

Rossendale Borough Council

Internal Audit Service

Monitoring report for the period ended

31st August 2008



1 Purpose of this report

- 1.1 The Annual Audit Plan for 2008/09 was approved by the Audit Committee on 5 June 2008. The plan reflects the approach agreed last year, which appointed Lancashire Audit Service as Rossendale Borough Council's (RBC) internal auditors for the period 2006/7-2008/9. This report details the progress to date in undertaking the agreed coverage, and highlights any significant issues identified from the audit work performed in this period.
- 1.2 This report covers the period 1 April 2008 to 31st August 2008.

Acknowledgements

- 1.3 We are grateful for the assistance that has been provided to us by Rossendale Borough Council's (RBC) staff during the course of our work.

2 Key issues and themes arising during the period

- 2.1 From the work undertaken to date, no significant weaknesses have been identified that would have a material impact upon the Council's internal control environment.

3 Internal audit work undertaken

Internal audit plan 2008/09

- 3.1 Work carried out during this period was in accordance with the agreed Audit Plan. Details of the progress to date, including assurance provided and key issues identified for each of the areas completed to date, are set out in the 'Summary of findings and Assurance' table which forms part of Section 4. Currently, this shows that 109 days have been spent in the five months since the start of the financial year to deliver the audit plan. This equates to 39% of the total audit activity of 280 days planned for the year.
- 3.2 However it should be noted that part of this time relates to the finalisation of 2007/08 audits.
- 3.3 In respect of the balance of the 2008/09 plan, work has been programmed over the remainder of the year to ensure that all the areas identified are covered.

Resource input

- 3.4 The staff resource input for the five months to 31st August 2008 is as follows:

	Audit plan Days	Target %	Actual %
Head of Internal Audit	0	3	0
Principal Auditor	7	12-20	7
Senior Auditor (including IT)	33	25-35	30
Audit team members (including IT)	69	50-55	63
Total	109		100

4 Summary of findings

Overall summary and assurance provided

- 4.1 We have set out in the table on the following pages a brief summary of each review undertaken during the period and the areas to be covered in the remainder of the year. This sets out the planned and actual days we have spent on each review, the variance between the days reported, and a summary of the assurance we have been able to provide in relation to each system or operational area of your business where work has been finalised. The key issues identified encapsulate the significant issues and areas where key recommendations were made. They reflect the findings at the time the work was carried out.
- 4.2 As the plan progresses, we will distil the assurance into an assessment of the adequacy of each system, and its effectiveness in operation.
- 4.3 The table indicates briefly with simple ticks (✓) and crosses (x) our overall assessment of each system where reviews have been finalised during the period and the assurance you may take from its operation in supporting effective internal control. A dash (-) indicates an area where work is in progress or where we are unable to give an assessment because of the reason given.

Summary of our findings and assurance

Review area	Audit days			Assurance		Key issues/Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Core financial systems						
Payroll	10	0	10	-	-	Audit scheduled to be undertaken in Q3.
Debtors	5	0	5	-	-	Audit scheduled to be undertaken in Q4.
Creditors	5	0	5	-	-	Audit scheduled to be undertaken in Q4.
Housing Benefits Investigation Unit	15	14.5	0.5	-	-	A draft report was issued for management response in September 2008.
Housing Benefits appeals	10	2	8	-	-	This review was commenced in September 2008 and fieldwork in this area is currently ongoing. Upon completion of the fieldwork a draft report will be issued for management consideration.
Housing Benefits Performance Indicators - Interventions	5	5	0	-	-	Audit fieldwork in respect of this review was completed in August 2008 and a draft report is currently under preparation and will be issued for management comments in due course.
National Non Domestic Rates (NNDR)	10	0	10	-	-	Audit scheduled to be undertaken in Q3.
Cash collection and banking	10	0	10	-	-	Audit scheduled to be undertaken in Q3.

System adequacy: We have defined a system as adequate if its design enables it to achieve its core control objectives which, if operating as intended, serve to manage its inherent risks.

System effectiveness: We have defined a system as operating effectively if, after testing or other supporting evidence has been found, it is operating as intended

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Review area	Audit days			Assurance		Key issues/Comments
	Planned	Actual	Variation	Adequacy	Effectiveness	
Core financial systems (contd)						
General ledger and Budgetary control	10	0	10	-	-	Audit scheduled to be undertaken in Q2.
Treasury Management	5	0.5	4.5	-	-	A terms of reference for this review has been produced and is to be agreed with RBC management prior to commencement of the fieldwork. .
Asset Management	10	0	10	-	-	Audit scheduled to be undertaken in Q2.
Procurement	5	0	5	-	-	Audit scheduled to be undertaken in Q3.
Focussed reviews						
Use of Resources / KLOE	20	3	17	-	-	Time to date has been spent on initial preparatory work including scoping the terms of reference of the review.
Data Quality	20	0	20	-	-	Audit scheduled to be undertaken in Q3/ Q4.
Planning	15	20	(5)	-	-	Audit fieldwork in this area has now been completed and a draft report is nearing finalisation. A draft report will be issued in due course.

