

South Cambridgeshire District Council

Internal Audit Progress Report

April 2009

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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 2008/09 has previously been approved by the Corporate Governance Committee. This report summarises the outcome of work completed to date against the plan, and Appendix A provides cumulative data in support of internal audit performance.

**2. Final Reports Issued**

- 2.1 We have issued the following final reports since the last Corporate Governance Committee:

- Contact Centre
- Housing Allocations
- Partnerships
- Income and Debtors
- Creditors
- Capital Expenditure and Asset Management
- Environmental Health
- NNDR
- Housing Benefits
- Council Tax
- Performance Management
- PAYE

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

- IT Disaster Recovery Planning.
- Follow Up of the 2007/08 Internal Audit Reports.
- Section 106 Follow Up.
- Proactive Fraud

**5. Changes to our Plan**

5.1 There have been no changes to the Audit Plan since the last Corporate Governance Committee.

5.2 As previously reported to the Corporate Governance Committee the contingency aspect of the audit plan has been used in agreement with management in the following ways:

- To provide advice on the review of the Contract Regulations.
- To provide assurance of Grant Usage to Cambridgeshire County Council.
- To assist the Council with the identification of efficiency savings.

In addition, as previously reported, we had been requested to delay the Housing Options review until the project is at a more advanced stage and have used the time allocated within the audit plan to instead review the Local Safeguarding Children Board Members Internal Control Arrangements - Self-Assessment Checklist on 'The Implementation of the Key Safeguarding Employment Standards'.

## Appendix A: Operational Plan Performance 2008/09

Detailed below is a summary of the work undertaken in 2008/09 to date, showing the levels of assurance given and the number of recommendations arising. In addition the outstanding reports for 2007/08 have been now been finalised which concludes the plan. 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 below.

### Recommendation Categorisation

Our findings and recommendations are categorised as follows:

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

### Opinions

#### Risk Based Internal Audit Assignments

The definitions for the level of assurance that can be given are:

|                            | Level                 | System Adequacy  | Control Application                                     |
|----------------------------|-----------------------|--|---|
| <b>(positive opinions)</b> | 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.              |
| <b>(negative opinion)</b>  | 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:

|                            |                     |
|----------------------------|---------------------|
| <b>(positive opinions)</b> | Good Progress       |
|                            | Reasonable Progress |
| <b>(negative opinion)</b>  | Little Progress     |

| 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>   |                |                |                     |                |                |             |                  |                       |                                |   |    |          |        |  |
| ICT Review Software –          | 14 April 2008  | 18.04.08       | Final Report Issued | Systematic     | 8              | 8           | N/A              | Adequate              | 0                              | 3 | 7  | 10       | 10     |  |
| ICT Review Network Security –  | 28 April 2008  | 02.05.08       | Final Report Issued | Systematic     | 7              | 7           | N/A              | Substantial           | 0                              | 0 | 3  | 3        | 3      |  |
| Pro-active Fraud               | September 2007 | 13.12.07       | Final Report Issued | Systematic     | 5              | 6           | N/A              | N/A Advisory          | -                              | - | -  | (43)     | (43)   |  |
| Health and Safety              | Q1             | 01.05.08       | Final Report Issued | Systematic     | 6              | 5           | N/A              | Substantial           | 0                              | 0 | 2  | 2        | 2      |  |
| Contingency – Grant Usage      | As required    | 20.06.08       | Report Issued       | Compliance     | Contingency -1 | 1           | 1                | N/A                   | -                              | - | -  | -        | -      |  |
| HR – Recruitment               | Q1             | 13.06.08       | Final Report Issued | Systematic     | 7              | 7           | 7.5              | Adequate              | 0                              | 1 | 4  | 5        | 5      |  |
| Responsive Maintenance         | Q1/2           | 30.06.08       | Final Report Issued | Systematic     | 8              | 8           | 10.5             | Adequate              | 0                              | 2 | 4  | 6        | 6      |  |
| RM Maturity                    | Q1             | 26.06.08       | Final Report Issued | Thematic       | 8              | 8.5         | 8.5              | Risk defined/Managed  | 0                              | 2 | 7  | 9        | 9      |  |
| Governance                     | Q1             | 07.08.08       | Final Report Issued | Checklists     | 8              | 8           | N/A              | Substantial           | 0                              | 0 | 1  | 1        | 1      |  |
| Housing Rents                  | Q2             | 29.08.08       | Final Report Issued | Compliance     | 7              | 7           | 9                | Substantial           | 0                              | 0 | 3  | 3        | 3      |  |
| Cash, Banking & TM             | Q3 08.09.08    | 12.09.08       | Final Report Issued | Compliance     | 6              | 6           | 8                | Substantial           | 0                              | 0 | 0  | 0        | 0      |  |
| General Ledger (inc. Bud Cont) | Q3 15.09.08    | 19.09.08       | Final Report Issued | Compliance     | 6              | 6           | 8                | Substantial           | 0                              | 0 | 3  | 3        | 3      |  |
| Safeguarding Children          | 22.09.08       | 30.09.08       | Final report Issued | Systematic     | Added - 8      | 8.5         | N/A              | Adequate              | 0                              | 0 | 8  | 8        | 8      |  |
| Payroll                        | Q3 01.09.08    | 12.09.08       | Final Report Issued | Systematic     | 12             | 12          | 12               | Substantial           | 0                              | 1 | 0  | 1        | 1      |  |
| Improvement Planning           | Q2 18.09.08    | 29.09.08       | Final Report Issued | Systematic     | 10             | 10          | N/A              | Adequate              | 0                              | 3 | 2  | 5        | 5      |  |
| Planning                       | Q1             | 16.06.08       | Final Report Issued | Systematic     | 6              | 6           | N/A              | Adequate              | 0                              | 1 | 6  | 7        | 7      |  |
| Housing Maintenance –          | Q2             | 15.08.08       | Final Report Issued | Systematic     | 8              | 8           | 9.5              | Adequate              | 0                              | 2 | 4  | 6        | 6      |  |

