

AUDIT SERVICES MONITORING REPORT: THIRD QUARTER 2009/10

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Summary: This report is the quarterly audit monitoring report.

Recommendation: That Members note this report and approve the rescheduling of audits listed at paragraph 3.3.

1.0 AUDIT WORK IN THE THIRD QUARTER 2009/10

1.1 Final reports issued

- Benefits 2009/10
- Cash Receipting 2009/10
- Payroll 2009/10
- Sundry Debtors 2009/10
- Main Accounting System 2009/10

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

- National Non-Domestic Rates [NNDR] 2009/10
- Loans and Investments 2009/10
- Creditors 2009/10

A specialized computer auditor undertook a review of the Marketplace purchasing system, which is being rolled out corporately.

These reports will be issued in the final quarter of 2009/10.

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 Benefits 2009/10

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

Controls were good and being complied with. We found further improvements had been made since the 2008/09 audit:-

- for all the 14 cases of benefit granted, in our sample of transactions between April 2009 and August 2009, the applications had been correctly processed and the average time to process was 13 days;

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- write-offs approved by Corporate Team/Executive were promptly recorded on the Academy system;
- reconciliation to the financial ledger was up-to-date;
- Data Quality Arrangements have been improved:
Individual job profiles and person specifications have been updated in line with Corporate guidelines, and a timetable to produce data has been completed to show dates, tasks and responsible officers.

However, we found that there were still a number of unpresented cheques relating to 2007/08 that had not yet been investigated, and that unpresented cheques relating to 2008/09, although investigated, had not yet been actioned on the Academy system.

1.2.2 Cash Receipting 2009/10

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

The cash collection process and procedures were found to be of a satisfactory standard. We found that improvements had been made in the following areas:

- The Customer Services Manager has received training, to ensure that system administrator tasks on the cash receipting system can be completed in the absence of the usual System Administrator;
- Post opening procedures have been updated;
- TOTAL (financial ledger) suspense account is cleared regularly, and
- Paying in slips are checked for accuracy and signed by a second officer.

However, there were other areas highlighted during the review which, if implemented, would improve the system of control in operation. These include:

- Procedures regarding the Secure Cash Deposit box, and
- ICT System Support Officer to ensure that all delays in postings of cash (specifically Allpay) are notified to key departments.

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1.2.3 Payroll 2009/10

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

We found that system controls regarding the processing and payments of the Payroll were generally operating well and were being complied with. We found no errors in our sample testing of salary payments.

We note that, as at September 2009, written procedures were substantially complete. The key main system procedures had been written and were currently being reviewed to reflect changes in legislation. A procedure on Emergency Payments is still to be drafted [these rarely occur].

A previous recommendation, AR-PP_09 "Access to the PWA system should be reviewed to maintain separation of duties between payroll and personnel officers", has been cancelled on the Covalent performance monitoring system with the comment "this has been considered but it is not technologically possible". However, a compensatory control is in place, in that the Accountancy section maintain independent records of postholders and pay scale points. These are checked by Managers, as part of the budgetary cycle and expenditure is checked as part of monthly budget monitoring procedures. The risk of unauthorised expenditure on salaries is, therefore, low.

At the time of this audit, we were able to sample test that the recent implementation of the annual pay rise had been correctly applied and a sample of back pay calculations has been tested. All were found to be correct.

1.2.4 Sundry Debtors 2009/10

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

We found overall the administration of Sundry Debtors to be efficient and effective. Most debts were raised promptly and the rate of recovery is good and continues to improve.

The standard of invoices raised was improving, following a training session held in August 2009. However, not all Debtors Administrators had attended the training. We noted some non-compliance with the Sundry Debtors Handbook in the raising of invoices. This was in respect of ensuring the invoice included adequate information about the debt, together with details of

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the liable individual (rather than simply the company name). These are essential to progress recovery in the event of non-payment.

10 out of the 11 controls were in place to prevent or detect fraud. The missing control related to supervisory spot checks of write-offs and cancellations.

1.2.5 Main Accounting System 2009/10

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

The TOTAL financial system has been operating well since the upgrade to the new release in 2008/09.

The cost centre and detail coding structure of TOTAL is being reviewed to ensure compliance with the new International Financial Reporting Standards. Brought forward balances were verified as correct and we confirmed that the trial balance nets to zero.

Although there has been some delay in reconciling some data from external feeder systems, there were compensatory controls in place in that there was a daily check of interfaces being uploaded, to ensure that data was correctly uploaded to the TOTAL system (fully documented).

However, we found that independent checks and authorisation of journals over £30,000 were not consistently carried out.

A detailed 2008/09 Final Accounts Closure Programme will be revised for the 2009/10 final accounts process to enable monitoring to ensure that the statutory deadline is met. A diary date has been set to review this programme once it has been revised.

Most central recharges, e.g. insurance, will only be done as part of the year end procedure for 2009/10. The System Administrator has confirmed that consideration is being given to monthly / quarterly recharges for future years.

Whilst good back up arrangements were in place for the TOTAL system, and work on detailed procedure notes was ongoing, the business continuity plan still needs to fully address the loss of skilled staff.

Data Quality arrangements were largely in place, although further improvements could be made.

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1.3 Follow-up audits

1.3.1 A running progress report is kept of all Priority 1 and 2 recommendations outstanding. All outstanding audit recommendations, including all recommendations made in reports issued in this quarter, have now been input on to the Covalent performance software. This will streamline the monitoring process. All those recommendations still outstanding, with a target date up to 31 December 2009, are detailed at Appendix B.

