

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

LEAD OFFICER: Joanne Wagstaff,
Corporate Director, Resources & Transformation

AUTHORS: Marilyn Robinson, Audit Manager to 31/3/11
Peter Usher, Audit Manager from 1/4/11

1.0 AUDIT WORK IN THE FOURTH QUARTER 2010/11

1.1 Final reports issued

- Members' Travel Claims 2010
- Improvement Grants 2010/11
- Budget Process & Budget Monitoring 2010/11
- Corporate Governance 2010/11
- Systems Development / Implementation Controls 2010/11
[Customer Relationship Management system / Self-Service Project]

The audit section also undertook work in the fourth quarter on:-

- Capital Project Management Procedures 2010/11
- General Tax Issues 2010/11

These reports will be issued in the first quarter of 2011/12.

1.2 Assurance on System Controls

The key recommendations are given in Appendix A.

The evaluation of the system controls is summarised below:-

1.2.1 Members' Travel Claims 2010

OVERALL AUDIT OPINION	WEAK at the time of audit. SATISFACTORY now that all controls are operating.
CONTROL DESIGN	WEAK
CONTROL EFFECTIVENESS	WEAK
RISK EXPOSURE - Probability	LOW
RISK EXPOSURE - Impact	MEDIUM

A review was carried out into the travel expense claims made between December 2009 and December 2010, for a sample of Members, across all parties. This involved a total of 250 travel expense claims.

Of the 250 claims, 95 were traced to the signed Attendance Register of meetings, 61 dates were verified to the room booking system on the intranet (but attendance could not be verified), 4 were confirmed to the Committee Meetings webpage, 83 we were unable to verify and 7 claims were queried and satisfactorily resolved.

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

Of the 249 claims for mileage (1 claim was made just for parking), 241 were confirmed as accurate and 8 were accepted as within a realistic variance.

Of the 250 claims, only 10 claims were made on duplicate dates (2 claims made on same date over 5 different dates). Upon investigation each of these claims were found to be correct and valid [Separate meetings on same day, with time to return home between meetings].

Of the 45 claims for parking and additional expenses, all were traced back to the paper receipt and were found to be correct and valid.

All system weaknesses were addressed by the time the final report was issued.

1.2.2 Improvement Grants 2010/11

OVERALL AUDIT OPINION	SATISFACTORY
CONTROL DESIGN	SATISFACTORY
CONTROL EFFECTIVENESS	SATISFACTORY
RISK EXPOSURE - Probability	LOW
RISK EXPOSURE – Impact	MEDIUM

Customer satisfaction surveys showed that feedback from clients has been very good.

We found that clear written guidance was provided to all applicants and that, for all the grants in our sample, approvals were made in accordance with the policy and payments had all been authorised in line with Financial Regulations.

Procedures had been written and were available to all staff within the section. However, these procedures will need to be updated to reflect the changes to the Home Renewal Assistance (HRA) policy.

All staff have now completed data protection training. However, new members of the team will need to attend training on Data Quality Management.

We found that the administration of the grants process has improved since we last audited the process in March 2010. For all the 10 cases of assistance completed between April and December 2010, the applications had been correctly processed.

All recommendations made by the external auditor had been implemented, together with those made in the 2009/10 internal audit report. However, some had lapsed in practice in 2010/11. These are detailed below.

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

Controls were largely effective, with the following exceptions where improvements need to be made:-

- The record sheet at the front of each file needs to be completed and signed at each stage of the grant process, so that the current status of the application can be quickly established;
- Where additional works are required, an inspection should be carried out to ensure the works are bona fide; all inspection records should be filed immediately when the inspector returns to the office;
- No estimates should be accepted unless they are on official headed paper;
- All forms completed by the applicant should be checked for the applicant's signature. If the form is not signed, it should be returned to the applicant;
- Ensure that any invoices that are authorised via the Totalview system are checked against the file to confirm that the figures are correct;
- Provided that the applicants are notified (in the Policy and approval documents) of the intention to record the approval on the Council Tax system against the property record, then the Council Tax department should be informed of every completed grant/loan. Council Tax staff can then inform the Housing Renewal Department of any notifications that the property is to be rented out, within the qualifying period, and any monies due to the Council can then be claimed back.

1.2.3 Budget Process 2010/11

OVERALL AUDIT OPINION	GOOD
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	GOOD
RISK EXPOSURE PROBABILITY	LOW
RISK EXPOSURE IMPACT	MEDIUM

The Budget Process had been carried out from the basis of the Government's Comprehensive Spending Review, which was announced in October 2010. The impact of the Comprehensive Spending Review was considered by the Executive, the Overview and Scrutiny Committee 1 (Internal) and the Resource Planning and Working Group in November 2010.

