

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

**LEAD OFFICER:** Darienne Law,  
Head of Corporate Resources (and S.151 Officer)

**AUTHOR:** Peter Usher, Audit Manager

**1.0 INTERNAL AUDIT WORK COMPLETED IN QUARTER 3 2012/13**

**1.1 Final reports issued**

- Treasury management
- Business rates (NNDR)
- Payroll

**2011/12 work carried forward**

**Information Security**

As previously reported an agreed action plan has not been received following the issue of a revised follow up report on Information Security in June 2012. The recommendations included in the follow up report will not be included in Covalent until agreed but are based on the need for the Council to implement a robust information security framework following the guidelines provided by HMG Security Policy Framework (April 2012). The framework should incorporate appropriate policies, processes, roles and responsibilities, controls, training and awareness. The Head of Policy and Transformation is in the process of completing the action plan and is liaising with relevant staff at the County Council on the most effective way to take this forward within the Council's available resources.

**2012/13 work**

3 final reports have been agreed and draft reports have been issued on debt management arrangements (in year request) and council tax. Work is ongoing on other fundamental systems including benefits, creditors, sundry debtors and cash receipting.

**1.2 Assurance on System Controls**

The overall evaluation of the system controls is set out below together with a summary of audit conclusions and any key recommendations. Key recommendations are now shown beneath the relevant audit rather than in a separate appendix for ease of reference. Assurance levels are satisfactory except for payroll where Internal Audit still considers the control environment weak as there is still only one person involved in the process. Action is being taken to address this.

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

**1.2.1 Treasury management**

<b>OVERALL AUDIT OPINION</b>	<b>SATISFACTORY</b>
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	SATISFACTORY
RISK EXPOSURE PROBABILITY	LOW
RISK EXPOSURE IMPACT	HIGH

Key policies and procedures were in place to comply with the CIPFA Code of Practice for Treasury Management (TM). There has been appropriate reporting of TM policy, strategy and performance throughout the period under review, with reports to the Executive and Full Council.

The TM Strategy is prudent and security of principal is paramount. This has meant adopting a temporary restriction on investments so that these are only made with UK based counterparties. Revisions to the approved counterparty list are regularly provided by Sector (TM specialist advisors) and, due to the economic uncertainty, part-nationalised banks have been used for short term investments.

Call Off and Money Market Fund accounts have been used for more flexible short-term investments, as these allow investments to be made without a set term period being applied. Daily rates of interest are gained on the principal amount invested for the period of investment. Restrictions of £5m being invested with any one counterparty apply and so, currently, 2 Call Off accounts and 4 Money Market Fund accounts are used.

The Financial Regulations and the Scheme of Delegations were updated at Full Council in June 2012 and following senior management reorganisation, the Head of Corporate Resources was appointed as Section 151 Officer.

The roles of Anti-Money Laundering Officer and Deputy Anti-Money Laundering Officer were delegated by Full Council in October 2011 to the Council's Monitoring Officer (Democratic Services Manager) and Deputy Monitoring Officer (Legal Services Manager) respectively. Recommendation AR-CS\_132 (from the Cash Receipting audit) "A policy for Anti Money Laundering should be prepared and include the relevant clauses to comply with the requirements of the Money Laundering Act" had a target date of 01/10/12 and it is currently outstanding. The Anti-Money Laundering Policy is in the course of preparation and will be presented to the Audit and Governance Committee shortly.

The draft Treasury Management Manual (dated February 2011) reviewed as part of this audit included the majority of the requirements of the revised CIPFA Code of Practice for Treasury Management but will need updating and completing. This

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

remains an outstanding recommendation from a previous audit (AR-F&MIS\_293). Delays to the completion of the manual have been due to a departmental re-structure and the 2012/13 final accounts process.

Reconciliations of External Borrowings and Temporary Investments to Total were up to date but these have not been counter signed as having been independently checked.

Sector, as the Council's specialist TM advisors, have provided training for staff on TM, money laundering and risk management.

All investment transactions tested were found to be in order and complied with the Treasury Management Strategy. There are only minor issues with the recording of the authorisation of transactions in the dealing diary.

At the date of the audit the Council had no short-term loans but there remains a long-term loan from FMS Wertmanagement AOR. This loan was taken out in January 2002 for £5 million and has a maturity date of 2042. The status of the loan is regularly reviewed by Sector who have advised the Council to continue with the loan due to the penalties which would be imposed if it were to be re-paid early.

Adequate fraud prevention and detection controls are in place to mitigate the risk of misappropriation of funds. Fidelity Guarantee insurance is in place for 8m (for the relevant officers) and so covers the investment limit of £5m which can be made with any one counterparty. The policy is to be amended to reflect the reduced number of officers involved in the current organisational structure.

**Recommendations**

**The Draft Treasury Management manual needs to be completed (in particular for changes in job roles) and then approved by the Head of Corporate Resources.**

*Work has commenced on this exercise and following further guidance from Sector will be progressed when resources permit.*

**Update 16 Jan 2013** *Financial Management and Treasury Accountant - Work has progressed on this exercise, but the revenue and capital budget and TM strategy has now become the team's priority. Work will recommence when resources permit.*

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

**1.2.2 Business rates (NNDR)**

<b>OVERALL AUDIT OPINION</b>	<b>SATISFACTORY</b>
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	SATISFACTORY
RISK EXPOSURE PROBABILITY	LOW
RISK EXPOSURE IMPACT	HIGH

Since 1 June 2010, Copeland, Allerdale and Carlisle City Councils are part of a shared service agreement for the Revenues and Benefits Service, with Carlisle City Council acting as the host employing council. The management and team structures for the shared service are in place. From August 2012 an Academy Shared Desktop has been introduced to allow staff at the various sites to work on each other's databases as workloads require. Alignment meetings are taking place to streamline processes and procedures for the service but at present the Council Tax system is taking priority.

