

AUDIT & GOVERNANCE COMMITTEE 13 November 2014
AUDIT MONITORING REPORT: September – October 2014

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1.0 INTERNAL AUDIT WORK COMPLETED IN PERIOD (SEPTEMBER – OCTOBER 2014)

1.1 This report summarises progress on internal audit work in the period (September – October 2014).

Final risk-based audit reports

1.2 Three final reports for 2014/15 have been agreed and summaries are attached at **Appendix A**.

Full copies of these reports are available to Members of the Committee.

Assurance levels were as follows:

Refuse collection & recycling – Reasonable (see Appendix A – 1)

Copeland Pool extension – Substantial (see Appendix A – 2)

Petty Cash Follow Up – Reasonable (see Appendix A – 3)

1.3 Data for the National Fraud Initiative was uploaded to the NFI website in early October and matches will be available for investigation in January 2015. Data matching in order to identify Single Person Discount (SPD) fraud is now being undertaken annually so relevant information will be uploaded in December 2014 when new Electoral Roll is available. The SPD matches are uploaded via the Flexible Matching Service so matches are available almost immediately for investigation by the Revenues and Benefits Shared Service.

1.4 Progress against individual audits in the 2014/15 plan is set out in the table below. This is shown against the original planned schedule. The plan comprises 17 risk-based audits (R) and 3 cyclical audits (C) of fundamental systems. There is also provision for follow up work on 2 audits completed in 2013/14 where the assurance level was less than reasonable – these are Housing Options and Petty Cash.

1.5 Some work originally scheduled in Q1 and Q2 was deferred at Copeland management's request: It was not possible to undertake reviews of Refuse Collection and Parks & Open Spaces in Q1 following management changes/restructuring. Refuse Collection has been carried out in Q2 and the audit of Parks/Open Spaces will be carried out in Q3 in a single review with the Crematorium and Cemeteries as these services ("Parks Services") are jointly managed.

1.6 The audit of change management was suspended for a four week period at the Chief Executive's request following the departure of the lead officer on this project. The audit was restarted after four weeks and a draft report will shortly be agreed. The issue of the draft report has been delayed by unavoidable unplanned staff absence.

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1.7 The following audits could not be undertaken in Q2 as originally envisaged:

- Contract management of RBSS – to allow time for RBSS to implement the action plan following external consultant’s review. It has been agreed with S 151 Officer that this review will be scheduled for April 2015 so outcome can still be included in Internal Audit annual report.
- Information Security/Records management – initially no officer was in place to lead on this area but an appointment has now been made. They will still need time to develop their role.
- IT Strategy – the original scope of this audit was to review the implementation of the IT Strategy but after meeting with the Director of Resources and Strategic Commissioning it was agreed to amend scope to look at the project management arrangements to develop and roll out a strategy. This audit has not progressed as information to support the project management of the Strategy has not been provided in spite of several reminders.
- Communications - no officer was in place to lead on this area.
- Performance management – at scoping meeting with Chief Executive it was agreed to reschedule this audit for Q3 so that evidence of performance management in 2014/15 could be reviewed.

1.8 It has been possible to bring forward the audit of the Copeland Pool extension and complete the two follow up reviews earlier than planned, but the overall impact has been to move a significant amount of additional work into the last two quarters of the year. As the annual Internal Audit opinion is not required until May 2015 it is envisaged that at least 2 reviews will now be carried out in April/May 2015.

1.9 Even with this option, the changes/delays to work may impact on the delivery of the full audit plan and the efficient use of Internal Audit resources. We are continuing to monitor the delivery of the plan closely. The current position on all planned work is set out below:

| | Qtr 1 (Apr – June) | Status |
|----|---------------------------------------|--|
| R1 | Freedom of Information Act compliance | Final report issued 15 September 2014. |
| R2 | Change management | Draft report issued 24 October 2014 |
| R3 | Refuse Collection* | Final report issued 6 October 2014. |
| R4 | Parks & Open Spaces* | Following scoping meeting on 23 September 2014, this will be carried out as single review with audit of Crematorium & Cemeteries entitled “Parks Services”. Client Notification issued 23 October 2014 Draft report due 28 February 2015 |
| R5 | External funding | Final report issued 11 September 2014. |