1.4 Issues arising from outstanding recommendations

1.4.1 As previously reported to the Committee, a backlog of outstanding recommendations arose from 2007/08 and 2008/09, when there were a number of key posts vacant in the Council, particularly in the Finance department and in the then Regeneration department (now Development Strategy). This backlog has now largely been cleared. 18 long standing recommendations have been implemented since we reported last quarter: 6 of these related to Finance and MIS recommendations, 1 to Legal Services, 5 to Policy & Performance, 3 to Development Strategy and 3 were Corporate recommendations. Further progress has been made on some of the remaining recommendations. Overall, there is only 1 Priority 1 recommendation outstanding and 16 Priority 2 recommendations outstanding from those reported last quarter. In addition, 5 of the 17 “new” recommendations, becoming due in this quarter, have also been implemented. This leaves a total of 28 audit recommendations overdue as at 31st December 2009, compared to the 50 overdue recommendations reported as at 31st March 2009.

1.4.2 Corporate Team have considered the outstanding recommendations. No recommendations have been proposed for cancellation or deferral. However, 2 recommendations are no longer applicable, as they have been superseded by more recent recommendations from the Audit Commission.

2.0 EXTERNAL AUDIT

2.1 The Audit Commission issued a report on the Use of Resources 2008/09, considered by the Audit Committee at their meeting on 22nd December. The Annual Audit Letter 2008/09 was published in December and circulated to all Members, with a covering letter from the Acting Chief Executive. The Annual Audit Letter is to be considered as a separate item on this agenda.

3.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN

3.1 We achieved 75% of planned audit work for the first three quarters of the year, compared to the target of 90%. A summary of the audit performance measures is attached at Appendix C. This level of audit coverage is reasonable, given the level of responsive work undertaken. This has included

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audit of grant claims, verifying job evaluation salary costs and additional payroll checks once the job evaluation salary payments were made. We also exceeded the estimated time on some audits – particularly in reviewing the authorization of Concessionary Travel for both 2008/09 and the bulk issue of Vouchers / Rail Cards and Nowcard bus passes for 2009/10. Additional audit assurance has been sought from Lancashire County Council, who administer the payment to the bus operators on behalf of all the Cumbrian District Councils. Additional time has also been spent on progressing the business case for a Shared Internal Audit Service. This should, in the long term, result in audit efficiencies and in the provision of a more robust internal audit service. The input of the audit practitioners is required to ensure that these objectives can be delivered.

3.2 Work on the main financial systems is being completed ahead of schedule, to ensure all the main financial systems are audited by the end of the financial year. The previously postponed audits on Building Control [new software implementation was delayed earlier in the year] and on Leased Transport started in January. No non-audit work has been undertaken in the quarter.

3.3 It is necessary to review the audit plan for the remainder of the year and it is proposed (after consideration of risks and impacts) to reschedule the following audits until the main financial systems work has been completed:-

- Development Control [new software implementation was delayed]
- Asset Management [Revised Asset Management Plan not yet produced]
- Information Systems / ICT Strategy [Buy in computer auditor]
- Economic Development Projects
- Parks & Open Spaces – Nursery / Control of Stock
- Corporate Business Continuity Arrangements.

3.4 The risk attached to the deferred audits and the action to address this is shown in the table below:-

Deferred audit	Risk	Proposed action
Development Control	None. New system only went live on 14 th December 2009. No impact on financial systems. Full functionality of system not yet implemented.	Full audit will be undertaken in first quarter of 2010/11.

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Deferred audit	Risk	Proposed action
Asset Management	<p>Low. External Audit have already made recommendations for improvement as part of the 2008/09 Governance report, received March 2009. A follow up of these recommendations is undertaken quarterly. Revised Asset Management Plan has not yet been produced.</p>	Will undertake audit once the main financial systems are completed and the revised Asset Management Plan has been drafted.
Information Systems/ ICT Strategy	<p>Low. As part of the requirements of Government Connect (compliance with the Code approved at the end of September 2009), a full IT security inspection was carried out by an independent IT firm.</p>	<p>The new Marketplace purchasing system, currently being piloted, was audited by a bought in computer auditor in December 2009. Report to be issued in January 2010. Further work on ongoing compliance with the IT Security Policy will be undertaken by a bought in computer auditor in the final quarter of 2009/10.</p>
Economic Development Projects	<p>Low. Some grant claim work already undertaken in 2009/10. Some capital schemes also tested for compliance with Contract Standing Orders and budgetary control, as part of the Creditors audit [report to be drafted in January 2010].</p>	Further project management will be reviewed once the main financial systems are completed.
Parks & Open Spaces – Nursery / Control of Stock	<p>Low. This was requested by the Service Manager. However, value of stock is not material, benchmarking of the service cost is satisfactory and the service has won national awards.</p>	This would be a low priority audit and will be subject to risk assessment in the review of the audit plan for 2010/11.

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Deferred audit	Risk	Proposed action
Corporate Business Continuity Arrangements.	<p>Medium. Loss of IT facilities has been subject to a specialized computer audit review in 2008/09 and has been fully tested, with successful restore of servers and communication lines in 2009/10. Plans are in place for loss of premises and of key staff. These have been tested as a desk exercise.</p>	Further review to be undertaken in the first quarter of 2010/11.