Generally, there were good controls in place for the Budget Process System and for budget monitoring and the test results were satisfactory. Managers were involved in the budget build process and improvements have been made in linking service delivery to financial budgets. There were regular meetings of the Resource Planning Working Group, consulting on the budget build, considering service reviews, discussing actions taken and reporting progress to date. Managers were issued with Financial Planning Guidance, training was given and deadlines were communicated for the various stages of the budget process.

Assumptions underlying the budget build appeared to be reasonable. No

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

allowance had been made for inflation, except for contractual “uplift”. Given the financial constraints, it is accepted that this is a cash-limited budget. The risk of inflationary increases, e.g. in fuel and utility costs, had been identified.

The Constitutional Budget and Policy Framework had been complied with. The framework requires that the Overview and Scrutiny Committee should be consulted on the budget proposals prior to the proposed budget being considered by the Executive. Presentations were made to the Overview and Scrutiny Committee 1 (Internal) on 17 January 2011; the draft budget was then presented to the Executive on 15 February 2011 and Full Council on 22 February 2011. Budget proposals had also been considered by the Overview and Scrutiny Committee 1 (Internal) on 8 and 22 November 2010.

Once the budget had been loaded on to the financial ledger (TOTAL), audit would check that the budget as per the financial ledger reconciled to the revenue budget as approved by Full Council on 22 February 2011.

Budget monitoring processes continued in 2010/11, with monthly budget monitoring meetings with budget holders, monthly management accounts and reports on the projected outturn in both revenue and capital monitoring. Budget monitoring processes were amended from Period 8, to compare financial forecasts with the originally approved budgets, rather than allowing virements to cover expenditure which was not in line with original approvals. However, there were limited links to performance and, only if there were variances, was an explanation given. Otherwise, if in line with the budget, a link to performance was not demonstrated.

During initial testing relating to the authorisation of virements, we found inconsistencies in supporting evidence being recorded.

The Audit Commission, in the Annual Audit Letter 2009/10 (November 2010), found “the Council has improved its longer term financial planning. The Medium Term Financial Strategy integrates financial and corporate planning processes but it now needs to be updated to reflect the revenue and capital impact of the Government's Comprehensive Spending Review (CSR). The outcomes of improved budget consultation were fed into the 2010/11 budget setting round”. As stated above, the impact of the CSR had been considered as part of the budget process.

There were no recommendations arising as a result of this audit.

1.2.3 Corporate Governance 2010/11

OVERALL AUDIT OPINION	SATISFACTORY
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	SATISFACTORY
RISK EXPOSURE PROBABILITY	MEDIUM
RISK EXPOSURE IMPACT	HIGH

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

The Council's Code of Corporate Governance was in line with the CIPFA/SOLACE Framework. Arrangements were largely in place and were being complied with. Particular emphasis is now being placed on partnership working and this is reflected in the governance requirements both for partnership working and for actively recognising the limits of lawful action. It also increases the level of risk arising from the Council's activities and the increasing need to manage those risks and provide monitoring reports to Members.

Significant progress has been made in developing and updating the arrangements and we note that there are only a few actions outstanding from the previous year. We note that further work is being undertaken on service reviews to maximise the use of scarce financial resources.

Actions have been identified to address the outstanding issues.

The detailed audit report will be reported to the Audit Committee in June 2011, as supporting evidence for the Annual Governance Statement.

**1.2.4 Systems Development / Implementation Controls 2010/11
[Customer Relationship Management (CRM) System / Self-Service Project]**

OVERALL AUDIT OPINION	WEAK
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	WEAK
RISK EXPOSURE PROBABILITY	LOW
RISK EXPOSURE IMPACT	MEDIUM

We have rated the risk exposure probability as "Low" as a fixed price was negotiated for this contract and the same work was being undertaken for other Cumbrian Authorities.

We have rated the risk exposure impact as "Medium" as this project has involved effectively replacing the current CRM system, which holds data relating to contacts with the Council's customers.

This project was designed to develop and deliver 20 self service request forms that would be available to the public, via the Copeland Borough Council Website. This was a key project in the Corporate Improvement Plan, was designed to increase the quality of customer experience and was planned to be delivered by May 2010. On 24th February 2011 the first 9 self-service forms were made available on the Council's web site. However, a substantial part of the project has had to be postponed.

The Project Initiation Document (PID) for the Self Service Project was written prior to the Project Management Framework Guidance which was rolled out

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

across the Council in February 2011. However, we found that the PID was in line with the basic requirements of the Project Management Framework and this should have provided the basis for effective project control. [Although the PID was approved as fit for purpose by all the major stakeholders e.g. the IT Manager and the Web Manager, we note that resource levels for delivering the self service project were significantly different when the PID was written compared to the actual reality of implementing the PID].

Although the PID for the project set out all of the necessary stages of the project, in practice, there was no evidence to demonstrate that procedures to control time / cost / quality / deliverables were in place.