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| | Qtr 2 (July – Sept) | |
| R6 | Customer Services/Access Strategy | Draft report issued 23 October. |
| R7 | Contract management – RBSS | Now moved to April 2015 at request of Acting S.151 Officer. |
| R8 | Information Security / Records management | Agreed with Acting S.151 Officer to move to Q4. |
| R9 | IT Strategy support to service plan - | Identified as risk for IA review in 13/14 but deferred pending development of IT Strategy. Scoping meeting held 11 August with interim Director of Resources & Strategic Commissioning. Audit scope issued 27 August 2014 (reflects fact that Strategy still in development). Draft report was due 30 Sept 2014 but lack of provision of information to IA has delayed this review. The Interim Director is reviewing resources within IT to ensure information is provided as soon as possible. |
| R10 | Communications | Internal Audit advised that CLT agreed in July 2014 a review of Communications including a replacement Head of Communications – so requested to move review to Q4. Chief Executive to agree scope |
| R11 | NCL contract management | Client notification issued 11 August 2014. Work to commence late October 2014. Draft report due 30 November 2014. |
| R12 | Performance management | Client notification issued 15 October 2014. Draft report due 30 January 2015. |
| | Qtr 3 or 4 (Oct – Mar 2015) | |
| R13 | Beacon - New operating arrangements | Client notification issued 1 October 2014. Draft report due by 30 January 2015. |
| R14 | Accommodation strategy | Scoping meeting requested 20 October 2014. |
| R15 | Cemeteries & Crematorium | See R4 above. This review will be combined in single “Parks Service” audit. |
| R16 | Partnership governance | Last audit only completed Apr 2014 so will be Q4. |
| R17 | NCL Pool extension | Final report issued 3 November 2014. |
| C1 | Payroll | Cyclical audit but was previously done annually Q4 review. |
| C2 | Sundry debtors | Client notification issued 20 October 2014. |
| C3 | Benefits | Cyclical audit but was previously done annually. |

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| | | |
|--|--|---|
| | | To be done jointly to cover CBC and Carlisle Q4 review. |
|--|--|---|

* CLT requested that these audits were not done in Q1 because of management changes in these areas. It was agreed that other audits would need to be brought forward to Q1 to ensure that work is reasonably spread across the year.

1.3 Overdue actions arising from audit reports

1.3.1 In future reports it has been agreed that reporting on overdue actions will be done by the S.151 Officer on behalf of the Council as Internal Audit is not responsible for implementing recommendations and updating their status on the Covalent system.

Priority 1 and 2 recommendations still outstanding, with a target date for completion of 30 September 2014, are set out at **Appendix B**. These include recommendations made by both internal and external audit and from AGS Action Plan (if due). There are 24 overdue recommendations overall.

1.3.2 There are 5 overdue Priority 1 recommendations of which 2 are brought forward from the last report. The recommendations still shown as outstanding on Covalent are:

Brought forward from last report (2)

Housing Options

- Improvements must be made to ensure the efficient and effective use of the rent deposit scheme by completing the 14 milestones.

9 of the 14 milestones within this recommendation have been completed.

Revs and Bens Shared Service (external audit recommendation)

- Review all modified schemes to confirm that expenditure to be included in the 2013/14 claim is correctly classified as modified schemes.

New overdue recommendations (3)

AGS actions

- Counter Fraud and Corruption Strategy to be updated following CIPFA guidance on Counter Fraud.

Revs and Bens Shared Service (external audit recommendations)

- Ensure that benefits assessors correctly assess cases which include non-dependents so that benefit is awarded at the correct rate.

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- Provide training to benefits assessors undertaking assessments with War Disablement Pensions (modified schemes) to ensure the correct amount of pension is input into the assessment.