For NNDR all the key controls were effective and being complied with in relation to the areas tested.

The reconciliation of the total rateable value and the number of properties on the NNDR system to the Valuation Office Agency (VOA) 2010 rating lists was carried out in March 2012 as part of the year end process and the VOA notifications have been actioned in a timely manner and are up to date (as of the end of November 2012). The Ratings Officer has gone on maternity leave from 7 Dec 2012 and so the Revenues Team Leader will carry out the VOA reconciliations and amendments whilst the recruitment of the temporary replacement takes place (a previous attempt at recruitment was unsuccessful). The Revenues Team Leader is experienced in the VOA notifications process and has provided cover previously, but care must be taken to ensure that the amendments and reconciliations continue regularly.

The Academy NNDR system has been appropriately amended for the use of the 2012/13 NNDR multipliers and calculations were performed correctly by the system. The extension of the temporary rates of Small Business Rate Relief has also been correctly applied. Applications for the various relief categories have been processed accurately and the NNDR accounts, in general, are well maintained.

The collection rate is regularly monitored and at the end of September 2012 stood at 60.2% which is similar to the previous year at that stage. Appropriate recovery action is taken promptly and accurately in relation to those accounts that fall into arrears.

The suspense account is checked regularly and amounts allocated to the appropriate accounts and systems. An amount of £150 remains on the suspense account from April 2008 which should be written off (previously recommended).

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

Reconciliations have been carried out between the Civica cash receipting system and Academy NNDR system. This key control ensures that income relating to NNDR is posted to the Academy system and the reconciliations were re-commenced from December 2011 as a result of the 2011/12 Audit (where this was a Priority 1 recommendation). Regular reconciliations also continue to be carried out between the Academy NNDR and Total finance management system within the Accountancy section by the Senior Accounting Officer Technical and Reconciliations.

**Issues that relate to NNDR system but covered in Council Tax audit**

There are two issues arising from the NNDR audit that apply equally to Council Tax which is administered on the same system. These were previously raised as part of the 2011/12 Council Tax audit and will be included in the 2012/13 Council Tax audit this time (currently at draft report stage). They are note below for information.

**Debt write off**

The write off process needs to be reviewed to ensure it complies with Copeland's current Financial Regulations and Financial Procedure Rules and the Scheme of Delegation. The particular issue relates to the write off of debts as a result of bankruptcy/insolvency. In these cases an informal arrangement is in place whereby debts are written off based on information on the Insolvency Service website. The existing Financial Regulations do not include any reference to separate treatment of debt write off as a result of insolvency/bankruptcy so these should follow the standard process (ie agreement by CLT then approval by Head of Corporate Resources if < £50k or Executive if > £50k).

**Refunds**

The Academy system also currently does not require individual refunds to be independently authorised prior to payment (as batch jobs are used to process the refunds from the pending stage through to payment) and so compensatory controls need to be put in place to document that the refunds have been independently checked and authorised for payment. Although the Revenues Team Leader carries out a review of the weekly refund and errors reports this is not documented and so no audit trail established.

The final processing stage is carried out by the Systems and Support Officer but he would only wait for approval to run the batch job if there are issues within the errors report which would require further investigation. If there are no errors then the batch job would just be run to process the refunds for payment. In the absence of the Systems and Support Officer the Revenues Team Leader would carry out the review of the refund and errors report and then also act as the processing officer for running the final processing batch job. There is no separation of duties in these cases and so steps should be taken to implement this control.

**No recommendations made following this review.**

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

**1.2.3 Payroll**

<b>OVERALL AUDIT OPINION</b>	<b>WEAK</b>
------------------------------	-------------

CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	WEAK
RISK EXPOSURE      PROBABILITY	MEDIUM
RISK EXPOSURE      IMPACT	HIGH

System controls over payroll processing and payment are sufficient and generally operating well. No errors were found in the audit sample testing of salary payments.

It is not possible for a segregation of duties to be maintained between the PWA and Payroll systems as staff need access to both in order to do their jobs. This introduces a control risk in that changes could be made in both systems by the same officer either erroneously, or with a view to perpetrating fraud. However, a compensatory control remains in place, in that the Accountancy section maintains independent records of post holders and pay scale points. These are checked by Managers, as part of the annual budget setting process, and expenditure is checked as part of monthly budget monitoring procedures. The risk of unauthorised expenditure on salaries is, therefore, low.

Annual updates to the SAGE payroll system, to update the parameters for the new financial year, are checked to ensure the update has been successful. The annual check of the SAGE system to the Human Resources Empower system was undertaken promptly. Sample testing of 25 employees were all confirmed to authorised posts and coded to the correct cost centre in the TOTAL financial management system. Further testing of 5 career changes were also found to be correct.

There has been no annual pay rise in 2012/13 and so a sample test of annual increments was carried out. All were found to be correct.

Payroll procedures have been updated and revised as and when required.

A key control has been introduced from October 2012 to record, when starters / leavers / amendments are entered into the system, the +/- effect for each department's monthly salary cost on a hard copy file. Prior to the monthly pay run checks will be made that the adjustments in month for each department agrees to the amount to be paid for that department.