| 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     |  |
| Planned                |                  |  |                      |                |              |             |                  |                       |                                |           |            |            |            |  |
| Contact Centre         | Q2<br>19.09.08   | 25.09.08<br>(mystery shopping completed in Nov 08) | Final Report Issued  | Systematic     | 8            | 8           | 5.5              | Adequate              | 0                              | 2         | 2          | 4          | 4          |  |
| Housing Allocations    | Q3<br>13.10.08   | 30.10.08   | Final Report Issued  | Systematic     | 10           | 10          | 8                | Adequate              | 0                              | 0         | 13         | 13         | 13         |  |
| Partnerships           | Q3<br>17.11.08   | 27.11.08   | Final Report Issued  | Key Controls   | 12           | 10          | 11.5             | Substantial           | 0                              | 0         | 0          | 0          | 0          |  |
| Income & Debtors       | Q3<br>22.09.08   | 30.09.08   | Final Report Issued  | Key Controls   | 6            | 6           | 8                | Substantial           | 0                              | 0         | 3          | 3          | 3          |  |
| Creditors              | Q3<br>15.09.08   | 19.09.08   | Final Report Issued  | Key Controls   | 6            | 6           | 8                | Substantial           | 0                              | 0         | 5          | 5          | 5          |  |
| Capital Exp. & Asset   | Q3<br>10.12.08   | 18.12.08   | Final Report Issued  | Key Controls   | 7            | 7           | 10               | Substantial           | 0                              | 2         | 1          | 3          | 3          |  |
| Procurement            | Q3<br>23.10.08   | 31.10.08   | Final Report Issued  | Systematic     | 8            | 8           | 8                | Substantial           | 0                              | 1         | 2          | 3          | 3          |  |
| Environmental Health   | Q3/4<br>05.01.09 | 08.01.09   | Final Report Issued  | Key Controls   | 7            | 7           | N/A              | Adequate              | 0                              | 1         | 6          | 7          | 7          |  |
| NNDR                   | Q3/4<br>10.12.08 | 17.12.08   | Final Report Issued  | Key Controls   | 7            | 7           | 8                | Substantial           | 0                              | 0         | 7          | 7          | 7          |  |
| Housing Benefit        | Q3/4<br>14.01.09 | 28.01.09   | Final Report Issued  | Systematic     | 14           | 14          | 18.5             | Substantial           | 0                              | 0         | 6          | 6          | 6          |  |
| Council Tax            | Q3/4<br>11.12.08 | 19.12.08   | Final Report Issued  | Key Controls   | 7            | 7           | 8                | Adequate              | 0                              | 1         | 6          | 7          | 7          |  |
| PAYE                   | Q2               | 01.12.08   | Final Report Issued  | Compliance     | 8            | 8           | N/A              | Adequate              | 0                              | 0         | 6          | 6          | 6          |  |
| Performance Mgmt       | Q3/4<br>18.02.09 | 19.02.09   | Final Report Issued  | Systematic     | 8            | 8           | 15               | Substantial           | 0                              | 0         | 1          | 1          | 1          |  |
| Annual Gov State.      | Q4               | Mar 09   | Fieldwork Complete   |                | 15           | 12          | 15               | N/A                   | N/A                            | N/A       | N/A        | N/A        | N/A        |  |
| Contingency            |                  |  | Complete as required |                | 8            | 9.5         | 8.5              | N/A                   | N/A                            | N/A       | N/A        | N/A        | N/A        |  |
| <b>Totals to date:</b> |                  |  |                      |                | <b>252</b>   | <b>249</b>  | <b>206</b>       |                       | <b>0</b>                       | <b>22</b> | <b>112</b> | <b>134</b> | <b>134</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> |                |   |              |                               |              |                |                       |                                |   |    |          |        |
| Housing Options  | Q3<br>29.10.08 | Delayed until the project is at a more advanced stage |              |                               | Removed (7)  |                |                       |                                |   |    |          |        |
| Section 106 F/U  | Q3<br>02.02.09 | 03.03.09  | 16.03.09     | Awaiting Management Responses | 3            |                |                       |                                |   |    |          |        |
| Pro-active Fraud   | Q4             | N/A   | 18.04.09     | Awaiting Management Responses | 10           |                |                       |                                |   |    |          |        |
| IT Disaster Recovery Planning  | Q3/4           | 18.02.09  | 25.02.09     | Awaiting Management Responses | 10           |                |                       |                                |   |    |          |        |
| Follow up  | Q4             | 13.02.09  | 18.02.09     | Awaiting Management Responses | 7            |                |                       |                                |   |    |          |        |
| <b>Total</b>   |                |   |              |                               | 30           |                |                       |                                |   |    |          |        |