



Accountants &
business advisers

Agenda Item: 6 Appx 1

Stevenage Borough Council
Audit Committee Progress Report
29 February 2012

Recommendation

Members are recommended to note the PKF (UK) LLP Internal Audit Progress Report and the proposed programme of work as at 29 February 2012

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2011/12 Audit Programme

1 Introduction and Background

Purpose of Report

- 1.1 To provide Members with:
- a) background to the programme of work proposed to be undertaken by PKF (UK) LLP;
 - b) the progress made by PKF(UK) LLP) in delivering our proposed Internal Audit Plan as at 29 February 2012; and
 - b) performance management information as at 29 February 2012.

Background

- 1.2 Prior to December 2011, PKF (UK) LLP provided internal audit services to Stevenage Homes Limited (SHL). Our annual programme of work was undertaken to provide assurance to SHL's Board in relation to that company's systems and controls. The SHL Board previously placed reliance upon our work to support its annual assurance statement to the Council.
- 1.3 On 31 January 2012, we met with the Council's Head of Finance to discuss how best to continue to provide the Council (through the Audit Committee) with the assurance that it requires for 2011/12 in relation to the services previously provided by SHL.
- 1.4 It was agreed that some further work would need to be undertaken by PKF (UK) LLP in order to meet the Council's assurance requirements.
- 1.5 Specifically the areas that we propose to cover through our work are:
- Annual assurance statement;
 - Housing rents;
 - Overtime/ expenses claims;
 - Leasehold services; and
 - Repairs and maintenance.
- 1.6 This programme of work was agreed with management in February 2012. The Audit Committee is now requested to note the programme and the progress made.
- 1.7 It is anticipated that the programme of work set out above will be completed and the reports finalised in time for the next meeting of the Audit Committee.
- 1.8 The work of Internal Audit is required to be reported to a Member Body so that the Council has an opportunity to review and monitor an essential component of corporate governance and gain assurance that its internal audit function is fulfilling its statutory obligations.

2 Audit Plan Update

Delivery of Audit Plan and Key Audit Findings

- 2.1 As at 29 February we had set up all the audit projects and had agreed dates for the on site element of the projects included within our proposed programme. All of the projects are scheduled to be completed during March 2012. Appendix A provides a status update on each individual deliverable within the audit plan. To ensure that key elements of the Audit Plan are delivered, lead auditors have been assigned to each programmed audit. It is estimated that at least 80% of the Audit Plan will be delivered by 31 March 2012. The remainder of the plan will be completed by 30 April 2012 when we plan to issue our annual opinion on the areas covered by our review work.

Performance Management

- 2.2 We have not been set any specific performance indicators for our work since this assignment is only for a limited period. Nevertheless, we aim to achieve the following objectives, which are consistent with the areas covered by the performance targets set for the Council's wider internal audit service provided by SIAS:

Objectives	Performance Target
1. Completion of on site element of all audit projects	By 31 March
2. Draft reports issued for all individual projects	By 31 March
3. Final reports issued and annual assurance opinion provided	By 30 April
4. Number of High Priority Audit Recommendations agreed	100%

- 2.3 For each review to be undertaken we will of course seek feedback from management in relation to the quality of the service that we have provided.
- 2.4 This report has been prepared as part of the internal audit of Stevenage Borough Council under the terms of our engagement letter for internal audit services.
- 2.5 It has been prepared for the Stevenage Borough Council and we neither accept nor assume any responsibility or duty of care to any third party in relation to it. The conclusions and recommendations are based on the results of audit work carried out and are reported in good faith. However, our methodology relies upon explanations by managers and sample testing and management should satisfy itself of the validity of any recommendations before acting upon them.

APPENDIX A PROGRESS AGAINST THE PKF (UK) LLP 2011/12 AUDIT PROGRAMME AS AT 29 FEBRUARY 2012

2011/12 PKF (UK) LLP Audit programme for SBC

AUDITABLE AREA	LEVEL OF ASSURANCE	RECS			AUDIT PLAN DAYS	LEAD AUDITOR ASSIGNED	BILLABLE DAYS COMPLETED	STATUS/COMMENT
		H	M	L				
Key Financial Systems -5								
Housing rents					4	Yes	1	Start audit in March 2012
Overtime and expenses claims					1	Yes		Start audit in March 2012
Operational Audits – 13								
Leasehold services					8	Yes	1	Start audit in March 2012
Repairs and maintenance					5	Yes		Start audit in March 2012
Risk Management and Governance – 4								
Annual Governance Statement 2011/12					4	Yes		Complete in April 2012
Follow Up of Previous Audit Report Recommendations – 1								
Follow up					1	Yes		Start audit in March 2012
Strategic Support – 5								
Audit management					5		2	
SBC TOTAL					28		4	