A further record will be introduced by the Payroll Officer from December 2012 to show Adjustments to Monthly Payroll. The record will be maintained centrally to show evidence for any amendments made to Sage (evidence will also be placed on

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

the individual's payroll file). This will provide supporting evidence for amendments but the record would need to be independently reviewed to act as a supplementary control.

A sample check of superannuation contributions, for both employees and employers, found that all the deductions were at the correct percentage rate for both employees and employers contributions. Deductions were promptly paid to Cumbria County Council on a monthly basis.

Exit Checklists are completed by leavers with their Line Manager and forwarded to HR. Of the 4 checked in the sample only 1 form had been returned to HR (although within the sample 1 employee was an ill health retirement and 1 was a long term sickness absence, which was also a redundancy post). HR has a system for following up missing Exit Checklists but managers need to ensure these are returned in all cases.

In addition to the Exit Checklists there are also Leaving Details forms which are used by HR to input leavers details to PWA. These should be signed by HR staff to confirm that the amendments have been made to PWA but this had not been done. It may be more efficient if the Exit Checklists and the Leaving Details Forms are combined so that information is included in a single form. These forms should be completed for all leavers and HR should sign to confirm Checklist details complete and all amendments input to PWA.

The authorised signatory list is currently being reviewed by Finance, to ensure compliance with the Financial Regulations and Scheme of Delegation introduced in June 2012. Sample testing of the authorisation for 6 overtime payments found that 1 claim had been signed by the Customer Services Team Leader but she was not an authorised signatory. The Customer Services Team Leader may have been signing the overtime claims as an interim measure due to the departmental re-organisation and the vacancy of the Transformation Programme Manager post (which has recently been appointed). The current revision of the authorised signatures list should consider adding the Customer Services Team Leader as an authorised signature for overtime claims if this is now appropriate.

From November 2011 one Payroll Officer has had sole responsibility for ensuring the payroll function is accurately maintained. This experienced officer transferred to another Council department in September 2012 (to take up the post of Waste and Parks Officer) and a new Payroll Officer was appointed in October 2012. Although the new Payroll Officer has had previous experience within the Payroll function she had not worked in the field for the previous 5 years. An initial one month's on the job training has been provided but from November 2012 the new Payroll Officer will also have sole responsibility for ensuring the payroll function is accurately maintained (although the previous officer is available for advice and guidance).

The previous Payroll Officer has checked the November 2012 payroll calculations prior to the pay run. 2 minor errors were found in the calculation of deductions from staff pay for leavers who had taken more annual leave than their accrued

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

entitlement. The error was due to the methodology used in the calculation and the new Payroll Officer is now aware of the correct process to follow. Further training will also be provided for the Year End process.

Work is continuing to see if there is a business case for sharing and/or outsourcing the transactional HR and Payroll services. The current HR Manager retires from December 2012 and a fixed term recruitment for a replacement is currently being undertaken (fixed term to the end of March 2014).

The 2011/12 audit identified the following issues and management's response to these is set out below :

- **Segregation of duties within Payroll** – Resources are not now available to establish segregation of duties in payroll (ie 2 staff in Payroll not viable given reduced budget) but independent checks by HR staff of key aspects will be introduced.
- **Management checks/reviews of work carried out by the Payroll Officer, including the monthly payrun** – an independent check of payroll was carried out by the previous Payroll Officer for November 2012 payrun as this was the first time the new Payroll Officer had completed the payrun. No independent checks were done for other months in the financial year but some checks have been done on January 2013 payroll and these will be formalised from February 2013 onwards.
- **Business Continuity to cover the absence of the current Payroll Officer** - Resources are not now available to establish in-house business continuity arrangements and it is envisaged that should the existing Payroll Officer be unavailable, work would be carried out by the previous Payroll Officer (still a Copeland employee) or a payroll agency would be used.

Internal Audit recognises the reducing resources available to the Council and the steps that are being developed to introduce independent checks on payroll. As these had not been implemented at the date of the audit, the overall assessment remains as weak, because of the risk of error (and potentially fraud) resulting from an inadequate control environment. Once the proposed new independent checks are implemented the control environment should be satisfactory.

Internal Audit can review with HR/Payroll the composition of the independent checks and review the operation of checks being introduced to Payroll from January 2013 and potentially re-assess the audit opinion in advance of the year-end annual opinion.

**Recommendations**

**Consideration should be given to combining the Exit Checklist and the Leaving Details Forms so a single document is used for inputting leavers details to PWA.**

**HR should remind managers that it is essential Exit Checklists are completed for all leavers.**



**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

**Managers address issues in Payroll department: Segregation of duties within payroll; Management checks/reviews of work by the Payroll Officer, e.g. monthly pay run; Business Continuity, in the absence of the Payroll Officer (Priority 1 brought forward)**

*See comments above*

### **1.3 Overdue actions arising from audit reports**

1.3.1 Priority 1 and 2 recommendations still outstanding, with a target date for completion by 31 December 2012, are set out at Appendix A. There are 29 overdue recommendations overall. For completeness the summary now includes recommendations made by the Audit Commission as well as Internal Audit.