4.0 STAFFING ISSUES

- 4.1 As previously reported, an Audit Technical Officer successfully applied for the Financial Services Technical Officer post. The Audit Technical Officer post became vacant on 14th September. Given the move towards shared services for internal audit, and the need to maintain the flexibility of staffing arrangements, the Head of Finance and MIS advised the Vacancy Management (officer) Panel that the vacant post should be filled by a secondment or temporary contract until 31st March 2010. An agency arrangement commenced on 12th October to fill this post.
- 4.2 Progress on the business case for shared services for internal audit with the County Council and Carlisle City Council was reported to the Audit Committee on 22nd December and will be considered as a separate item on this agenda.

5.0 CONCLUSION AND RECOMMENDATION

- 5.1 There is now some slippage on the Audit Plan, so work is being focused on the main financial systems and then the reprioritized remaining audits. Progress continues to be made on outstanding audit recommendations and the backlog of recommendations due to previously vacant key posts has now almost been cleared.
- 5.2 It is recommended that Members note this report and approve the rescheduling of audits listed at paragraph 3.3.

List of Appendices: Appendix A – Key Findings Quarter 2
Appendix B – Outstanding Key Recommendations
Appendix C – Performance Indicators

Background papers: None
Officers Consulted: Corporate Team
Management Group [on Appendix B]

KEY RECOMMENDATIONS FROM REPORTS ISSUED
[Bold text in brackets shows the management response]

P1 & P2 AUDIT RECOMMENDATIONS ONLY

BENEFITS 2009/10

- (P2) That, the System Support Officer at Carlisle City Council should regularly report leavers/movers and that these employees are made dormant on the Academy system.
[System in place at Carlisle City to notify Copeland Borough Council of movers/leavers]
- (P2) That, the workload of the nominated officer for appeals is reviewed in line with the number of appeals received and with any backlog arising.

CASH RECEIPTING 2009/10

- (P2) That, the procedures regarding the secure mailbox are complied with, to ensure that there are always 2 officers present to collect and record mailbox deposits.
- (P2) That, to reduce the risks at 1.5 above, current and future staffing levels of the cash office are appropriate, to ensure adequate verification checks and separation of duties can be observed. If this is not possible, then management spot checks will need to be introduced, (including monitoring of customer complaints).
- (P2) That, the email from Allpay is sent to a group of staff at Copeland Borough Council, to include officers in the Cash Office, Recovery Section and I.T section.
- (P2) That, for business continuity, a second officer is trained to take over the responsibilities of checking and, if required, manually downloading the Allpay postings when the ICT System Support Officer is not available.
[Documentation and training to be given by S Harrison, procedure also to be included in the ICT Handbook and Business Continuity/Disaster Recovery plans]

PAYROLL 2009/10

- (P2) That, consideration be given to setting total monthly credit and debit limits and individual credit and debit transaction limits within the BACS system.
[Agreed in principle. Will look at limits once JE is implemented and back-pay awarded]

KEY RECOMMENDATIONS FROM REPORTS ISSUED
[Bold text in brackets shows the management response]

SUNDRY DEBTORS 2009/10

- (P2) That, a further training session on the Debt Recovery Handbook is given.
- (P2) That, the Debt Recovery Handbook be amended to clarify the position that the first reminder will be issued 37 days after the due date and that is reflected in both the flow chart and in the text at paragraph 4.1.
- (P2) That, if the pro forma for cancellations is not authorised and/or gives insufficient detail to enable the invoice to be identified, then the Sundry Debtors System Administrator should contact the source department to ensure that the pro forma is completed, before entering the cancellation on the system.
[With immediate effect]

MAIN ACCOUNTING SYSTEM 2009/10

- (P2) That an email is issued to the management group to ensure that they notify the TOTAL System Administrator of any changes in a user's job role / department which requires an amendment to that user's access rights.
[With immediate effect]
- (P2) That a reminder be sent to Accountancy staff for journals over £30,000 to be fully documented and independently checked and countersigned by a senior accountancy officer. This should be supported by management spot checks.
[Agreed. The TOTAL System Administrator is compiling procedure notes relating to journals and these will include clear instructions for journals over £30K. Once finalised, these will be circulated to the team and included in the Finance Procedures Manual]
- (P2) That a further reminder about data security issues should be accompanied by Management spot checks.
[With immediate effect]

Audit Recommendations - Overdue

Report Type: Actions Report


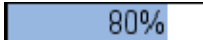

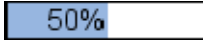
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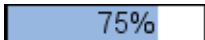

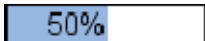
SUMMARY OF OVERDUE RECOMMENDATIONS		
	Priority 1	Priority 2
Total Overdue Recommendations as at 30/09/09	3-1 N/A=2	33
“New” Recommendations due in Quarter 3	4-1 N/A=3	13
TOTAL RECOMMENDATIONS TO BE IMPLEMENTED Q.3	5	46
IMPLEMENTED FROM LAST QUARTER’S REPORT	1	17
“NEW” BUT IMPLEMENTED THIS QUARTER	2	3
Total implemented in the Quarter	3	20
CANCELLED SINCE LAST QUARTER	0	0
OUTSTANDING FROM LAST QUARTER	1	16
OVERDUE RECOMMENDATIONS ADDED THIS QUARTER	1	10
Total Overdue Recommendations as at 25/01/10	2	26