1.3.3 There are 19 Priority 2 overdue recommendations.

2.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN

2.1 Internal Audit performance measures are set out at Appendix C.

3.0 CONCLUSION AND RECOMMENDATION

3.1 It is recommended that Members note this report.

List of Appendices: Appendix A – Summaries of final reports agreed in period
Appendix B – Overdue recommendations
Appendix C – Performance measures

Background papers: None

Consultees: Corporate Leadership Team

1. Background

- 1.1. Waste and Recycling collection is a key statutory service in Copeland Borough Council with a financial budget of £2.48m for 2014-15 and budgeted income of £977k (recycling sales & credits, trade & bulky income). This area has not had an Internal Audit review for some time and was identified as a risk by management for 2014/15 plan.
- 1.2. Waste Services provide a range of services directly to the Council's residents, visitors and businesses. The main areas of service are refuse collection, recycling and environmental cleaning comprising the following functions:
- A regular refuse collection for the 33,000 (approx.) homes in the Borough;
 - A regular dry kerbside recycling service for approximately 30,000 homes in the Borough for paper, glass and cans;
 - 38 Community recycling points throughout the Borough for a range of materials including paper, cans, glass, plastic, card, textiles and WEEE (electrical recycling);
 - Promoting sustainable waste management.

2. Assurance Opinion

- 2.1. From the areas examined and tested as part of this audit review, we consider the current controls operating within Refuse Collection and Recycling provide **REASONABLE** assurance.

Comment from the Head of Service – Interim Head of Copeland Services

The report has been completed in discussion with the service manager and head of service and therefore recommendations, some of which had been acknowledged and were already in the service plan for 2014/15 have been agreed. I am confident that the required actions will be completed within the agreed timescales.

3. Summary of Recommendations, Audit Findings and Report Distribution

3.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

3.2. There are **6** audit recommendations arising from this audit review and these can be summarised as follows:

| Control Objective | No. of recommendations | | |
|--|------------------------|----------|----------|
| | High | Medium | Advisory |
| 1. Management - achievement of the organisation's strategic objectives achieved | 0 | 1 | 0 |
| 2. Regulatory - compliance with laws, regulations, policies, procedures and contracts | 1 | 2 | 0 |
| 3. Information - reliability and integrity of financial and operational information | 0 | 0 | 2 |
| 4. Security - safeguarding of assets | 0 | 0 | 0 |
| 5. Value - effectiveness and efficiency of operations and programmes | 0 | 0 | 0 |
| Total Number of Recommendations | 1 | 3 | 2 |

3.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Annual service plan agreed and communicated to all staff;
- The Council has a system in place to have any changes cleared by Legal Services prior to implementation;
- Plans are available which detail how the Council would address any additional service requirement including new housing developments;
- There is regular monitoring of the recycling markets. This includes monitoring of the markets and forecasting for any likely changes;
- Income forecasts against budget are regularly updated to reflect changes and reported to CLT to determine any action;
- There is an accessible website/email/phone number for the public to report any complaints;
- The budget is clearly linked to service delivery requirements;
- There is a reliable round planning system in place;
- Industry benchmarking exercises are undertaken to identify any opportunities for process improvement and/or cost reduction;
- Regular reports are provided to management of complaints from the public including resolution;
- There is regular review of arrangements with third parties to ensure prices paid to CBC are competitive;
- There is an adequate maintenance agreement in place which ensures all vehicles are regularly serviced;

- There are a sufficient number of vehicles in place to provide business continuity in case of mechanical failure of existing fleet;
- There is documented safe working procedures held for staff reference;
- Appropriate safety training is provided to all staff on a regular basis (including before starting work at induction);
- Appropriate safety equipment is provided to all staff;
- A register of incidents is maintained and reported to HSE if necessary;
- The Council holds the appropriate insurance in case of a potential claim;
- Services are quantified in value terms and subject to Council Standing Orders on letting of contracts;
- Adequate records are maintained of all tonnages for which recycling credits are payable and independent quarterly checks are made by Cumbria County Council.

3.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements:

3.4.1. *High priority issues:*

- There is currently no contract in place for the disposal of green waste with the current service provider. Given the value of work the contract will need to be formally tendered.

3.4.2. *Medium priority issues:*

- The Business Continuity Plan needs to be updated to reflect relevant information and current procedures in case of any emergency situations;
- Arrangements should be put in place to ensure that any existing contracts are retendered on a timely basis prior to the expiry of existing contracts;
- There should be documented plans in place detailing how the Council will meet or how they are working towards the statutory national target of collecting four recyclables by January 2015.