The CRM (Customer Relationship Management) system, which was an essential requirement for the success of the project, required an upgrade before the process could begin. There were several delays, as problems were experienced in implementing the upgrade to the CRM. This, in turn, delayed the Self Service project. The fact that the project was dependent on the upgrade was not identified until 4 months after the PID had been written. Although the supplier then confirmed that it would be dealt with as part of the project work, it should have then been documented as a risk on a project risk register.

The project was included in the Capital Programme and was monitored via the Capital Quarter Monitoring report to Executive. However, reasons for the delay were not explained in any detail and progress reporting, as stated in the PID, was not always complied with.

Deviations from the Project Plan were not formally documented, e.g. reports of changes to the Statement of Requirements, and there is no project file or electronic sharepoint site on the project available.

The initial PID states that 20 forms would be available to the public. However, only 9 forms will now be available. Delays to the implementation of the Revenues & Benefits Shared Service software will mean that the Academy self service modules of the project will now be delayed. To close the current Self Service Project, the Academy modules will be part of a separate project to be confirmed at a later date.

We note that there will be a post-implementation review and the lessons learned will be carried forward to the next project.

1.3 **Follow-up audits**

1.3.1 Priority 1 and 2 recommendations still outstanding, with a target date up to 31st March 2011, are detailed at Appendix B.

1.3.2 **Issues arising from outstanding recommendations**

- 9 long-standing recommendations and 36 “new” recommendations have been implemented since we reported last quarter. Further progress has been made on some of the remaining recommendations.

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

- There were only 16 outstanding recommendations at the year end [3 Priority 1 and 13 Priority 2's.] These are shown at Appendix B.

2.0 EXTERNAL AUDIT

2.1 External audit reports have been reported separately to the Audit Committee.

3.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN

3.1 We achieved 87% of planned audit work for the financial year, compared to the target of 90%. A summary of the audit performance measures is attached at Appendix C. There has been some slippage due to the equivalent of half a post being vacant since October 2010. The Audit Manager has also given priority to completing end of year governance reports in this final quarter, to facilitate the handover to the new Audit Manager. However, all the main financial systems audits were completed before the year end. No non-audit work has been undertaken in the year. Specific counter-fraud activity is detailed at Appendix D.

3.2 The following audits had to be deferred:-

Slippage on Planned Audits	Impact
Grants Protocol / Procedures	Minimal - audited 2009/10 + brief follow up on standard of evidence on grant files in 2010/11.
Systems Development / Implementation Controls.	None. This related to the new Revenues & Benefits Document Image Processing system. Implementation has been delayed to June 2011. 2010/11 Plan also included audit of the new Fixed Asset module for the financial ledger. This has not been implemented.
Asset Management	Revised Asset Management Plan not completed and available for audit, as at 2 March 2011.
Landscape Management / Contracts	Minimal. Service review undertaken as part of 2011/12 budget process. Monthly budget monitoring.
Risk Management Arrangements	Minimal – briefly covered as part of the annual audit on Corporate Governance. Regular reports on the Strategic Risk Register to the Audit Committee during 2010/11.

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

Health & Safety Arrangements	Minimal – Established that a Health & Safety Officer is in post and there are regular meetings with staff representatives to deal with health & safety issues. Awaiting the update of existing procedures before carrying out the review.
Partnership Arrangements	Minimal. Followed up progress throughout the year. Briefly covered in the Corporate Governance audit and noted revised arrangements. Awaiting completion of review of key partnerships – expected by June 2011.

Note: All the above areas have been included in the 2011/12 Audit Plan.

4.0 STAFFING ISSUES

- 4.1 As previously reported, an Audit Technical Officer post has been vacant, pending the implementation of the Audit Shared Service. Local employment agencies were unable to supply a temporary auditor. The Audit Plan was based upon the assumption that this post would be vacant for six months to the end of September and then all staff would be in post. Due to the delay in implementing the Shared Service, this post has remained vacant. The audits were reprioritized, to ensure that all the main financial systems audits were completed by the year end. There has been some compensation in that there should only have been 50% of Audit Manager time from the 1st June. The Audit Manager has continued to work full time for Copeland B.C. to the end of the financial year.

- 4.2 Agreement on implementing the Shared Service was reached on 28th February and handover arrangements for the Audit Manager post were immediately put in place. The vacant post will be recruited once all existing staff have been assimilated into the Shared Service.

5.0 CONCLUSION AND RECOMMENDATION

- 5.1 Good progress has been made against the planned work for the quarter and system controls reviewed were generally found to be either good or satisfactory. Where these were found to be weak at the time of the audit, corrective action has now been taken. Progress continues to be made on outstanding audit recommendations, which will improve the effectiveness of controls.

- 5.2 It is recommended that Members note this report.