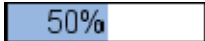

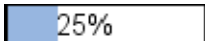


Code & Title **AR-C Corporate**

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-C_11 Following work undertaken on Equality & Diversity in 2007/08, all Equality and Diversity Impact Assessments to be completed.	2	Head of Legal & Democratic Services		31 Mar 2009	Corporate Governance 2007/08	<p>17 Dec 2009 -- Only a small number now remaining to be completed</p> <p>15 Jul 2009 -- Situation remains as at 8/4</p> <p>08 Apr 2009 Progress continues to be made. Any outstanding Equality Impact Assessments will be timetabled for 2009/10.</p> <p>12 May 2008 Complete all EIAs in 2008/09.</p>
	AR-C_15 A corporate resource plan should co-ordinate the resources needed to ensure there is the capacity to deliver the Authority's objectives to timescale.	2	Performance Manager; Head of Policy & Performance		30 Jun 2009	Statement of Internal Control 2006/07 (revised March 2009)	<p>08 Jan 2010 A new Corporate Implementation Plan (CIP) is being prepared for 2010/11 which will drive corporate projects. As there are only 3 months left of this financial year no further work is being done on developing the current resource plan which is based on the current CIP.</p> <p>28 Oct 2009 PIDs are being created for Corporate projects identifying resources</p> <p>30 Jul 2009 A corporate resource plan based on the Corporate Improvement identifies projects along with departments involved but does not yet quantify / timetable resources needed.</p>


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-C_30 Concern about the use of interim, agency and temporary staff.	2	Chief Executive		30 Nov 2009	Annual Governance Statement May 2009	<p>25 Jan 2010 Appointments have been made to key posts. The Job Evaluation exercise has been completed and implemented. A structured approach is taken to vacancy management. Corporate Team review all vacancies and evaluate the best options. For example, it may be advantageous to have temporary staff to complete "one-off" projects at times of peak workload.</p> <p>06 Jul 2009 Chief Executive to review recommendations and formulate a proposed way forward.</p>


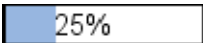
Code & Title **AR-CS Customer Services**



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-CS_51 That alternative arrangements be agreed for Academy and Northgate systems in case of an IT Disaster situation.	2	Head of Customer Services		31 Mar 2009	IT Arrangements for Business Continuity 2008/09	<p>13 Jan 2010 Contract now signed with Allerdale for the provision of a shared IT system which will provide business continuity</p> <p>14 Sep 2009 If shared service is pursued this is more than adequately covered</p> <p>08 Apr 2009 Being considered as part of the Shared Services arrangements.</p> <p>10 Oct 2008 Business Continuity Team (no ICT involvement).</p>
	AR-CS_61 That all claims for single persons discount should be reviewed on an annual basis. If this is not practicable, a rolling programme of single person discount reviews should be set up in the Academy system.	2	Revenues & Benefits1(AS) Team Leader		31 Dec 2009	Council Tax 2008/09	<p>25 Jan 2010 Data re Single Person Discount was included in the National Fraud Initiative exercise for 2009/10 and the Fraud Team have been investigating any anomalies arising.</p> <p>18 Feb 2009 Automated reviews to be set up early in the new financial year (2009/10).</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-CS_73 That written procedures are reviewed and updated, as appropriate, following any review of the Concessionary Travel Scheme. Even if there are no changes, the date of the procedures should be updated as evidence that they reflect the current scheme.	2	Customer Services Team Leader		31 Dec 2009	Concessionary Travel 09/10	17 Dec 2009 Procedures currently being amended with PI team 25 Sep 2009 In consultation with the Accountancy Services Manager.
	AR-CS_74 That the Customer Services Team Leader is trained in obtaining reports from C-Travel and in reconciling these with Nowcard records. Any discrepancies should be notified to Nowcard.	2	Customer Services Team Leader		31 Oct 2009	Concessionary Travel 09/10	17 Dec 2009 Reporting system has just been finalised - training planned for new year. 25 Sep 2009 A Fearon agreed to give training
	AR-CS_87 That the workload of the nominated officer for appeals is reviewed in line with number of appeals received and with any backlog arising.	2	Head of Customer Services		31 Dec 2009	Benefits Audit 2009/10	11 Jan 2010 Additional resources have been identified at Carlisle to address the backlog.



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_030 That staff who have not attended a Data Protection course, should attend one of the in-house sessions being run in 2007/08.	2	Accountancy Services Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #e0e0e0; position: relative;"> 20% </div>	31 Jul 2007	Creditors System 2006/07	<p>23 Dec 2009 A course was run in November, however due to pressing work commitments and oversubscription, only one of the five members of staff booked for the course attended. Further courses will be held in February, May and August 2010 and all Finance team members who have not attended a similar course in the last 2 years have been asked to ensure they book a place on one of these.</p> <p>22 Sep 2009 Course dates are not yet available - the need for Finance team members to attend this training has been flagged with Human Resources and training solutions.</p> <p>07 Apr 2009 Prioritisation of the shutdown of 06/07, 07/08 and now 08/09 accounts has delayed implementation of this action. This will be picked up again once shutdown pressures ease.</p> <p>01 Dec 2008 Requested that Accountancy be notified when the next training sessions are run.</p>