1.3.2 There are 3 overdue Priority 1 recommendations which comprise 2 brought forward:

- Recommendation on partnership risk management and governance. An update report from the Head of Regeneration & Community was presented to the last Audit & Governance Committee setting out a process to implement this recommendation by March 2013.
- Recommendation on payroll resilience and discontinuation of a key control. The key control on reconciling the current and previous month's pay has been reintroduced. Work is ongoing to enable an adequate segregation of duties and independent review of payroll tasks. This will involve checks on the Payroll Officer's work by HR staff.

And 1 new recommendation, from the Audit Commission:

- Ensure that the implementation of the new asset register is well planned and resourced and that Internal Audit is used to provide assurance that data has been transferred accurately. Covalent notes that the fixed asset module on Total is not suitable and that a separate system will be required. The project is ready to begin and will be implemented by the end of March 2013.

5 other P1 recommendations have been implemented:

- The RBSS Manager has confirmed that an overdue recommendation from the Audit Commission to improve the accuracy of the work of benefits assessors to minimise the under or overpayment of benefit has been implemented by appointing a Quality Officer and providing further training on subsidy and effective dates.
- Accounts have completed work on improving the historic asset costs records in readiness for implementing the new asset register.
- The Head of Policy and Transformation has updated the Council's risk strategy and commissioned risk management training for Members and

**AUDIT & GOVERNANCE COMMITTEE 31 01 2013**  
**AUDIT MONITORING REPORT: QUARTER 3 2012/13**

officers. Regular reports on risk management are also now made to CLT and Members.

- The Parks Manager has implemented 2 Priority 1 recommendations following the audit review of the Crematorium. These ensure that income received is checked and agreed to the spreadsheet record and to paying in slips and that this is independently verified. This will be checked as part of Internal Audit's follow up review in the next quarter.

1.3.3 Priority 2 overdue recommendations outstanding are at a similar level to the previous quarter end at 26.

## **2.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN**

2.1 Internal Audit performance is set out at Appendix B. Delivered days for Quarter 3 are less than target as it has not been possible to start planned audits in all cases.

## **3.0 CONCLUSION AND RECOMMENDATION**

3.1 It is recommended that Members note this report.

**List of Appendices:** Appendix A – Outstanding Key recommendations due by 31 December 2012  
Appendix B – Performance Indicators

**Background papers:** None

**Consultees:** Corporate Leadership Team  
Leadership & Management Group [Appendix B]

## Audit Recommendations - Overdue

**Report Type:** Actions Report


**Report Author:** Audit Manager




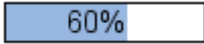
**Generated on:** 17 January 2013



<b>SUMMARY OF OVERDUE RECOMMENDATIONS</b>		
	<b>Priority 1</b>	<b>Priority 2</b>
<b>Total Overdue Recommendations as at 15/10/12</b>	<b>3</b>	<b>27</b>
"New" Recommendations due in Quarter 3	5	20
<b>TOTAL RECOMMENDATIONS TO BE IMPLEMENTED Q.3</b>	<b>8</b>	<b>47</b>
IMPLEMENTED FROM LAST QUARTER'S REPORT	1	6
"NEW" BUT IMPLEMENTED BY QUARTER END	4	15
<b>Total implemented in the Quarter</b>	<b>5</b>	<b>21</b>
CANCELLED SINCE LAST QUARTER		
OUTSTANDING FROM LAST QUARTER	2	21
OVERDUE ADDED THIS QUARTER	1	5
<b>Total Overdue Recommendations as at 17/01/13</b>	<b>3</b>	<b>26</b>


**Code & Title** AR-AC Audit Commission

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-AC_018 Review de minimis levels set for disclosing related party (RP) disclosures and set a level that will be considered material for the Council and an RP, which may be an individual. The Council review information sources to identify RP transactions.	2	Financial Reporting and Technical Accountant	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4f81bd; position: relative;"> <span style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%); font-size: 10px;">70%</span> </div>	31-Mar-2012	Annual Governance Report 2010/11.	<p>17-Jan-2013 The Related Party note in the SoA states "The Authority is required to disclose material transactions". Propose expanding this note in the 2012/13 SoA to include what the materiality levels are. Timescale June 2013.</p> <p>17-Jan-2013 Managed By amended from Interim Technical Accountant to Financial Reporting and Technical Accountant.</p> <p>13-Sep-2012 Additional information has been requested from members to cover the whole of the 2011.12 financial year. There are still outstanding responses. The exercise cannot be completed until all responses received.</p> <p>11-Jul-2012 In the 2011/12</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>accounts all related parties disclosed as in previous years. The Audit Commission have asked that non material related party transactions are excluded. Work in underway to review the position. Expected completion 27 July 2012.</p> <p>30-Apr-2012 Input needed from all Council departments where there is an involvement with external organisations.</p>
	AR-AC_019 Review the current status of benefits debtors greater than 3 years old. Where a repayment plan is not in place, or the debt is not being actively pursued, consideration should be given to their write off.	2	Head of Corporate Resources		31-Mar-2012	Annual Governance Report 2010/11.	30-Apr-2012 Impact on the level of bad debts provision to be considered as part of the budget process. Input will be required from all departments.
	AR-AC_022 Ensure the implementation of the new asset register is well planned and resourced and that Internal	1	Head of Corporate Resources		31-Dec-2012	Annual Governance Report 2011/12	16-Jan-2013 Following time spent with Consillium it became apparent that the Total system was not