AUDIT COMMITTEE 19 04 11

AUDIT SERVICES MONITORING REPORT: FOURTH QUARTER 2010/11

List of Appendices: Appendix A – Key Findings Quarter 4
Appendix B – Outstanding Key Recommendations
Appendix C – Performance Indicators
Appendix D – Audit Counter-Fraud Activity

Background papers: None

Consultees: Senior Leadership Team
Leadership & Management Group [on Appendix B]

KEY RECOMMENDATIONS FROM REPORTS ISSUED

[**Bold text in brackets shows management response if different from rec.**]

P1 & P2 AUDIT RECOMMENDATIONS ONLY**MEMBERS TRAVEL CLAIMS 2010**

- (P2) That additional training sessions be offered to Members on the use of the MCal system, which should include details on how to view previous claims submitted.
[Implemented February 2011]
- (P2) That detailed guidance be agreed and issued on the submission and approval of travel and subsistence claims.
[Implemented – Guidance approved by s.151 Officer and distributed February 2011]
- (P2) That Member Services Officers reinstate recording on the Attendance Register, against the Member's name, when a claim has been submitted in respect of that meeting.
[Members attending, but not formal members of the Committee / Panel, will also be asked to sign the Attendance Register. A record of attendance will also be introduced for meetings which are not formally constituted, if the event may be the subject of claims by Members. Other events will be independently verified. Implemented as at February 2011]
- P2) The claimant's previous travel claim should be reviewed to identify any duplicate items.
[This report option on the system was not working for the Authorisers at the time of the audit. IT have restored and improved this report and Authorisers were notified of this in February 2011. The System Administrator will also carry out a quarterly check to identify any duplicate claims.]
- (P2) That the System Administrator sets up unique user id's for Member Services Officers.
[Implemented as at February 2011]
- (P2) That the Payroll Officer arranges for a standard report to be set up which will identify duplicate meeting dates submitted by individual Members. These could then be checked and validated.
[Implemented as at February 2011]
- (P2) That a further routine audit be undertaken to check travel claims submitted by 10% of Members, across all political parties, over the past 12 months.
[Implemented as at January 2011]
- (P2) That the MCal system is amended to enforce a change of password, in line with the IT Security Policy (every 40 days).
[Implemented as at January 2011]

KEY RECOMMENDATIONS FROM REPORTS ISSUED

[**Bold text in brackets shows management response if different from rec.**]

(P1) Internal Audit issue a reminder to Members and Staff that passwords for all systems, including MCal, should be changed at least every 40 days and that the password should be kept securely.

[Implemented as at January 2011]

IMPROVEMENT GRANTS 2010/11

(P2) That all supporting documentation is examined to ensure that it is original and endorsed as “true copy”.

(P2) That, where possible, estimates should be submitted by at least two contractors and the estimates should be on official headed paper. Both estimates to be retained on file.

(P2) That all staff are reminded to complete the record sheet for each stage of the grant process. The Housing Renewal Manager should check grant files periodically to ensure that this system is consistently applied. that all staff are reminded to complete the record sheet for each stage of the grant process. The Housing Renewal Manager should check grant files periodically to ensure that this system is consistently applied.

(P2) That, for all cases where additional works are required, the Housing Technical Officer who has been assigned that case should inspect the property and confirm that the works are necessary. This inspection should be documented and held securely on file.

(P2) That, in order to have adequate information recorded for future reference, should there be a query over the date of completion of works, that any forms completed by the Housing Technical Officer while off site should immediately be filed when they return to the office.

(P2) That, before payments are released, Form 21, Notification of Completion and Claim for Payment of Grant should be checked to ensure it has been signed by the applicant. If the form has not been signed, it should be referred back to the customer and no payment made until the Council is assured that the works have been carried out to the satisfaction of the customer.

(P2) That the Housing Renewal Manager ensures that figures that are authorised via the Totalview system are checked against the relevant file to ensure that they are accurate and that the Completion Certificate has been signed by an authorised signatory.

KEY RECOMMENDATIONS FROM REPORTS ISSUED

[**Bold text in brackets shows management response if different from rec.**]

- (P2) That for all completed grants/loans, the Council Tax department is informed so that a note can be placed on the Academy system. However, applicants must be notified (via the Policy and approval letters) that the approval will be recorded on the Council Tax Property record.
[**There are no further approvals outstanding for this current financial year for HRA. If in future years funding is available to reinstate the HRA grants/loans this recommendation will be enforced.**]
- (P2) That a new postal survey is undertaken. A list of addresses contacted should be held on the shared drive as evidence of the check.
[**All customers to be contacted in the first instance. Then 10% annual check thereafter.**]
- (P2) That all correspondence/information and calculation documents relating to repayment of grant/loan are held together on file.
- (P2) That any staff who have not received data quality training should attend the next available data quality training session.
[**Manager will contact Performance Team for next available date for training.**]
- (P2) That all spreadsheets and documents that are held within the department are placed on the shared drive. These documents should not be password protected.