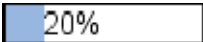
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							02 Oct 2008 Unable to attend 2008 sessions to date.
	AR-F&MIS_059 That the induction process for new employees should include an awareness of Financial Regulations and the relevant written procedures, where appropriate.	2	Accountancy Services Manager		31 Jan 2008	Creditors 2007/08	<p>24 Dec 2009 Workload pressures arising from budget setting, finance team restructure and benefits inspection have delayed further progression of this. Ad hoc training is given when a requirement is identified and the Financial regulations are available on both the external website and the intranet on the recently updated Finance pages. Work on the review of the Financial Regulations will take priority, once this is complete developing a finance training package will recommence.</p> <p>22 Sep 2009 Now that the 08/09 audit is materially complete, work on reviewing the Financial Regulations, including updating the training pack, will commence.</p> <p>24 Jul 2009 Financial Regulations are to be reviewed. Training will then be delivered.</p> <p>03 Apr 2009 Prioritisation of the closedown of 06/07, 07/08 and now 08/09 accounts has delayed work on the Financial Regulations and training. This will be picked up again once</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>closedown pressures ease.</p> <p>01 Dec 2008 Financial Regulations documents have been printed for the 2 new Accountancy postholders. This needs to be extended to new starters in all departments, with regular training sessions. Training is in the pipeline for February / March 2009.</p> <p>02 Oct 2008 No new appointments to date</p>
	<p>AR-F&MIS_070 That time is taken to review the workload and assign priorities.</p>	<p>2</p>	<p>Accountancy Services Manager</p>		<p>30 Mar 2008</p>	<p>Creditors 2007/08</p>	<p>24 Dec 2009 A draft restructure report has been prepared and, subject to consultation with team members and the Unions, will be going to Personnel Panel in January 2010.</p> <p>22 Sep 2009 Workload and priority setting is being reviewed as part of the restructure work ongoing within Finance. This should be finalised within the next few weeks.</p> <p>07 Apr 2009 As per recommendation AR-F&MIS_066 prioritisation of the closedown of 06/07, 07/08 and now 08/09 accounts has delayed addressing this action point. This will be picked up again as part of an overall review of duties scheduled to</p>




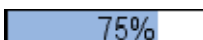
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>take place after the audit of 2008/09 Financial statements is materially complete.</p> <p>01 Dec 2008 Accountancy Services Manager and Financial Accountant will be in post 15/15/08.</p> <p>02 Oct 2008 No further action pending closure of accounts and filling of vacant posts (2 Accountants)</p>
	<p>AR-F&MIS_077 That a supervisory spot check of write offs and cancellations of debt.</p>	<p>2</p>	<p>Accountancy Services Manager</p>		<p>29 Feb 2008</p>	<p>Sundry Debtors 2007/08</p>	<p>18 Jan 2010 The Credit note report has now been completed. It will be run this week for April to December and thereafter on a monthly basis. The checks will be undertaken by the SAO - Treasury Management & Insurance.</p> <p>23 Dec 2009 The write offs check for the year to date is currently up to date and spot checks will take place on a monthly basis. Work continues on the production of a cancellations report, expected completion is now 31st January 2010.</p> <p>26 Oct 2009 No further update.</p> <p>27 Jul 2009 A write-off report generated by the Debtors system will be compared to the Recovery section's list of</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>authorised write-offs. A cancellations report will be generated and compared to the hard copy requests for cancellations. To be implemented by end of September 2009.</p> <p>07 Apr 2009 Prioritisation of the closedown of 06/07, 07/08 and now 08/09 accounts has delayed further consideration of how this action can be addressed. This will be picked up again once closedown pressures ease and procedures, once agreed, documented.</p> <p>15 Oct 2008 The Recovery section sends the Accountancy Services Manager monthly reports to review the write-offs. A cancellation report needs to be forwarded for review as from 1/1/09.</p> <p>30 Apr 2008 Paul Robson to receive write-offs and cancellation report at period end, and check the transactions on system. All write-offs over £1000 to be checked, then one in ten.</p>
	AR-F&MIS_094 That a business continuity plan is drawn up to manage the risk of loss of skilled staff.	2	Accountancy Services Manager		31 Jul 2008	Main Accounting System 2007/08	24 Dec 2009 A draft restructure report has been prepared and, subject to consultation with team members and the Unions, will



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>be going to Personnel Panel in January 2010.</p> <p>29 Sep 2009 Key Business continuity documents (Treasury, Banking, Insurance, Creditor payments, Contact details) have been drafted (copy of document uploaded to Covalent). These will be updated at regular intervals and included in the Financial Procedures Manual (currently being drafted). A restructure of the Finance team is currently underway - business continuity is a key consideration in this process.</p> <p>07 Apr 2009 Work is ongoing on the Finance Continuity plan (including detailed procedure notes), however prioritisation of the closedown of 06/07, 07/08 and now 08/09 accounts has delayed work on this. This will be picked up again once closedown pressures ease.</p> <p>25 Feb 2009 Team structure updated Jan 09. A key element of plan is a comprehensive set of procedure notes; the Finance Team in process of compiling these - this is a lengthy ongoing exercise which will continue to be progressed</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>during and beyond closedown 2008/09.</p> <p>01 Dec 2008 Accountancy Services Manager and Financial Accountant in post 15/12/08. Workload priorities will then be reviewed.</p> <p>02 Oct 2008 No further progress pending closure of accounts and vacant posts (2 Accountants)</p> <p>30 Apr 2008 Loss of premises and back up for IT systems are covered. Further work to be undertaken in relation to loss of skilled staff. Staff appraisal results and review of staffing structure will feed into this.</p>
	<p>AR-F&MIS_096 Ensure the Council's progress on having clear info on costs and comparative info is used in a comprehensive manner to review value for money within services and corporately, esp in regards to exp of users and communities in rel to service effectiveness.</p>	<p>2</p>	<p>Accountancy Services Manager</p>		<p>30 Sep 2008</p>	<p>Annual Audit and Inspection Letter March 2008</p>	<p>24 Dec 2009 Recharges has been identified as a key area for 09/10 closedown and this will be considered in detail when relevant members of the Finance Team meet in January to review the process. Equally, work continues on consideration of options in relation to time recording systems which could be used to provide more detailed information on which to base relevant recharges (see 09.AS_2.4 re time management project).</p>