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	Audit is used to provide assurance that the data has been transferred accurately.						<p>suitable as it was not able to upload balances to the Revaluation Reserve. The system had to calculate these balances meaning all asset valuations had to be redone since the introduction of the Revaluation Reserve. We have followed up with the second identified provider, Real Asset Management. The preferred solution would be for an externally hosted service independent of the Total system. Additional costs have been identified and funding is being allocated. The project is ready to begin and will be implemented by end of March 2013.</p> <p>13-Sep-2012 It is currently anticipated that we will be implementing the Total Asset Register System (the same supplier as the</p>


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>Council's Finance system). A lot of work has been carried out on our asset records internally so we are in a good position to move forward but final confirmation that the Total System and the provider, Consilium, is fit for purpose, needs to be obtained. A second provider has been identified. Achievement of the timetable is highly dependent on whether we stay with the current provider. The exact process for data input is still to be confirmed, manual input or upload. The current spreadsheet system may need to be maintained for a period of time yet to be determined which may have a resource implication. Internal Audit will assist in the data assurance work.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-AC_029 Improve Council's arrangements for identifying/disclosing related party transactions RPTs. Arrangements should ensure disclosures cover the whole year, all relevant members/officers & only those RPTs in respect of CBC.	2	Democratic Services Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #e0e0e0; position: relative;"> <span style="position: absolute; left: 0; top: 0; bottom: 0; background-color: #4f81bd; width: 35%;"></span> <span style="position: absolute; left: 35%; top: 0; bottom: 0;">35%</span> </div>	31-Dec-2012	Annual Governance Report 2011/12	<div style="border-bottom: 1px solid black; padding-bottom: 5px;">16-Jan-2013 Will be completed by 31 March 2013</div> <div style="padding-top: 5px;">13-Sep-2012 The arrangements will be reviewed to ensure disclosure for the whole year for all members.</div>




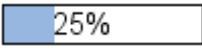



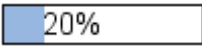
**Code & Title** AR-C Corporate


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; position: relative;"> <span style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%); font-weight: bold;">75%</span> </div>	31-Mar-2010	Use of Resources Dec 2009	<p>08-Oct-2012 The Head of Regeneration &amp; Community has provided an update paper on Strategic Partnerships to Audit &amp; Governance Committee (20 September 2012), CLT and Informal Executive, which sets out a process and timetable to address this recommendation.</p> <p>24-Jul-2012 CLT will consider a report on this area at their meeting on 25 July 2012.</p> <p>30-Apr-2012 As part of the Corporate Governance Audit 2011/12 a revised target date of 30/09/12 has been agreed. Reports to be presented to Executive 21/08/12 and Full Council 06/09/12.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							21-Oct-2011 Report to Executive 24 Jan 2011 set out progress to date and future plans to review partnership activity. This included the introduction of a standard template to undertake a strategic assessment of individual partnerships, including decision-making, link to corporate priorities and risks. One of the expected outcomes is to "Update partnership protocol and toolkit to ensure relevant management systems are strengthened, including a risk register for partnerships".
	AR-C_069 The revised Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance and formally adopted by Full Council.	2	Democratic Services Manager	<input type="text" value="0%"/>	30-Jun-2011	Corporate Governance 2010/11	01-Oct-2012 The Local Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance and formally adopted by Council to ensure the Local



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>Code reflects best practice (Annual Governance Statement 2011/12 Scope of Responsibility). Agreed target date of 30/09/12.</p> <p>13-Jul-2012 Due 30/9/2012</p> <p>30-Apr-2012 As part of the Corporate Governance Audit 2011/12 a new target date of 30/09/12 has been agreed.</p> <p>05-Apr-2012 To be reported to June Council Meeting</p> <p>16-Jan-2012 To be reported to March Council meeting</p> <p>16-Mar-2011 This will be taken through the Constitutional Working Group and then submitted to Full Council.</p>


**Code & Title** AR-CS Customer Services

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-CS_131 To ensure compliance with the security standards set by the PCI CBC need to ensure procedures are in place so data recorded, i.e. sensitive authentication data via telephone, is treated appropriately, i.e. no electronic storage of credit/debit card data.	2	Head of Policy & Transformation		31-Jul-2012	Cash Receipting 2011/12	<p>10-Oct-2012 We are currently reviewing all of our procedures for the data storage and retrieval for credit/debit card information to ensure compliance with PCI regulations.</p> <p>14-Feb-2012 Discussions to be held with M Stroud, IT Manager &amp; S Fawcett, Customer Services Manager to agree work plan.</p>
	AR-CS_132 A policy for Anti Money Laundering should be prepared and include the relevant clauses to comply with the requirements of the Money Laundering Act (see Audit report for full details).	2	Democratic Services Manager; Financial Services Manager		01-Oct-2012	Cash Receipting 2011/12	05-Apr-2012 Policy to be drafted by October 2012
	AR-CS_133 The Sundry Debtor Handbook needs to be updated to reflect changes to the Council	2	Revenues & Benefits(TC) Team Leader		31-Aug-2012	Sundry Debtors 2011/12	16-Jan-2013 will contact Finance Section for update on Departments still raising



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	Structure.						<p>invoices and names of Nominated Debt Officers for each Department</p> <p>13-Jul-2012 will make a start on this ASAP</p>
	AR-CS_136 Customer Services staff should ensure that legible photocopies of documents are taken prior to passing these to RBSS for scanning.	2	Head of Policy & Transformation; Audit Manager	<input type="text" value="0%"/>	30-Jun-2012	Benefits Value for Money 2011-12	<p>28-Jun-2012 Discussed with Penny Mell, Head of Policy &amp; Transformation, who has responsibility for Customer Services at Copeland. These proposed recommendations will be considered as part of a separate IA review of Customer Services interaction with Benefits staff.</p>