3.4.3. *Advisory issues:*

- Management has identified that the systems in place for recording real time information and standard performance data are inadequate and require replacement. This issue is being addressed as part of the Council's overall transformation programme. It is noted in this report as an advisory issue as no firm timescale has been set and therefore risks will remain until this is resolved.
- The Environmental Service Charter providing service standard details should be included on the website for customer reference.

4. Matters Arising / Agreed Action Plan

4.1. Management - achievement of the organisation's strategic objectives.

● **Medium priority**

| Audit finding | Management response |
|--|--|
| <p>(a) Updating Business Continuity Plan (BCP);</p> <p>The Department has a Business Continuity Plan in place. However, it was noted that the plan was last updated in March 2011 and requires updating to reflect current information and procedures. It was evident that a review of the BCP document has taken place. However, the review has not been concluded. The Business Continuity Plan is an essential part of any organisation's response planning. It sets out how the business will operate following an incident and how it expects to return to 'business as usual' in the quickest possible time afterwards.</p> <p>Recommendation 1:</p> <p>Management should ensure that the Department's Business Continuity Plan is reviewed and updated on a regular basis to ensure that it accurately reflects current information and procedures. This will ensure that the Council and staff are fully aware of any actions to be taken in the event of an incident.</p> | <p>Agreed management action:</p> <p>The Department's Business Continuity Plan will be reviewed and updated.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Take longer to respond to the incident; • Take longer to recover critical functions; | <p>Responsible manager for implementing: Acting Waste and Enforcement Manager</p> <p>Date to be implemented: 31 October 2014</p> |

4.2. Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● High priority

| Audit finding | Management response |
|---|--|
| <p>(a) Formal contracts are made on completion of any contract letting / tendering process; Management advised that the Council has no contract in place for the disposal of green waste with the current service provider. It was realised that because of its monetary value, this work should have been subject to competitive tender and the agreement of a formal contract. Initially this was progressed via the Cumbria Waste Partnership with a view to tendering for a Cumbria wide framework agreement. This was advertised on the Procurement Chest in 2012 but no bidders came forward and it was withdrawn. This was thought to be because most providers of this service are small and local and could not readily comply with the requirements. Following this a joint approach was developed with Allerdale Borough Council but it was decided not to pursue this.</p> | <p>Agreed management action: The provision for green waste disposal will be put out to tender under OJEU rules as the expected contract value is estimated to be above the relevant monetary threshold over a 3 year term. Following the tender award, a formal contract will be agreed with the successful contractor.</p> |
| <p>Recommendation 2: Management should ensure that high value contracts are formally tendered and that formal contracts are in place for all service areas. The contracts should be legally binding and include sufficient detail relating to all areas of the service. The documents should be formally agreed and signed by both parties.</p> | |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Legal challenge and possible adverse publicity; • Lack of clarity over respective responsibilities; • Service can be withdrawn at any time with no prior warning, causing service issues; | <p>Responsible manager for implementing: Acting Waste and Enforcement Manager</p> <p>Date to be implemented: 1 March 2015</p> |

● **Medium priority**

| Audit finding | Management response |
|---|---|
| <p>(b) The tendering process should be carried out prior to the contract expiring;</p> <p>The Bring Sites contract is currently out to tender for the Waste Department. It was noted that the current contract expired in February 2014, however, it was ascertained that the tendering documents were not released until August 2014. Although the Department has negotiated an extension to the contract the tendering process should have been completed prior to the expiry of the contract.</p> | <p>Agreed management action:</p> <p>1 A list of contracts with duration/expiry dates will be maintained and reviewed on a regular basis so that any retendering can be arranged on a timely basis.</p> |
| <p>Recommendation 3:</p> <p>Management must ensure that all future tendering of contracts are carried out in a timely manner and prior to expiration of a current contract. This will ensure that the Council has an appropriate contract in place for service delivery.</p> | <p>2 The re-tendering of the Bring Sites contract is now in progress with a timetable set out for the award and start of new contract.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • No ownership of issues; • Service can be withdrawn at any time with no prior warning, causing service issues; • Increased scope for subsequent difference; • Legal challenge and possible adverse publicity. | <p>Responsible manager for implementing: Acting Waste and Enforcement Manager</p> <p>Date to be implemented: 31 October 2014</p> |