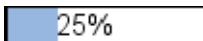
Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>08 Oct 2009 Now the 2008/09 Financial Statements have been audited and signed off, work is recommencing on reviewing the Financial Ledger coding structure. This, combined with Finance's involvement in the Time Management Project (see 09.AS_2.4), will enhance the accuracy of recharges and ensure coding of income and expenditure within the ledger is sufficiently detailed and structured to enable the production of relevant and timely information which can be used to review value for money within services and corporately.</p>
							<p>09 Apr 2009 Priority is the 2008/09 Final Accounts.</p>
							<p>25 Feb 2009 Linked with AR-F&MIS_001. Ongoing - the need to deal with urgent issues such as the 2006/07 & 2007/08 audits and 2009/10 budget has delayed this. Finance continue to improve structure within ledger to ensure that reporting of financial data is relevant and timely. Meetings to be arranged to discuss how to progress this.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>01 Dec 2008 Accountancy Services Manager and Financial Accountant will be in post from 15/12/08. A meeting will be set up early in 2009 to progress unit costing.</p> <p>02 Oct 2008 No further progress pending closure of accounts and filling of vacant posts (2 Accountants)</p> <p>21 May 2008 A Task Group has been set up to identify unit costs and to establish best practice to assist in reviewing value for money in service delivery.</p>
	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>24 Dec 2009 Meetings re Treasury Management 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_158 Budgets should be linked to the MTFS, to business and activity plans, to operational activity indicators that lead indicators of spend and to risk assessments of material items of revenue and	2	Head of Finance and Management Information Systems		31 Dec 2009	Use of Resources 2007/08 March 2009	<p>25 Jan 2010 Managers have been fully involved in the 2010/11 budget build, based on service planning and linked to the Medium Term Financial Strategy. Improved capital</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	capital income and expenditure.						<p>project monitoring procedures are now in place and volatile revenue budgets have been identified and are closely monitored. However, unit costs are still to be developed consistently across the Council's activities.</p> <p>31 Mar 2009 T-Enabling board, integrating service planning with strategic planning, introduced in 3rd Quarter 2008/09. 2009/10 budget setting was in line with the amended MTFS, reflecting pressure from recession whilst protecting key services and plans. Corrected previous budget inconsistencies. Budget monitoring 2009/10 to include monthly exception reporting to CMT, in addition to quarterly reporting to the Executive. Reviewed land and property disposals in line with economic climate. Will prepare contingency plan for expected upturn and/or review alternatives. Budget cognizant of activity levels and budget adjusted accordingly e.g. increased investment in Housing Services (£250k), Planning establishment, Crematorium and Car Parking income. Searching for Best Value project underway in</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>support of vfm and spend comparators. Project to be completed within 2009/10 and to provide 2010/11 budget process with early indications of priorities. Workforce planning underway to match establishment to business requirements over time - target date of April 2010. Risk-based reserve established for 2008/09 (and revised for 2009/10) to reflect consideration of material risks to revenue budget achievement. Revised capital & revenue monitoring reporting format introduced in Q.2 2008/09, to facilitate scrutiny and flagging of variances in relation to income generation compared to budget. Budget monitoring format to be reconsidered during 2009/10. Corporate Improvement Board to be engaged in improvement planning / program monitoring.</p>
	<p>AR-F&MIS_181 The Anti-Fraud and Corruption Strategy should be reviewed and relaunched in 2009/10.</p>	<p>2</p>	<p>Audit Manager</p>		<p>31 Oct 2009</p>	<p>Corporate Governance 2008/09</p>	<p>24 Dec 2009 Anti-Fraud & Corruption Strategy was approved by Executive on 14th December. Intend to relaunch in February - will put full Strategy on the intranet and produce a summary guide.</p>


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>27 Nov 2009 Anti-Fraud & Corruption Strategy to be considered by Executive on 14th December.</p> <p>05 Nov 2009 Strategy considered Strategy considered by the Audit Committee on 4th November. To be submitted to the Executive for approval.</p> <p>12 Oct 2009 Revised Strategy to be submitted to the Audit Committee in November.</p> <p>29 May 2009 The Strategy will be reviewed and relaunched to Members, Management Group and in the core Team Brief (Team Talk). The copy on the intranet will be updated.</p>
	<p>AR-F&MIS_201 Improve the understanding and arrangements in place within Finance to produce the cashflow statement and supporting notes for 2009/10.</p>	<p>1</p>	<p>Head of Finance and Management Information Systems; Accountancy Services Manager</p>		<p>31 Dec 2009</p>	<p>Annual Governance Report September 2009</p>	<p>21 Jan 2010 The Cashflow Statement was discussed in the 1st Closedown meeting on 20/1/10. The principles are now thought to be understood but the intention is to bring forward the production of this Statement in the timetable, so it leaves time for review and approval.</p> <p>24 Nov 2009 Guidance has been sought from peer authority in respect of the methodology they use. CBC will consider using the indirect method for producing CFS in</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							2009/10, reflecting upon 2008/09 experience. Briefing session to be arranged with Audit Commission to assist learning.
	AR-F&MIS_206 Periodically review the list of unrepresented cheques to identify ones that are greater than six months old and assess whether these should be cancelled.	2	Head of Finance and Management Information Systems; Accountancy Services Manager		30 Sep 2009	Annual Governance Report September 2009	<p>23 Dec 2009 Potential problem has been identified with the unrepresented cheques report, whereby previously actioned cancellations still seem to appear on subsequent unrepresented cheques reports. Still to be resolved. This is now tied into the review of the bank reconciliation overhaul as noted in AR-F&MIS_160. While no further progress has been made so far solutions will be incorporated into new processes currently being devised.</p> <p>24 Nov 2009 Technical Officer (Accountancy) to produce monthly unrepresented cheque analysis and liaise with relevant Service Managers to consider cancellation. Systems Accountant has also done some work on this. New Technical Officer in post, October 2009. This task will be addressed.</p>

