

**SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL  
AUDIT AND CORPORATE GOVERNANCE COMMITTEE  
29 SEPTEMBER 2017**

**INTERNAL AUDIT PROGRESS REPORT 2017 / 2018**

**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 2017.**

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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 2017 / 2018 Internal Plan, as at August 2017. 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. 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 2017) the following issues are brought to Members attention:
- There have been no changes to audit personnel during the year to date;
  - New arrangements are being put in place for the Shared Internal Audit Service (SIAS) with Cambridge City Council (CCC). The Senior Auditor has moved to CCC under TUPE with effect from 1 August 2017. Recruitment for the Head of Service role took place at the end of August 2017 following an unsuccessful attempt in April 2017. A verbal update will be provided at the meeting.
- 2.2 Work carried over from 2016 / 2017 are documented in **Appendix A** and the current plan are documented in **Appendix B**. At this moment in time, there are no specific concerns to be brought to Members attention.

Steve Crabtree  
Head of Internal Audit  
August 2017

**ISSUES ARISING FROM THE DELIVERY OF THE INTERNAL AUDIT PLAN DURING 2016 / 2017**

<b>Ermine Street Housing (Governance)</b>	Prior Review: <b>Not applicable</b>	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>0</b>	Medium: <b>5</b>	Low: <b>0</b>	Total: <b>5</b>	Two reviews were undertaken at the same time to focus on the formal set up of the ESH as well as its day to day management.  Good policies and processes have been developed over time to deliver although these need to be better documented. There are key dependency issues which need to be resolved.
<b>Ermine Street Housing (Operational Processes)</b>	Prior Review: <b>Not applicable</b>	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>2</b>	Medium: <b>5</b>	Low: <b>3</b>	Total: <b>10</b>	
<b>National Fraud Initiative</b>	Prior Review: <b>Not applicable</b>		Ongoing assessment and review of the irregular data matches identified through NFI. Internal Audit are the key contact for this are have overseen the data downloads and issued instructions to key officers to undertake the reviews e.g. Council Tax. There have been no significant issues arising at this moment. Steps are in train for this to be linked in with the Corporate Fraud team going forward.					
<b>Safeguarding</b>	Prior Review: <b>Not applicable</b>	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>3</b>	Medium: <b>6</b>	Low: <b>3</b>	Total: <b>12</b>	<p>Policies / processes have been benchmarked against good practice produced by HM Government PREVENT Duty Guidance as well as recommendations following the South Ribble Council scandal.</p> <p>The Council has processes in place which cover the main areas but tend to operate in silos. Better coordination e.g. central records, regular updates taking account of latest legislation etc. with a comprehensive action plan will facilitate improvements.</p>

**INTERNAL AUDIT PLAN 2017 / 2018**

<b>LIVING WELL</b>								
<b>Support our communities to remain in good health whilst continuing to protect the natural and built environment</b>								
<b>Licensing</b>	Prior Review: <b>Not applicable</b>	New Assurance: <b>REASONABLE</b>	Critical: <b>0</b>	High: <b>1</b>	Medium: <b>1</b>	Low: <b>2</b>	Total: <b>4</b>	<p>Good processes / procedures are well documented and available to all through the Private Hire and Taxi Handbook. At the time of the audit this was about to undergo review.</p> <p>Sample testing over the various categories did not identify any major weaknesses. The recommendation deemed to be high relates to Drivers over 64 who, in accordance with the scheme, should provide annual medical reports. From our sample, this is not happening.</p>

<b>HOMES FOR OUR FUTURE</b>	
<b>Secure the delivery of a wide range of housing to meet the need of existing and future communities</b>	
<b>Homelessness</b>	Scheduled for Quarter 4
<b>Choice Based Lettings</b>	Scheduled for Quarter 4

**CONNECTING COMMUNITIES**

Work with our partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity

**Land Supply / S.106**

Scheduled for Quarter 4

**AN INNOVATIVE AND DYNAMIC ORGANISATION**

Adopt a more commercial and business-like approach to ensure we can continue to deliver the best possible services at the lowest possible cost

**Shared Service:  
Waste Management  
(Quality Standards)**

Scheduled for Quarter 3

**Shared Service:  
Waste Management  
(Delivery of Savings)**

Scheduled for Quarter 3

**Shared Service:  
Waste Management  
(Trade Waste)**

Scheduled for Quarter 4

**CORE SYSTEMS ASSURANCE WORK**

<b>Accounts Payable</b>	Scheduled for Quarter 4. Some assurance is expected to be taken from the works undertaken by the critical project in train to deliver the Main Financial System across 3 authorities. This is expected to go live in December 2017.
<b>Cash and Bank</b>	Scheduled for Quarter 4. Some assurance is expected to be taken from the works undertaken by the critical project in train to deliver the Main Financial System across 3 authorities. This is expected to go live in December 2017.
<b>Main Accounting</b>	Scheduled for Quarter 4. Some assurance is expected to be taken from the works undertaken by the critical project in train to deliver the Main Financial System across 3 authorities. This is expected to go live in December 2017.
<b>Treasury Management</b>	Scheduled for Quarter 3.

**ANNUAL GOVERNANCE AND ASSURANCE WORK**

Each year the Council is obliged to issue a statement on the effectiveness of its governance arrangements. This section includes audit work that relates to the production of the Annual Governance Statement

<b>Organised Crime Procurement Review</b>	<b>Crime</b>	<b>Work in progress.</b> This covers a number of areas which the Home Office deemed as potential areas where local authorities could be susceptible to crime.
<b>Annual Opinion</b>	<b>Audit</b>	<b>Reported to Audit and Corporate Governance Committee June 2017</b>
<b>Internal Effectiveness</b>	<b>Audit</b>	<b>Reported to Audit and Corporate Governance Committee June 2017</b>
<b>Annual Governance Statement</b>		<b>Work in progress.</b>
<b>Human Resources</b>		Due to start Quarter 3 – scoping being prepared
<b>Performance Management</b>		Scheduled for Quarter 4
<b>Project Management</b>		<b>In progress. Focus is on the Business Efficiency Improvement Projects.</b>
<b>Risk Management</b>		Scheduled for Quarter 3