BUDGET PROCESS 2010/11

There were no recommendations arising from this audit.

CORPORATE GOVERNANCE 2010/11

- (P2) The revised Code of Corporate Governance needs to be formally adopted.
- (P1) Delegated powers to Officers may need to be updated following the organisational restructure.
- (P1) The new CIPFA-recommended format should be noted for the 2010/11 Annual Governance Statement.

Outstanding recommendations from previous governance reports

- (P1) Ensure that risk management and governance arrangements weaknesses in partnerships are addressed.
[**Review of partnerships to be completed. Action 75% complete**]

KEY RECOMMENDATIONS FROM REPORTS ISSUED

[**Bold text in brackets shows management response if different from rec.**]

- (P2) Update the Communications Strategy (dates from 2007/08).
[**Update of the Communications Strategy is included as part of the Choosing to Change Programme. Action 50% complete**]
- (P1) Improve the understanding within the Finance Department of PFI accounting requirements and the "Model" used to generate the accounting entries.
[**Additional resources have been allocated to ensure the PFI accounting requirements are met. This support will include an element of training for the Finance Department.**]
- (P1) Revalue the PFI asset in 2010/11.
[**External valuation required.**]

SYSTEMS DEVELOPMENT / IMPLEMENTATION CONTROLS 2010/11**[CUSTOMER RELATIONSHIP MANAGEMENT (CRM) / SELF SERVICE PROJECT]**

- (P2) That the Project Management Framework includes a statement on the importance of having a file (hard copy or electronic) for each project. The file should include all related reports and documentation from the initial business case to the close down of the project.
[**The project Framework guidance has now been updated to include the recommended statement.**]
- (P2) That the Close Down report is in line with the requirements set out in the Project Management Framework Guidelines and that the lessons learned are identified and acted upon for future projects.

Audit Recommendations – Overdue

APPENDIX B

Report Type: Actions Report
 Report Author: Audit Manager
 Generated on: 07 April 2011



SUMMARY OF OVERDUE RECOMMENDATIONS		
	Priority 1	Priority 2
Total Overdue Recommendations as at 01/01/11	1	13
“New” Recommendations due in Quarter 4	12	37
TOTAL RECOMMENDATIONS TO BE IMPLEMENTED Q.4	13	50
IMPLEMENTED FROM LAST QUARTER'S REPORT	0	9
“NEW” BUT IMPLEMENTED THIS QUARTER	8	28
Total implemented in the Quarter	8	37
CANCELLED SINCE LAST QUARTER	2	0
OUTSTANDING FROM LAST QUARTER	1	4
OVERDUE RECOMMENDATIONS ADDED THIS QUARTER	2	9
Total Overdue Recommendations as at 07/04/11	3	13

Audit Recommendations – Overdue



Report Type: Actions Report
 Report Author: Audit2 Officer
 Generated on: 07 April 2011




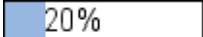


Code & Title AR-C Corporate


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-C_031 Ensure that risk management and governance arrangements weaknesses in partnerships are addressed (Point 1).	1	Chief Executive	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4F81BD; display: flex; align-items: center; justify-content: center;">75%</div>	31 Mar 2010	Use of Resources Dec 2009	<p>13 Jan 2011 A report is to be tabled for 24th January Executive, setting out the process.</p> <p>15 Dec 2010 As part of the work on the Copeland Local Strategic Partnership, the Head of Development Strategy is delivering a strategic risk assessment and this will incorporate the wider partnership risk principles. These will then be applied to the partnership review report for the Executive in February 2011.</p> <p>12 Jul 2010 The Cumbria-wide Partnership structure has now been amended. Work continues on risk management arrangements.</p> <p>13 Apr 2010 Work continues on Cumbria-wide partnership structures and risk management in 2010/11.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>18 Jan 2010 Budget Monitoring for Q.3 (2008/09) involved development of funding register, to identify external funding of projects to assist with closure of Accounts 2008/09. Further developments in 2009/10 to complement partnership framework - an action for Q.2, following appointment of the Projects Accountant. Partnership monitoring framework agreed in principle by Corporate Management Team (CMT) in February 2009. Working Group established involving CMT to progress this work during 2009/10. Managers requested to update details on Partnership Register by 31/1/10. This includes an assessment of the significance of Partnerships, which will determine the extent of governance arrangements. Evaluation framework using CIPFA Good Governance Guidance has been adopted for assessing risks and significance of strategic partnerships. Report to be received by Executive in March. A review of the LSP for Allerdale and Copeland is underway - report to be received by the Executive on</p>