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



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-LD_21 That a review of the tax deductions is undertaken, as payments for travel expenses in relation to electoral duties are liable for tax.	2	Head of Legal & Democratic Services; Elections & Emergency Planning Manager	<input type="text" value="0%"/>	31 Dec 2009	Elections Administration 2009/10	13 Jan 2010 Will be done before the next Elections
	AR-LD_22 That the Local / Deputy Returning Officer ensures that, for future elections, any tax deducted is paid within 6 weeks of the date of the election.	2	Head of Legal & Democratic Services; Elections & Emergency Planning Manager	<input type="text" value="0%"/>	31 Dec 2009	Elections Administration 2009/10	17 Dec 2009 -- Can only be done once an election is held

Code & Title **AR-PP Policy & Performance**


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-PP_01 Develop and agree a workforce strategy.	1	HR Manager	<div style="border: 1px solid black; width: 50px; height: 15px; background-color: #4F81BD; color: white; display: flex; align-items: center; justify-content: center;">50%</div>	30 Mar 2008	Annual Audit Letter March 2007 and Use of Resources 2007/08 March 2009	<p>18 Jan 2010 Target date now March 2010. People Strategy Group to meet twice in February 2010 to consider draft. Service Managers contributing workforce planning detail as part of service planning process.</p> <p>21 Oct 2009 New target date of 30 April 2010.</p> <p>18 Sep 2009 People Strategy Group has met to move project forward. Project plan to be developed and data collected in advance of main period of work once corporate Vision for 2010 onwards is clarified.</p> <p>24 Jul 2009 Work proceeding slowly, but needs to take account of organisational factors, including new Vision, resource pressures and agreed priorities.</p> <p>01 Apr 2009 Office working group has met and considered how to move forward with appropriate project management arrangements. Research under way.</p> <p>31 Mar 2009 Completion of</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>Workforce Plan has a revised target date of April 2010.</p> <p>09 Jan 2009 Good practice sought out and first meeting planned for project group.</p> <p>09 Oct 2008 Likely to start later in Qu 3 when most of Pay and Grading Review has been completed.</p> <p>18 Jul 2008 HR Manager's personal objectives based on this work starting "later in 2008"</p> <p>09 Jul 2008 Revised date for Copeland Workforce Strategy. Results of IIP show need for action in some parts of the organisation.</p> <p>24 Sep 2007 Cumbria People Strategy agreed and in place, to which Copeland has signed up. It is being monitored by countywide officer group.</p>
	<p>AR-PP_11 Ensure that the Council's overall arrangements for improving performance are reviewed and strengthened.</p>	<p>2</p>	<p>Head of Policy & Performance</p>		<p>31 Mar 2009</p>	<p>Annual Audit and Inspection Letter March 2008</p>	<p>18 Jan 2010 Use of Resources and Managing Performance judgements recognise progress in arrangements for improving performance. Choosing to Change programme will contribute to improved performance in a number of areas.</p> <p>18 Sep 2009 Annual arrangements for planning and</p>



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>monitoring performance are in progress. Improvement plans from Use of Resources, Managing Performance etc.being created and agreed as they are received. Service improvements are being delivered through a range of internal and external resources including the PIT, technology projects, service reviews and external expertise, with encouraging improvements in service performance reported.</p> <p>24 Jul 2009 Systems in place to monitor and focus on performance. Action plans developed and monitored. Corporate Improvement Plan reports for first quarter in August 2009.</p> <p>01 Apr 2009 Service and corporate planning 2009/10 includes targets to improve performance in areas that need most focus, eg LDF, Strategic Housing, Financial Management, as well as partnership themes, such as health inequalities, worklessness and economic regeneration.</p> <p>09 Jan 2009 Development of data quality arrangements, performance reporting, review</p>


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>of improvement priorities by Corporate Team, update meetings at end of Qu2 undertaken by Acting Director.</p> <p>09 Oct 2008 Review of Corporate Plan under way. Employee Performance Management process in place and working correctly, with 6 month reviews about to start. External scrutiny being responded promptly.</p> <p>09 Jul 2008 Improvement Priorities plan produced. Will be monitored quarterly by Corporate Team.</p> <p>21 May 2008 Development of corporate improvement plan, with identified leads, deadlines and actions. Will monitor and report quarterly.</p>
	<p>AR-PP_12 Ensure stakeholders are consulted more fully regarding what they see as the Council's priorities.</p>	<p>2</p>	<p>Head of Policy & Performance</p>		<p>31 Mar 2009</p>	<p>Annual Audit and Inspection Letter March 2008</p>	<p>18 Jan 2010 Stakeholder consultation in progress or complete for budget proposals, Corporate Implementation Plan as well as service developments. Copeland Matters survey of readers in November 2009 confirmed Council priorities.</p> <p>18 Sep 2009 Plans in place for consultation with stakeholders in support of development of budget 2010/11 and the new Corporate Plan.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>24 Jul 2009 Plans being developed for budget and corporate plan consultation starting in Autumn 2009 involving public and partners.</p> <p>01 Apr 2009 Business Ratepayer consultation and public information provided on budget 2009/10. Council representatives attended public meetings on Nuclear Newbuild to hear views of affected communities.</p> <p>09 Jan 2009 No further progress with consultation on Council priorities. However Place Survey conducted during Qu3 which will provide context for future consultation exercises. Locality Working arrangements will facilitate this.</p> <p>09 Oct 2008 Budget consultation deferred until Jan 09. 6 priorities identified by public in 2007 in use to guide decisions about resources and planning improvements.</p> <p>21 May 2008 6 public priorities, identified at the end of 2007, to be developed as basis of Council plans and improvements.</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-PP_24 That the Data Quality training is cascaded down to all staff in the section.	2	HR Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #ccccff; display: flex; align-items: center; justify-content: center;">75%</div>	30 Apr 2009	Payroll 08/09	<p>18 Jan 2010 Further training to be commissioned in 2010.</p> <p>03 Nov 2009 Training has been attended by a further 2 HR officers. The 2 Payroll Officers are to attend the next training sessions to be provided.</p> <p>15 Apr 2009 Further data quality training planned for 2009/10 and budget allowed for in corporate training plan.</p>