**Code & Title** AR-DO Operations

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-DO_038 The Strategic Asset Management Strategy should incorporate a strategy on assets such as plant and equipment, given their value.	2	Head of Corporate Resources	<input type="text" value="0%"/>	31-Oct-2011	Asset Management 2011/12	<p>02-Oct-2012 New Target Date set for the end of Dec 12. A new asset register as provided by Consilium will be assessed for the appropriateness of their system and then all assets will need to be added.</p> <p>02-Oct-2012 Amended the Managed By responsibility from the Director of Resources and Transformation to the Head of Corporate Resources from 02/10/12.</p>
	AR-DO_042 A central register of external contracts, undertaken by the Council, is established to provide a picture of its obligations (with due regard to commercially sensitive information). The register should be reviewed annually by CLT and	2	Head of Corporate Resources; Head of Neighbourhoods	<input type="text" value="0%"/>	31-Dec-2012	Landscape Management and Contracts 2011/12	21-May-2012 Will be incorporated into the current review of the Constitution.


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	available to Members.						
	AR-DO_050 All asset details should be recorded accurately and consistently on display boards and MODES for ease of identification.	2	Beacon Manager	<div style="border: 1px solid black; width: 80px; height: 15px; background-color: #e0e0e0; position: relative;"> <span style="position: absolute; left: 0; top: 0; bottom: 0; background-color: #4f81bd; width: 50%;"></span> <span style="position: absolute; left: 50%; top: 0; bottom: 0; width: 50%; text-align: center;">50%</span> </div>	30-Sep-2012	The Beacon Museum Collection (Inc. Copeland Collection) 2012/13	<p>09-Jan-2013 Not completed by Curator before his departure. Manager now has to complete this task by end January 2013.</p> <p>29-Aug-2012 Errors found during audit to be rectified by end September 2012.</p>


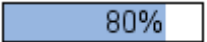
**Code & Title** AR-DS Strategy


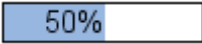
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-DS_003 That there should be at least an annual report to the Audit Committee, covering the risk management arrangements for significant partnerships.	2	Head of Regeneration & Community	<input type="text" value="0%"/>	19-Apr-2011	Partnership Working System Controls 2009/10	01-Oct-2012 Continue to improve arrangements to identify and mitigate potential risks associated with partnership working (Annual Governance Statement 2011/12 paragraph 13). Agreed target date of 30/09/12. 24-May-2010 Ongoing 2010/11. Updates to Corporate Team will be in more depth. Annual Report to Audit Committee on 19 April 2011.
	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 Regeneration & Community	<input 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_293 The Draft Treasury Management manual needs to be completed (in particular for changes in job roles) and then approved by the Head of Corporate Resources.	2	Financial Management and Treasury Accountant	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #e0e0e0; position: relative;"> <span style="position: absolute; left: 0; top: 0; bottom: 0; right: 0; background-color: #4f81bd; width: 50%;"></span> <span style="position: absolute; left: 50%; top: 0; bottom: 0; right: 0; width: 50%; text-align: center; font-size: 10px;">50%</span> </div>	31-Mar-2012	Loans and Investments 2011/12	<p>16-Jan-2013 Financial Management and Treasury Accountant- Work has progressed on this exercise, but the revenue and capital budget and TM strategy has now become the team's priority. Work will recommence when resources permit.</p> <p>18-Oct-2012 Amended wording of the recommendation to require approval by the Head of Corporate Resources instead of Corporate Director for Resources and Transformation.</p> <p>03-Oct-2012 All other outstanding works have now been completed. It is anticipated this work will be completed by 31 Dec 2012.</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							04-Apr-2012 Work has commenced on this exercise and following further guidance from Sector will be progressed when resources permit - expected after year-end, work on the tender for Treasury Management, cash-flow and capital close down procedures are all completed.
	AR-F&MIS_295 Insurance claims need to be monitored regularly and cross referenced to other data in order to identify any recurring patterns in claims.	2	Financial Reporting and Technical Accountant; Financial Services Manager		01-Apr-2012	Insurance 2011/12	<p>11-Jan-2013 13-12-12 Audit took place August. Still awaiting report.</p> <p>03-Oct-2012 Zurich audit of vehicle claims has now taken place and we await the outcome report.</p> <p>05-Apr-2012 In 2010/11 there were only 33 claims, 19 of which related to vehicle claims. An audit of vehicle claims is shortly to be carried out by our insurers Zurich to establish</p>


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							if further investigations or data requirements might be needed. No action proposed until this exercise is completed. For the remaining claims these are included in a register for all claims which is reviewed regularly.
	AR-F&MIS_302 Due to high volume of data quality issues in the 11/12 Sundry Debtor Audit, action must be taken to implement AR-CS_117 "That further training sessions on the Debt Recovery Handbook is given".	2	Financial Reporting and Technical Accountant		30-Sep-2012	Sundry Debtors 2011/12	11-Jan-2013 13-12-12 Debtor review is underway. Issues have been identified regarding set up of suppliers. Mail merge ready to go out with next periodic payment run 20th Dec for debtors to provide full details required. Revised Financial Reg's required authorisation limits for debtor invoices. This is possible within Total but we have needed to log a help desk request on how to implement this. Other system improvements are being investigated. These

