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RSM Tenon

SOUTH CAMBRIDGESHIRE DISTRICT COUNCIL

INTERNAL AUDIT PROGRESS REPORT

MARCH 2010

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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 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 eight reports since the last Committee meeting; these being in the areas of:

- ICT Review (10.09/10);
- Procurement (17.09/10);
- Insurance (18.09/10).
- Council Tax (19.09/10);
- NNDR (20.09/10);
- Performance Management (21.09/10);
- Housing Benefits (22.09/10); and
- Annual Governance Statement.

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 three draft reports for which we are awaiting management responses; these being in the areas of:

- Environmental Health – Scores on the Doors (23.09/10)
- Customer Services – Complaints (24.09/10)
- Corporate Governance – Member Training and Development (25.09/10)
- Follow Up (26.09/10)

4.2 There is currently no work at the fieldwork stage:

5. CHANGES TO OUR PLAN

5.1 There have been no changes to the Audit Plan since the last Corporate Governance Committee. The Housing Futures audit has been removed from the audit plan, this has been replaced with a review of Carbon Management.

6. SECTOR GUIDANCE

6.1 There have been no further relevant client briefings issued since the last Corporate Governance Committee.

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 below.

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 |

| 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 |
| Work complete to date | | | | | | | | | | | | | |
| 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 |
| Housing Allocations and Voids (9) | 12/08/09 | 24/08/09 | Final Report Issued | Systematic | 8 | 8 | 10 | Adequate | 0 | 0 | 6 | 6 | 6 |
| ICT Review (10) | 7/9/09 | 15/9/09 | Final Report Issued | Key Controls | 10 | 10 | 15 | Limited | 0 | 16 | 8 | 24 | 21 (3 MA not agreed) |

| 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 |
| General Ledger (including Budgetary Control) (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 |
| Procurement (17) | 19/10/09 | 30/10/09 | Final Report Issued | Systematic | 8 | 8 | 8 | Adequate | 0 | 3 | 2 | 5 | 5 |
| Insurance (18) | 6/11/09 | 11/11/09 | Final Report Issued | Systematic | 6 | 6 | - | Adequate | 0 | 3 | 3 | 6 | 6 |
| Council Tax (19) | 16/11/09 | 23/11/09 | Final Report Issued | Systematic | 7 | 7 | 7 | Substantial | 0 | 1 | 5 | 6 | 6 |
| NNDR (20) | 9/11/09 | 12/11/09 | Final Report Issued | Systematic | 7 | 7 | 7 | Adequate | 0 | 2 | 2 | 4 | 4 |
| Performance Management (21) | 11/1/10 | 11/1/10 | Final Report Issued | Systematic | 8 | 8 | 8 | Substantial | 0 | 0 | 3 | 3 | 3 |
| Housing Benefits (22) | 4/1/10 | 4/1/10 | Final Report Issued | Systematic | 14 | 14 | 14 | Substantial | 0 | 0 | 7 | 7 | 7 |
| Annual Governance Statement | Feb 10 | Mar 10 | Report Issued | Advisory | 10 | 12 | 12 | N/A | - | - | - | - | - |
| Totals to date: | | | | | 191 | 193 | 185.5 | | 0 | 42 | 103 | 145 | 142 |

| 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 |
| Work in progress or yet to start (including reports still in draft) | | | | | | | | | | | | |
| Environmental Health (23) | 01/02/10 | 09/02/10 | 25/02/10 | Draft Report Issued | 8 | | | | | | | |
| Customer Services | 01/03/10 | 10/03/10 | 18/03/10 | Draft Report Issued | 8 | | | | | | | |
| Growth | 23/03/10 | | | | 10 | | | | | | | |
| Carbon Management (previously Housing Futures) | 26/04/10 | | | | 10 | | | | | | | |
| Corporate Governance | 02/03/10 | 04/03/10 | 19/03/10 | Draft Report Issued | 8 | | | | | | | |
| Follow Up | 22/02/10 | 26/02/10 | 23/03/10 | Draft Report Issued | 7 | | | | | | | |
| Contingency | | | | | 8 | | | | | | | |
| Total | | | | | 59 | | | | | | | |