Code & Title **AR-R Regeneration**

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-R_14 That project officers review the basic project management guidelines on the intranet. [Found under Finance & Business Devt / Business Devt / Procurement/ How to manage a project.	2	Economic Development Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #cccccc; position: relative;"><div style="background-color: #0056b3; width: 50%; position: absolute; left: 0;"></div></div> 50%	30 Sep 2007	Economic Devt. Projects / Administration of Grant Claims 07/08	<p>27 Jul 2009 This has been included in the Service Plan for 2009/10, to complete by March 2010.</p> <p>23 Mar 2009 The Corporate Team are reviewing the project and programme management framework and toolkit with a view to providing a clear Copeland framework that all staff will use and trained on.</p> <p>15 Jul 2008 The process of managing projects remains unchanged from last update</p> <p>09 Oct 2007 officers have access to the guidance but still using own best endeavours re real world project management issues. P Meadows working with Legal and Finance to better risk manage econ regen projects from inception stage.</p>
	AR-R_16 That officers involved in the admin. of grants should record the time spent against each grant project, as a basis for the calculation of the admin. fee.	2	Economic Development Manager	<div style="border: 1px solid black; width: 100px; height: 15px; background-color: #cccccc; position: relative;"><div style="background-color: #0056b3; width: 0%; position: absolute; left: 0;"></div></div> 0%	31 Oct 2007	Economic Devt. Projects / Admin. of Grant Claims 07/08.	<p>27 Jul 2009 Requirement will be included in the training and procedures as part of AR-R14. Implemented by March 2010.</p> <p>23 Mar 2009 Finance and Development services are planning to work together in</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							2009/10 to improve the accountable body role in line with the recruitment of a project accountant. 30 Jul 2007 Same recommendation made to Accountancy staff.
	AR-R_17 That supporting evidence of the admin. fee should be kept on the project file, alongside the claim.	2	Economic Development Manager	<input type="text" value="0%"/>	31 Oct 2007	Economic Devt. Projects / Admin of Grant Claims 07/08	27 Jul 2009 Will be included in the training and procedures as part of AR-R14. Implemented by March 2010. 09 Apr 2009 Finance and Development Services are planning to work together in 2009/10 to improve the Accountable Body role, in line with the recruitment of a project accountant.

AUDIT PERFORMANCE INDICATORS – 1 APRIL TO 31 DECEMBER 2009

Indicator Audit Services:	2008/09		2009/10 Target	Key PI Ref.	2009/10 Actual to Date
	Target	Actual			DECEMBER
% of monthly audit plan completed	90%	66%	90%	AFP.01	75% *****
Direct audit time as a % of total time	68%	57%	68%		64% ***
% of 12 fundamental systems audited against plan	100% <u>by 31 March</u>	69%	100% by 31/3/09		75% *
% of other systems audited against plan	70%	57%	70% by 31/3/09		50% **

* 11 fundamental system audits were due to be completed by the end of December [4 Brought forward from 2008/09 plus Capital Accounting, the Final Accounts Process, Council Tax, Benefits, Cash Receipting and Loans & Investments and NNDR.]

12 were completed. Final reports have been issued for all except Loans & Investments and NNDR. Final reports have also been issued ahead of schedule for the Sundry Debtors, Payroll and Main Accounting audits. The Loans & Investments audit and NNDR audit have been completed and draft reports issued. Work is also nearing completion on the Creditors audit.

** 12 non-fundamental systems were due to be audited by the end of December. 6 were completed. Audits on Asset Management, Leased transport and the ICT Strategy have been deferred until the main system audits are completed. The Marketplace Purchasing System has been audited by the bought-in computer auditor, assisted by the internal audit section. The draft report will be issued in January. The implementation of the new Building Control System and Development Control System had been delayed, so these audits will be done later in the year.

*** Direct audit time was slightly below target, arising from the first quarter due to the annual risk assessment and audit planning work being delayed to May, preparation of annual reports for Audit Committee, annual staff appraisals and additional time being spent on progressing the business case for a Shared Internal Audit Service.

***** Slippage against plan due to some audits over-running the estimated time [Budget process, Capital Accounting, Improvement Grants, Corporate Governance, Capital Accounting, Concessionary Travel and responsive work on grant claims and implementation of the Job Evaluation pay scales.].
One Audit Technical Officer post was vacant from 11/9/09 – 13 audit days lost.
Agency staff started 12/10/09.

23/12/09