● Medium priority

| Audit finding | Management response |
|--|--|
| <p>(c) The Council has plans in place to ensure they have the ability to collect the recyclables as required by law;</p> <p>New government targets have been set which will require Councils to collect four recyclables by January 2015, as long as this is technically, environmentally, economically and practical ("TEEP"). The Council must be able to demonstrate that it has reviewed its provision against this "TEEP" test.</p> <p>The new government targets were considered by CLT in March 2014. Management advised Internal Audit that some aspects of the government policy in this area were still being clarified and that further guidance was likely.</p> <p>Copeland Borough Council currently collects three recyclables (paper; metal cans and glass) and management are confident that the target can be achieved and that good progress is being made towards this (which is acceptable although evidence of this is required). The plans which are currently in place include the replacement of two vehicles which are due for renewal in early 2015. This provides the Council with the ideal opportunity to look at other types of vehicles which provide a different service in collecting recyclables. All of the details discussed are in the early stages of development and there is no documentary evidence available to substantiate how the Council will meet the targets.</p> | <p>Agreed management action:</p> <p>A project outline will be produced to set out how the Council is working towards implementing this target and how the "TEEP" test has been undertaken.</p> <p>This will then be further developed into a Project Initiation Document (PID).</p> <p>It is intended that a formal report will be presented to CLT on this area and also a briefing for Members.</p> |
| <p>Recommendation 4:</p> <p>Management must document how they are to meet or working towards the statutory target of January 2015.</p> | |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • The statutory target is not met and the Council is penalised; • The Council is unable to demonstrate 'working towards' the target; | <p>Responsible manager for implementing: Acting Waste and Enforcement Manager</p> <p>Date to be implemented: 30 November 2014</p> |

- Adverse publicity for the Council.

4.3. Information - reliability and integrity of financial and operational information.

● **Advisory issue**

| Audit finding | Management response |
|--|--|
| <p>(a) Systems used for recording real time information and standard performance data are inadequate;</p> <p>Management has advised Internal Audit that the systems used for recording real time information and standard performance data are no longer fit for purpose. There is an over reliance on large/complex excel spreadsheets which are not sufficiently robust or reliable. The Missed Bins process fails in terms of customer service as it is paper-based and there is a need for the information to be returned in more real-time rather than the current maximum 24 hours as the current system is having a detrimental effect on the level of service the customer is receiving. This issue is being addressed as part of the Council's overall transformation programme. It is noted in this report as an advisory issue as no firm timescale has been set and therefore risks will remain until this is resolved.</p> | <p>Agreed management action:</p> <p>The Head of Service will ensure that the implementation of a more robust and reliable system for waste management is clearly timetabled in the Council's overall change/transformation programme.</p> |
| <p>Recommendation 5:</p> <p>Given the critical nature of the existing information systems and their limitations, it is essential that a clear timescale is agreed for their replacement.</p> | |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Loss of information; • Duplication of work, not efficient use of resources; • Failure to meet the performance indicators set due to delays in the process. | <p>Responsible manager for implementing: Interim Head of Copeland Services</p> <p>Date to be implemented: 31 October 2014</p> |

● **Advisory issue**

| Audit finding | Management response |
|--|--|
| <p>(b) The Environmental Service Charter providing service standard details should be included on the website for customer reference;</p> <p>The website was reviewed as part of the audit process. It was noted that the Environmental Service Charter was not included on the Copeland Borough Council website which should provide service standard details for customer reference. It was found that the Waste Department has completed their section of the Charter. However, the remainder of the document is work in progress for other Departments to complete.</p> | <p>Agreed management action:</p> <p>The Head of Service will liaise with the service managers of the other two departments to ensure that they provide details of service standards so that the Environmental Service Charter can be publicised on the CBC website.</p> |
| <p>Recommendation 6:</p> <p>Management must ensure that the Environmental Service Charter is completed as a matter of urgency. The Charter should be displayed on the website for customer reference detailing Copeland Borough Council service standards.</p> | |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Customers unaware of service standards; • Possibility of increased complaints due to lack of awareness of service standards. | <p>Responsible manager for implementing: Interim Head of Copeland Services</p> <p>Date to be implemented: 31 December 2014</p> |