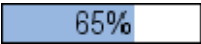
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							18/1/10. Marketplace system is being piloted and rolled out in 2009/10. Will provide information on supplier base and costs to enable review and potential efficiencies / savings.
							22 Dec 2009 Point 1. Review of Partnerships to be completed.
	AR-C_038 Update the Communications Strategy (dates from 2007/08).	2	Head of Policy & Performance	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4f81bd; position: relative;"> 75% </div>	31 Jan 2011	Corporate Governance 2009/10	06 Apr 2011 A new strategy is being drafted by the Communications Manager, this is due to be completed by the end of April 2011.
							21 Dec 2010 No progress in quarter 3. Project will form part of next phase of Choosing to Change programme which is currently being discussed.
							25 Oct 2010 Revised arrangements for internal communication put in place as part of partnership work with Chorley under Choosing to Change programme.
							24 May 2010 Update of the Communications Strategy is included as part of the Choosing to Change Programme.
	AR-C_054 That consideration is given to resourcing a post of Information Security Officer. This	2	Director of Resource and Transformation	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #cccccc; position: relative;"> 0% </div>	31 Mar 2011	Information Security 2010/11	29 Nov 2010 This will be considered as part of service reviews and the management

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	officer could co-ordinate security arrangements and develop the management user role across the Council.						restructure.
	AR-C_055 That a cross-functional group should be formed to oversee, manage and co-ordinate information security across the Council.	2	Director of Resource and Transformation		31 Mar 2011	Information Security 2010/11	29 Nov 2010 J Wagstaffe will set up and lead an Information Management Group. Senior Leadership Team will nominate members for the Group.
	AR-C_056 That the requirements for maintaining appropriate contacts with relevant authorities, specialist groups and partners should be included within the Information Security Policy. The policy should request the need to record all external contacts. (Point 1)	2	Head of Legal & Democratic Services		31 Mar 2011	Information Security 2010/11	10 Jan 2011 Contact made with County wide Group. Currently considering their draft proforma agreement 29 Nov 2010 Data Sharing Protocol will need to be considered corporately. Lead Officer – Data Protection Officer.


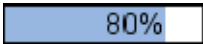

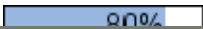
Code & Title AR-DS Strategy






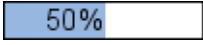
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-DS_004 That the partnership checklist, an example of a partnership legal agreement and the protocol/risk assessment should be added to the documents on the Intranet and Management Group be advised of this.	2	Head of Development Strategy	<input data-bbox="1066 470 1267 512" type="text" value="0%"/>	30 Sep 2010	Partnership Working System Controls 2009/10	



Code & Title AR-F&MIS Finance & Management Information

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-F&MIS_141 That adequate and effective cash flow forecasting records are established and maintained on a regular basis, showing daily transactions and the estimated net position.	2	Accountancy Services Manager		30 Apr 2009	Loans and Investments 2008/09	<p>05 Apr 2011 The member of staff dealing with this is assisting in providing cover for the accountancy assistant who has been off on long-term sickness since December 2010. This has resulted in a delay in developing a detailed cash flow statement, although significant cash movements are picked up and fed through to the decision making process for treasury management activities. As the section is now starting to look at the closure of accounts for 2010/11 and cover for the member of staff on long-term sickness is still required, probably at least until May 2011, the development of cash flow forecasting in the way envisaged will not now be completed until the Summer of 2011. Target date should be revised to 30 September 2011.</p> <p>15 Dec 2010 Template for cash flow developed - expected to be completed by 31 March 2011 for use in 2011/12. REVISED TARGET DATE: 28 March 2011</p>





Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>30 Jun 2010 The SAO - Treasury & Insurance post is in the process of being recruited to. Once an appointment has been made and the officer is in post, this recommendation will be revisited.</p>
							<p>06 Apr 2010 Due to an internal move within the team, the SAO - Treasury & Insurance post is currently vacant. Recruitment to this post will commence shortly (subject to closedown pressures). In the interim, TM duties are temporarily being covered by suitably experienced members of the Finance team and this, combined with the ongoing advice and support of the previous post holder who remains within the team in a different role, ensures the Council will continue to comply with the TM code. However, the impact of this vacancy on available resource means that this recommendation cannot yet be implemented. As previously noted, material transactions are diaried to manage cashflows.</p>
							<p>24 Dec 2009 Meetings re</p>
							<p>Treasury Management</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>processes and procedures will resume in January and this issue will be picked up by the group.</p> <p>26 Oct 2009 Material transactions are diaried to manage cashflow. Detailed projections still to be fully implemented. New target date 2010/11 for full implementation.</p>
	AR-F&MIS_190 That a Statement of Assurance on Internal Control is sought from the auditors of Lancashire County Council.	2	Head of Finance and Management Information Systems		31 Mar 2010	Concessionary Travel 09/10	<p>09 Feb 2011 The Cumbria-wide Concessionary Fares Group agreed, at its meeting on 8th February 2011, to send a letter to Lancashire CC on behalf of the group, requesting audit assurance in respect of 2010/11 administration of the payments.</p> <p>13 Jan 2011 Cumbria County Council take the lead on this and admin of Concessionary Travel will be transferring back to the County in April 2011.</p> <p>06 Apr 2010 Lancashire CC Audit report was obtained. A follow up report has been requested.</p> <p>25 Sep 2009 Assurance will be sought through County Concessionary Fares Group.</p>
	AR-F&MIS_243 Improve the	1	Accountancy		31 Jan 2011	Annual Governance	05 Apr 2011 The Council