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>need to be completed before training can start.</p> <p>03-Oct-2012 Initial meetings have been held with users to discuss a timetable for rolling out training.</p> <p>01-Mar-2012 The Debtors system is due to be reviewed in full and a new training programme rolled out by the Senior Accounting Officer – Systems and Financial Reporting.</p>

**Code & Title** AR-LD Legal & Democratic

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-LD_032 Training is provided to the System Administrator to enable the effective administration of the LALPAC system, i.e. user accounts, user access rights, etc.	2	Legal Services Manager	<input type="text" value="0%"/>	31-Dec-2011	Licensing 2011/12	<p>16-Jan-2013 LAPAC now taken over by IDOX. Scope of training not yet agreed by IDOX. IDOX Business Development Manager visiting Council 31/01/13. Discussions continuing re enhanced system in conjunction with other Cumbria authorities. This recommendation relates to administration of the system rather than day to day operational functions which are running satisfactorily.</p> <p>05-Apr-2012 05/04/12: Cost resolved. LALPAC are being requested to provide the training in-house to system administrators within the next 3 months. Scope of training to be mapped out</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							and agreed with LALPAC beforehand.
							26-Aug-2011 Budget constraints could be the deciding factor but other avenues will be investigated.
	AR-LD_041 The Members' Allowances Scheme Travel and Subsistence allowance should be amended to allow for an allowance for travel by bicycle or other non-motorised form of transport, as per The Local Authorities (Members' Allowances) (England) Regulations 2003.	2	Democratic Services Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: white; display: flex; align-items: center; justify-content: center;">0%</div>	31-Mar-2012	Members' Allowances 2011/12	16-Jan-2013 Will be incorporated into next review of Members' Allowances
							13-Jul-2012 Due for implementation by 31/3/2013
	AR-LD_048 Member Services should ensure there are written agreements between Copeland and outside bodies on payment of Members travel and subsistence claims, and this should include an exchange of information on the annual amounts paid.	2	Democratic Services Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #add8e6; display: flex; align-items: center; justify-content: center;">50%</div>	31-Mar-2012	Members' Allowances 2011/12	13-Jul-2012 To be in place December 2012
							05-Apr-2012 To be in place by October 2012

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-LD_050 Legal Services should review the Bribery Act legislation and determine its application to the Council, and the extent to which adequate procedures are in place to mitigate the risk of prosecution. This might include amendment to existing codes of conduct.	2	Legal Services Manager	<input data-bbox="1066 807 1267 847" type="text" value="0%"/>	31-Dec-2011	Register of Gifts/Hospitality & Disclosure of Interests 2011/12	<p>05-Apr-2012 05/04/12: The Bribery Act 2010 affects three areas: (a) the Council's codes of conduct; (b) the Council's procurement procedures; (c) the Council's anti-fraud and corruption policies. The emphasis of the Act is to be proactive and avoiding the conditions of bribery.</p> <p>The Democratic Services, Legal Services and Audit Shares Services Managers are undertaking work on these three aspects with the work currently being scoped out. It is anticipated that the work in these three areas will be completed by the 30/09/12. There is a linked issue of money laundering and work on this matter will be completed by</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							the 30/09/12.




**Code & Title** AR-LES Leisure & Environmental Services



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-LES_043 If the 20 missing applications can't be found management need to consider what to do. Contact family now or wait until family members can't find entry and contact the Crem office.	2	Parks Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4F81BD; position: relative;"> <span style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%);">48%</span> </div>	31-Dec-2012	Bereavement Services 2012/13	<p>16-Jan-2013 Currently the team are undertaking a cross check with Hiltons the book engraver to determine if paid for entries have been completed (Hiltons currently hold two books - or 6 months entries for engraving hence need to cross check. One of the 20 anomalous records has been resolved with the appropriate entry having been made. Once complete a final decision on how to proceed will be made.</p> <p>02-Oct-2012 If not located by 31/12/12 to decide with Head of Service how to proceed.</p>
	AR-LES_055 Unauthorised persons should never be left unattended in restricted areas.	2	Parks Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #4F81BD; position: relative;"> <span style="position: absolute; top: -10px; left: 50%; transform: translate(-50%, -50%);">50%</span> </div>	30-Nov-2012	Bereavement Services 2012/13	16-Jan-2013 In addition to systems changes to prevent unattended incidents


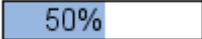
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>progress has been made towards physical changes. Designs for new enquiry hatch/reception area are completed and the PID for the scheme has been approved by the Executive in December 2012. Works are due to start on 26 January.</p> <p>02-Oct-2012 Investigating fitting of enquiry hatch in main office.</p>