1. Background

- 1.1. Leisure – Contract Management - Swimming Pool Extension is important to the organisation because this is a major investment by the Council in conjunction with a strategic partner. The audit review is to ensure that this significant contract has appropriate governance arrangements in terms of compliance with Council procedures and in meeting the requirements of external funders (Copeland Community Fund / Sport England).
- 1.2. The Council has revised the outsourcing arrangements for delivery of its sports and leisure assets to maximise access to affordable physical activity and sports by residents most in need of health and wellbeing support.
- 1.3. The Council has as part of the budget reduction strategy looked at ways to continue its sport and leisure provision at reduced subsidy and re-negotiated its sport and leisure contract with North Country Leisure. These revised arrangements incorporated the building and operation of a fitness extension to the Copeland Pool, as described in the Project Initiation Document (PID) which formed part of the Copeland Pool Extension report which went to Full Council on 12/09/13.

2. Assurance Opinion

- 2.1. From the areas examined and tested as part of this audit review, we consider the current controls operating within Leisure – Contract Management - Swimming Pool Extension provide **SUBSTANTIAL** assurance.

Comment from the Chief Executive

The Audit highlights this Council capital project has been effectively delivered. The procurement strategy and contract standing orders are regularly reviewed and the Council's Delivering Differently approach is currently enabling this procurement review. Management actions will ensure delivery of the recommendations.

3. Summary of Recommendations, Audit Findings and Report Distribution

3.1. There are three levels of audit recommendation; the definition for each level is explained in **Appendix B**.

3.2. There are two audit recommendations arising from this audit review and these can be summarised as follows:

| Control Objective | No. of recommendations | | |
|--|------------------------|--------|----------|
| | High | Medium | Advisory |
| 1. Management - achievement of the organisation's strategic objectives achieved | - | - | - |
| 2. Regulatory - compliance with laws, regulations, policies, procedures and contracts | - | 1 | 1 |
| 3. Information - reliability and integrity of financial and operational information | - | - | - |
| 4. Security - safeguarding of assets | - | - | - |
| 5. Value - effectiveness and efficiency of operations and programmes | - | - | - |
| Total Number of Recommendations | - | 1 | 1 |

3.3. **Strengths:** The following areas of good practice were identified during the course of the audit:

- Clear objectives and outcomes have been defined at the initial stages of the project by the business case and Project Initiation Document and these clearly link to the Council's priorities;
- Costs of the project have been calculated and, although the submitted tenders were higher than initially projected, external funding was obtained to support this cost;
- Formal approval for the project has been given by the appropriate governing body (Full Council);
- An experienced project management team has been established with clear roles and responsibilities;
- A contracts management process is in place where the work flow steps effectively mirror the contracting process, key milestones have been identified and effective control mechanisms are in place. Contractual terms are clearly defined;
- Regular monitoring reports are made to the Leisure Management Contract Partnership Meetings;
- Risk assessments have been undertaken to identify and prioritise areas of risk. Escalation and reporting routes are in place for risk governance;
- Accurate financial reporting is possible because the project can be clearly identified on the TOTAL financial management system;

- Tenders have been evaluated on the basis of the most economically advantageous for the Council (best combination of price and quality);
- Payments require appropriate authorisation and clear budget monitoring processes are in place; and
- Terms and conditions of the external funding have been reviewed and understood/risk assessed. These terms have been met during the initial construction stages of the project.

3.4. **Areas for development:** Improvements in the following areas are necessary in order to strengthen existing control arrangements but these do not impact directly on the assurance for this specific project:

3.4.1. *High priority issues:*

- No issues have been identified.

3.4.2. *Medium priority issues:*

- Contract Procedure Rules and the Procurement Strategy 2010/13 need revision to reflect the current Procurement service level agreement with Cumbria County Council.

3.4.3. *Advisory issues:*

- An out dated version of the Contract Procedure Rules is available on the Council's external website and these should be replaced.

