four levels of assurance. To obtain this assurance, this is partly based on the type of recommendations we make in each report. Our assurance ratings were amended at the start of this year (Members were notified via email on 18 April 2016).
- 1.4 Should an audit report identify LIMITED or NO assurance, then as a matter of course those areas are followed up. Our work is carried out to assist in improving control. **However management is responsible for developing and maintaining an internal control framework.**

## 2. RESOURCES AND OUTPUTS

- 2.1 Since our last report to Audit and Corporate Governance Committee (June 2016) the following issues are brought to Members attention:
- The Annual Audit Opinion report identified 3 audits as being in draft at that time from the 2015 / 2016 Internal Audit Plan (Housing Benefits, Accounts Payable and Corporate Governance). All of these have been finalised and issued and are documented in **Appendix A**.
  - There have been no changes to audit personnel during the year to date.
  - Discussions are in train for a shared service with Huntingdonshire DC in line with the 3C approach.
  - Professional examination success of the Senior Auditor.

- 2.2 It is too early in the audit year to provide an opinion on the internal controls operating across the Council that have been subject to audit from the 2016 / 2017 audit plans and with the work undertaken in their infancy there are no significant issues to be brought to the Committees attention. Work completed from the current plan are documented in **Appendix B**.

Steve Crabtree  
Head of Internal Audit  
August 2016

## APPENDIX A

### ISSUES ARISING FROM THE DELIVERY OF THE INTERNAL AUDIT PLAN DURING 2015 / 2016

Housing Benefits	Prior Review: <b>FULL</b> March 2015	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>1</b>	Medium: <b>0</b>	Low: <b>1</b>	Total: <b>2</b>	There is an expectation that officers within the section notify their team leaders / managers of any individuals they may know who is on benefits. These accounts are then blocked from their access. Regular declarations are made by staff. However, while these are in place, they had not all been actioned on the system. Management agreed to review all declarations to ensure that they had been suppressed on the system.
Accounts Payable	Prior Review: <b>SIGNIFICANT</b> March 2015	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>2</b>	Medium: <b>0</b>	Low: <b>0</b>	Total: <b>0</b>	There has been improvement in the use of the electronic system, E-BIS, to make payments, however further improvements can be made to reduce the reliance on manual intervention.
Corporate Governance (Gifts and Hospitality)	Prior Review: <b>Not applicable</b>	New Assurance: <b>NO</b>	Critical: <b>0</b>	High: <b>8</b>	Medium: <b>1</b>	Low: <b>0</b>	Total: <b>9</b>	<p>The Council has clear guidance in place in relation to Gifts, Hospitality and Sponsorship for both Officers and Members.</p> <p>There was no evidence that any declarations that have been made had been reviewed or who was responsible for such reviews. Furthermore, were the declarations were recorded electronically, no one had access to review these logs.</p> <p>Ownership has been agreed with the Head of Legal Practice who will instigate a full review following the appointment of the Deputy Monitoring Officer.</p>

**INTERNAL AUDIT PLAN 2016 / 2017**

<b>HOMES FOR OUR FUTURE</b>	
Ermine Street Housing	This audit is planned for Quarter 3 / 4.
Responsive Repairs	<b>WORK IN PROGRESS</b>
Planning	This audit is planned for Quarter 3 / 4
Homelessness	<b>WORK IN PROGRESS</b> Initial meeting held with departmental managers to determine full scope of the review. A number of new areas have been identified which will be factored in.

<b>AN INNOVATIVE AND DYNAMIC ORGANISATION</b>	
Banking Contract	This audit is planned for Quarter 3 / 4
Procurement and Commissioning	<b>PLANNING</b> Initial meeting held with Contract Manager to understand current arrangements for complying with Public Contract Regulations 2015 (Regulation 84). Audit will be completed in Quarter 3.
Shared Services	This audit is planned for Quarter 3 / 4. (This audit also appears on the Cambridge Audit Plan and the scope will look to form a joint approach).
Asset Management	This audit is planned for Quarter 3 / 4.

CORE SYSTEMS ASSURANCE WORK	
Accounts Receivable	<b>PLANNING</b> Audit brief produced.
Benefits	This audit is planned for Quarter 4
Budgetary Control	This audit is planned for Quarter 3 / 4
Business Rates	<b>PLANNING</b> Audit brief produced.
Council Tax	<b>PLANNING</b> Audit brief produced.
Housing Rents	<b>COMPLETED.</b> A follow up of the last report has been undertaken with the following points noted: <ul style="list-style-type: none"> <li>• With the exception of 1 agreed audit actions (which is in progress in conjunction with Human Resources), all previous recommendations have been fully implemented. No further weaknesses have been identified.</li> </ul>
VAT	<b>PLANNING</b> Audit brief produced.

CORE SYSTEMS ASSURANCE WORK	
Annual Audit Opinion	<p><b>COMPLETED.</b></p> <p>The Annual Audit Opinion was submitted to Audit and Corporate Governance Committee in June 2016, highlighting all Internal Audit activity for the previous 12 months together with any areas of concern.</p>
Annual Governance Statement	<p><b>COMPLETED.</b></p> <p>The Annual Governance Statement will be submitted to Audit and Corporate Governance Committee in September 2016 following review at Executive Management Team in the same month. Internal Audit has reviewed the methodology used to collect, collate and interpret the information and have identified no gaps. Internal Audit has provided suggestions and commentary on taking this forward.</p>
Internal Audit Effectiveness	Feed into shared service forward plan and is scheduled for Quarter 4.
Fraud and Corruption	This audit is planned for Quarter 4
National Fraud Initiative	<p><b>WORK IN PROGRESS</b></p> <p>Preparation for new data uploads / verification of fair processing notices in line with external timetables. Uploads of data is scheduled for early October 2016.</p>
Flexible Working Arrangements	<p><b>WORK IN PROGRESS</b></p> <p>Questionnaires issued to managers to establish extent of flexible working. Results are being analysed</p>
Safeguarding	This audit is planned for Quarter 4
Driver Competency	<p><b>WORK IN PROGRESS</b></p> <p>Reviewing arrangements at the Depot.</p>
Performance Management	<p><b>WORK IN PROGRESS</b></p> <p>Review of current performance indicators which are monitored corporately and at departmental level.</p>
Project Management	This audit is planned for Quarter 3 / 4