**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 Corporate Resources; Head of Policy & Transformation	<div style="border: 1px solid black; background-color: #4F81BD; width: 88%; padding: 2px;">88%</div>	31-Mar-2011	Annual Governance Statement June 2010	<p>10-Oct-2012 The Grants protocol and procedures will be reviewed as part of the change programme and will be completed by March 2013.</p> <p>13-Jul-2012 The following milestones have now been completed:-                  2. Address need to reduce medium term revenue budget- This will be done by Medium term financial strategy and the overall savings programme.                  3. Improve risk management on partnership working- this is currently being worked on through Audit Recommendation AR-DS_004</p> <p>19-Oct-2011 6 of 9 actions</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>completed. 3 outstanding actions are</p> <ol style="list-style-type: none"> <li>1. Grants protocol &amp; procedure to be agreed</li> <li>2. Address need to reduce medium term revenue budget</li> <li>3. Improve risk management on partnership working</li> </ol> <p>07-Apr-2011 4 out of 9 milestones set for this action have been completed.</p> <p>06-Jul-2010 All actions in progress.</p>
	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 (pending new appointment)	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #ccccff; display: inline-block;"></div> 30%	31-Mar-2011	HR Management : Recruitment 2010/11	<p>06-Jul-2011 6- July-2011 “e-induction” project to be completed by 31 12 11.</p> <p>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</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							document.
	AR-PP_069 All Managers are reminded that they should monitor personal calls made by employees using CBC mobile phones. The calls should be identified, verified and costs recorded.	2	Head of Corporate Resources	<input type="text" value="0%"/>	31-May-2011	General Tax Issues 2010/11	<p>02-Oct-2012 Amended the Managed By responsibility from the Director of Resources and Transformation to the Head of Corporate Resources from 02/10/12.</p> <p>21-Jul-2011 Reminder of policy on acceptable use of Council-provided phones included in corporate information section of Latest Word on 1 July 2011. Separate note still required for Managers with staff who have council mobiles to review usage and agree re-imburement.</p>
	AR-PP_070 Managers ensure that the Payroll Officer is informed of any deductions that are required for personal calls in a timely manner. This must be the next available pay date from when the Vodafone invoice is	2	Head of Corporate Resources	<input type="text" value="0%"/>	31-May-2011	General Tax Issues 2010/11	<p>02-Oct-2012 Amended the Managed By responsibility from the Director of Resources and Transformation to the Head of Corporate Resources from 02/10/12.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	received.						
	AR-PP_075 Managers address issues in Payroll dept: Segregation of duties within payroll; Management checks/reviews of work by the Payroll Officer, e.g. monthly payrun; Business Continuity, in the absence of the Payroll Officer.	1	Head of Corporate Resources		30-Jun-2012	Payroll 2011/12	<p>07-Dec-2012 Extension of checks on Payroll Officer's work by HR staff to be explored.</p> <p>08-Oct-2012 The HR Manager advised Internal Audit that SAGE succeeded in overcoming the technical problem which had prevented running a report to carry out the monthly reconciliation between the current and previous months gross pay by department. This check was to be reinstated from August 2012 onwards.</p> <p>01-Oct-2012 Payroll resilience and independent checking needs to be improved to ensure that this key business system is not compromised (Annual Governance Statement 2011/12 Effectiveness of</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							Governance). Agreed target date of 30/09/12.

AUDIT PERFORMANCE INDICATORS – 1 APRIL 2012 TO 31 DECEMBER 2012

*Input measures*

Note	Indicator	2012/13 Target	2012/13 Actual to date
1	Cumulative days provided	601	359
	% of audit plan days provided – cumulative year to date	75%	60%
2	Days provided this quarter	150	104
	% of audit plan days provided – this quarter	100%	69%

*Output measures*

Target	Actual
Complete 95% of audit plan by 31 March - fundamental system audits	There are 12 audits classified as fundamental most of which have to be completed towards the end of the year. 5 of these are complete; Council tax is at draft report stage. The remaining 6 audits (Benefits; Main accounting system; Creditors; Debtors; Cash receipting and budgetary control) are mainly in progress and where possible some testing has been completed earlier in the year.
Complete 95% of audit plan by 31 March – non-fundamental system audits	11 of 18 non-fundamental reviews have been completed. The 7 remaining audits are as follows: <ol style="list-style-type: none"> <li>1. Debt management – draft issued</li> <li>2. Risk management follow up</li> <li>3. Corporate governance – y/e review</li> <li>4. Bereavement Services follow up</li> <li>5. Savings monitoring – this will be combined with budgetary control work (fundamental system). Scope issued.</li> <li>6. IT strategy &amp; business alignment – scope issued</li> <li>7. Civica Comino DIPS application review – scope issued.</li> </ol> This takes into account audits deferred or cancelled from the original plan and new



	<p>audits/additional work included in 2012/13 as follows:</p> <p><i>Cancelled audits</i></p> <ol style="list-style-type: none"> <li>1. Local Development Framework - assurance will be provided by an independent Planning Inspector.</li> <li>2. Website development - Internal Audit input not required.</li> <li>3. On-street parking contract – function not transferred to Copeland</li> </ol> <p><i>Deferred audits</i></p> <ol style="list-style-type: none"> <li>1. Partnerships – review programme not due for completion until March 2013.</li> <li>2. Performance management – scope issued but unlikely to be capacity in Performance Unit to accommodate review.</li> <li>3. Health &amp; safety – defer to allow new H&amp;S officer to settle in to role.</li> </ol> <p><i>Additional work requested</i></p> <ol style="list-style-type: none"> <li>1. Bereavement Services investigation - complete</li> <li>2. Bereavement Services follow up – due March 2013</li> <li>3. Beacon Collection – complete</li> <li>4. W Cumbria Arts Project grant claim – complete</li> <li>5. Debt management – draft issued</li> <li>6. Audit Commission Profile - complete</li> </ol>
--	--

**Notes**

- 1 601 days target based on 95% of 633 total days in plan. 359 days provided representing 60% of 601.
- 2 Target days per quarter is 95% of 633 divided by 4, giving 150 days. The percentage is simply how much of 150 days delivered. In quarter 3, only 104 days have been provided as work originally planned was not available to start. This has been offset to some degree by replacement unplanned work. The priority in Q4 will be to complete work on fundamental systems.