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	understanding within the Finance Department of PFI accounting requirements and the 'Model' used to generate the accounting entries.		Services Manager			Report September 2010	<p>engaged Sector to develop the PFI model for the 2010/11 closure of accounts. Training on the use of this model is to take place on 21 April 2011 and will be attended by the capital Accountant and Accountancy Services Manager to ensure that the way the model is used for 2010/11 and in future years is consistent with IFRS.</p> <p>28 Sep 2010 Additional resources need to be allocated to ensure the PFI accounting requirements are met. This support will include an element of training for the Finance Department.</p>
	AR-F&MIS_247 That other sources of information, in addition to credit ratings, are used for counterparty risk assessment and that this approach is documented in the updated Treasury Management Manual.	2	Director of Resource and Transformation		31 Mar 2011	Loans and Investments 2010/11	19 Oct 2010 This will be considered as part of the team restructure.
	AR-F&MIS_248 That the roles of Money Laundering Reporting Officer and Deputy are formalised and that appropriate training for the roles is provided.	1	Director of Resource and Transformation		31 Mar 2011	Loans and Investments 2010/11	19 Oct 2010 This is a requirement of the CIPFA Code of Practice for Treasury Management. This will be considered as part of the team restructure.
	AR-F&MIS_255 That a full review of the Authorised Signatures file is carried out to ensure that it is up to date and accurate.	2	Accountancy Services Manager		24 Dec 2010	Creditors 2010/11	05 Apr 2011 Further to earlier comments the Head of Service review was only completed by 31 March 2010

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>and 2 new head of service posts remain vacant. The authorisation lists will noly be finally be completed when all heads of service and new staffing responsibiliites are in place. Revised deadline 30 June 2011</p> <p>07 Jan 2011 Delayed pending Head of Service review. Work planned to start in February 2011 assuming HoS review completed by then - if not a further delay can be expected.</p> <p>18 Nov 2010 Heads of Service to be contacted over update of authorised signatory list and limits. System updated as necessary.</p>
	AR-F&MIS_278 That procedures for monitoring use of information processing facilities should be established and the results of monitoring activities reviewed regularly. Procedures should cover what is being logged, review of logs and protection against tampering.	2	IT Manager	<input type="text" value="0%"/>	31 Mar 2011	Information Security 2010/11	29 Nov 2010 IT Manager reviews network audit logs and will include in written procedures. Needs to be addressed by all Information Owners / System Administrators, so will be incorporated in training/awareness sessions.
	AR-F&MIS_279 That the Information Security Policy should explain how system administrators and other privileged users are controlled.	2	Director of Resource and Transformation	<input type="text" value="0%"/>	31 Mar 2011	Information Security 2010/11	

Code & Title AR-PP Policy & Performance

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-PP_041 Deliver on plan to review policy and procedure and support improved management practice.	2	Head of Policy & Performance		31 Mar 2011	Annual Governance Statement June 2010	07 Apr 2011 4 out of 9 milestones set for this action have been completed. 06 Jul 2010 All actions in progress.
	AR-PP_057 That, to provide a comprehensive overview of the role and responsibilities of the Council as a whole, a general induction document is introduced.	2	HR Manager		31 Mar 2011	HR Management : Recruitment 2010/11	13 Aug 2010 Recommendation not accepted, pending further review of induction process, and possible use of "e-induction" for this type of information, rather than a document.

AUDIT PERFORMANCE INDICATORS – 1 APRIL 2010 TO 31 MARCH 2011

Indicator	2009/10		2010/11 Target	Key PI Ref.	2010/11 Actual to Date
	Target	Actual			MARCH
Audit Services:					
% of monthly audit plan completed	90%	83%	90%	AFP.01	87% *
Direct audit time as a % of total time	68%	64%	70%		71% **
% of fundamental systems audited against plan	100% <u>by 31 March</u>	100%	100% by 31 March		100% ***
% of other systems audited against plan	70%	50%	70% by 31 March		54% ****

* Some slippage is due to the area not being available for audit [Delay in production of Asset Management Plan and in implementing Revs & Bens Document Image Processing system, Leisure Client-side - awaiting external report findings to avoid duplication of effort.] Work on Contract Management has been issued as first draft and work on General Tax Issues is near completion. The audit team has been half a post less than the audit days included in the audit plan from 1st October 2011.