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	Planned	Actual	Variation	Adequacy	Effectiveness	
<i>Focussed reviews (contd)</i>						
Health and Safety	10	10.5	(0.5)	-	-	The audit file and associated report are currently going through our internal procedures and a draft version of the report for management consideration is to be issued imminently.
Client side management arrangements – Leisure Trust	5	0.5	4.5	-	-	An update has been obtained on the current progress with recommendations and a further more detailed follow up exercise is scheduled to be undertaken in Q3/ Q4.
National Fraud Initiative	15	8.5	6.5	-	-	Time spent to date by NFI key contact in arranging Fair Processing Notices and liaising with Authority contacts regarding the provision of required datasets.
Business Continuity Planning	15	8	7	-	-	Fieldwork relating to this review is well underway and nearing completion. A draft report will be produced following completion of the on-site work.
Contingency	6	0	6	-	-	
<i>Specialist areas</i>						
Response to fraud/ impropriety	10	0	10	-	-	
IT Controls	15	0.5	14.5	-	-	The details of planned reviews to be agreed with the Head of Customer Services and ICT.

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2007/08 audits carried forward						
Antifraud and Corruption Policy	0	5	(5)	✓	✓	A final audit report has been issued in respect of this review.
				The system of internal control over the operation of anti fraud and corruption within the Authority has adequate controls to achieve its control objectives although improvements could be made in several areas to further enhance these controls		
Cash and Banking	0	0.5	(0.5)	✓	✓	The time relates to the finalisation of work on this area which was reported in the Annual Audit Report 2007/08.
				The system in place has adequate controls to fully achieve its control objectives and was found to be operating effectively.		
Council Tax	0	0.5	(0.5)	✓	✓	The time relates to the finalisation of work on this area which was reported in the Annual Audit Report 2007/08.
				The system in place has adequate controls to fully achieve its control objectives and was found to be operating effectively.		
Debtors	0	6.5	(6.5)	-	-	A draft report has been issued and a management response is awaited.

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	Planned	Actual	Variation	Adequacy	Effectiveness	
2007/08 audits carried forward (contd)						
Follow-up reviews	0	4.5	(4.5)	-	-	Fieldwork to assess the progress made in implementing agreed recommendations made in previous reviews is ongoing.
IT Controls - NNDR	0	0	0	-	-	Audit fieldwork on the application systems review around revenues and benefits has been completed and a draft report issued for management response. A meeting has been arranged with relevant management to discuss the findings and following agreement of recommendations and responses a final report will be issued.
Payroll	0	2.5	(2.5)	✓	✓	A final report has been issued. All of the 11 recommendations made at the previous review in September 2007 have now been implemented or are being adequately addressed. There is still a requirement to ensure the Disaster Recovery Plan is fully tested.
				The system in place has adequate controls to fully achieve its control objectives and was found to be operating effectively.		
Procurement	0	3	(3)	✓	✓	The time relates to the finalisation of work on this area which was reported in the Annual Audit Report 2007/08.
				The system in place has adequate controls to fully achieve its control objectives and was found to be operating effectively.		

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2007/08 audits carried forward (contd)						
Risk Management	0	3	(3)	✓	✓	The time relates to the finalisation of work on this area which was reported in the Annual Audit Report 2007/08.
				The system in place has adequate controls to fully achieve its control objectives and was found to be operating effectively.		
Other areas						
Follow up reviews	5	0	5	-	-	Audit scheduled to be undertaken in Q4.
Risk assessment and strategic planning	5	0.5	4.5	N/A	N/A	This time relates to the day-to-day management of the Authority's audit plan.
Committee and other meetings	6	2	4	N/A	N/A	This time covers Audit Committee preparation and attendance.
Central reporting (annual and periodic progress)	10	3.5	6.5	N/A	N/A	This allocation covers the time required for the Committee reporting process as well as preparing the monitoring reports for the Head of Financial Services.
Liaison with senior management	14	4	10	N/A	N/A	This time covers the monthly update meetings with the Head of Financial Services as well as meetings with the Executive Director of Resources and Senior Management Team.

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Other areas (contd)						
Liaison with Audit Commission	3	0.5	2.5	N/A	N/A	This time relates to regular liaison meetings with the Audit Commission.
Ad hoc advice and support	6	0	6	N/A	N/A	This allocation covers ad hoc advice and assistance to the Authority when requested.
Total Days	280	109	171			

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