** Direct audit time was down in the first quarter, due to the preparation of annual end of year reports for Audit Committee, training sessions attended and preparation for the shared audit service. This has been compensated for in subsequent months, although much of the year end reporting has been prepared in February /March.

*** 14 fundamental system audits were due to be completed by the end of March. [Concessionary Travel, Capital Accounting, Final Accounts Process, Council Tax, Benefits, National Non Domestic Rates (NNDR), Loans & Investments, Creditors, Cash Receipting, Payroll, Sundry Debtors, Main Accounting System, Improvement Grants and the Budget Process]. These were all completed.

**** 24 “other” systems were due to be audited by the end of March. 13 had been completed. The Asset Management Plan was not available for audit in time to include in this review, nor was the management review of Partnership Arrangements. We were also awaiting an external report on the Leisure Contract. The audits of Landscape Management Contracts, Health & Safety, Capital Grant Claims Procedures, and Risk Management were outstanding. Draft 1 of the Capital Contracts Management audit has been issued and work on General Tax Issues is near completion. [Risk Management arrangements have been briefly covered as part of the Corporate Governance audit.] An audit of Members Travel Expenses was also undertaken at the request of the s.151 Officer.

01/04/11

COUNTER-FRAUD ACTIVITY 2010/11

FRAUD RISK AREA	AUDIT ACTIVITY
Benefits	<p>Annual audit – included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of eligibility for benefit and payments made. Review of write-offs.</p> <p>The Fraud Team have submitted separate quarterly monitoring reports to the Audit Committee.</p>
Home Improvement Grants	<p>Annual audit of compliance with policy & procedures.</p> <p>Included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of eligibility, contractor quotes, inspections & payments.</p>
Cash Collection	<p>Annual audit - included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls. Sample check of refunds, banking, correct posting to accounts. Review of overs/shorts. Review of bank reconciliation.</p> <p>In 2010/11, also carried out an audit of collection of car parks income, which had been outsourced in December 2009. [Collection brought back in-house in October 2010].</p>
<p>Credit income [where an invoice or bill is raised to demand payment]</p> <ul style="list-style-type: none"> • Council Tax • National Non Domestic Rates (NNDR) • Sundry Debtors • Planning/Building Control Fees • Fees/Charges 	<p>Annual audits of Council Tax , NNDR and Sundry Debtors include evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of calculation of charges, eligibility for discount, transfers of cash posted, refunds, recovery arrangements, suppression of recovery, write-offs.</p> <p>Cyclical audits of Fees & Charges.</p> <p>2010/11 – Planning Fees</p>

FRAUD RISK AREA	AUDIT ACTIVITY
Purchasing	<p>Annual audit of Creditor payments included evaluation of management arrangements for fraud prevention/ detection. Review of system security / access controls. Sample check of supporting documentation/authorisation, check that purchase is appropriate to the service area.</p> <p>Also carried out an audit of Procurement arrangements in 2010/11 to ensure arrangements were in line with government best-practice.</p>
Issuing of Cheques	<p>Annual audit of Creditor payments and Benefits payments included evaluation of management arrangements for fraud prevention/ detection. Review of system security / access controls.</p> <p>Sample check of supporting documentation/authorisation, reason for return of cheque to officer initiating the transaction, security of cheques (including security features of cheques, custody of returned/cancelled cheques), reconciliation of cheques issued.</p>
Contracts – letting of contracts and management of contracts	<p>Annual audit of sample of pre-contract arrangements for compliance with Contract Standing Orders.</p> <p>Annual audit of a sample of capital contracts to review management arrangements for contract management and the fraud prevention/detection controls.</p> <p>Sample of capital contract payments checked for supporting documentation / authorisation as part of the annual Creditors audit.</p>
Loans & Investments	<p>Annual audit – included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of transfers of funds for supporting documentation / authorisation / compliance with the Treasury Management Strategy.</p> <p>Check reconciliation of treasury management records to bank statements and the financial ledger.</p>

FRAUD RISK AREA	AUDIT ACTIVITY
Recruitment / Payroll	<p>Annual audit – included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of new starters for proof of ID/qualifications/eligibility to work in UK/ references re previous employment.</p> <p>Sample check of employee payments for supporting documentation / authorisation / check to HR independent records.</p> <p>More in-depth check of checks to counter identity fraud as part of specific Recruitment audit in 2010/11.</p> <p>An audit of Members' Travel Claims was also undertaken in 2010/11 to check that all claims were valid and paid in line with the approved scheme.</p>
Concessionary Travel	<p>Annual audit of compliance with policy & procedures.</p> <p>Included evaluation of management arrangements for fraud prevention/detection. Review of system security / access controls.</p> <p>Sample check of eligibility & issue of bus passes / railcards/ vouchers.</p>
IT Network	<p>"Bought in" specialist computer auditor reviewed compliance with the Security Standard / Government Connect requirements for Information Security.</p>