4. Matters Arising / Agreed Action Plan

4.1. Regulatory - compliance with laws, regulations, policies, procedures and contracts.

● **Advisory issue**

| Audit finding | Management response |
|--|--|
| <p>(a) Out-dated Council procedures available on the external website.</p> <p>Contract Procedure Rules were approved by Full Council on 14/06/12 and are available on the Council's internal intranet. However, an older version of the rules (8th Draft Revision 28 July 2010) is available on the external website and should be replaced.</p> <p>Recommendation 1:</p> <p>Contract Procedure Rules should be updated on the Councils' external website.</p> | <p>Agreed management action:</p> <p>To put the most up to date contract procedure rules on the external website.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Staff / Public refer to out dated versions of the Council's policies and procedures; Policies and procedures do not reflect the current practices; | <p>Responsible manager for implementing:</p> <p>Legal Services Manager</p> <p>Date to be implemented:</p> <p>11/2014</p> |

● **Medium priority**

| Audit finding | Management response |
|--|---|
| <p>(b) Council procedures do not reflect current working practices.</p> <p>Contract Procedure Rules were approved by Full Council on 14/06/12 and are available on the Council's internal intranet. However, the rules need to be reviewed and updated to reflect the current working practices and the Procurement service level agreement that is currently in place with Cumbria County Council.</p> <p>Contract Procedure Rules Page 11 Para 8 "The 'Chest' Supplier / Buyer Portal" and Page 20 Para</p> | <p>Agreed management action:</p> <p>1</p> <p>a) To update the existing contract procedure rules to reflect the impact of the Chest as a procurement tool and the role of the CC procurement team in the tendering and tender opening process.</p> |

| | |
|---|---|
| <p>15.2 “Submission and Opening of Quotations and Tenders” reflect the use of The Chest (the North West's Local Authority Procurement Portal) in the tendering process; however, there is no reference to Cumbria County Council now carrying out the procurement service for CBC.</p> <p>Tenders for the swimming pool extension have been submitted in a Read Only format (pdf) but they have been opened by only one officer. The details were recorded on the evaluation matrix spreadsheet rather than the Supplier Selection Forms and the details were forwarded to the project evaluation team for assessment. This is not strictly in line with the Contract Procedure Rules, as Tenders over £75k should be opened in the presence of at least two officers, one of whom should be the Head of Service or their representative. However, as the tenders were submitted from The Chest and in a Read Only format there was no risk of the tenders being altered. However, there is a requirement to clarify within the Contract Procedure Rules the role of The Chest and CCC Procurement Team in the tendering and tender opening process.</p> <p>The Council's Procurement Strategy 2010/13 (Version 2 – updated September 2010) needs revising as it also does not reflect the current arrangement for procurement services between the Council and Cumbria County Council.</p> | <p>b) Take to Executive by January 2015 for ratification of these changes.</p> <p>2</p> <p>a) To complete the review activity on the procurement strategy already being undertaken as part of Delivering Differently.</p> <p>2) To amend the standing contract orders as necessary from this review.</p> <p>c) To take the updated procurement strategy and updated standing contract orders to Executive by March 2015..</p> |
| <p>Recommendation 2:</p> <p>Contract Procedure Rules and the Procurement Strategy 2010/13 should be reviewed and updated to reflect the current working practices and the current Procurement service level agreement with Cumbria County Council.</p> | |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> • Staff refer to out dated versions of the Council's policies and procedures; • Policies and procedures do not reflect the current practices; | <p>Responsible manager for implementing: Interim Director of Resources and Strategic Commissioning Date to be implemented: 03/2015</p> |

1. Background

- 1.1. Petty Cash is held to provide employees with cash to meet minor expenditure on behalf of the Council. An internal audit review of petty cash was carried out in 2013/14 and the final report was issued on 20 November 2013. A partial assurance level was allocated and 7 recommendations were agreed by management to improve controls. This follow up review assesses the implementation of recommendations.

2. Assurance Opinion

- 2.1. From the areas examined and tested as part of this follow up review, we consider the implementation of the Petty Cash 2013/14 Audit Action Plan now provides **REASONABLE** assurance. Of the 7 recommendations made 3 have been fully implemented, 3 have been partially implemented but the recommendation on the closure of accounts still requires completion. All of the remaining recommendations are currently being reviewed by a working group which has been looking at processes within the Cash Office. It is envisaged that the recommendations which have been partially implemented will be fully implemented once the training pack and updates to associated paperwork has been finalised by the Finance Department and this will include staff training.
- 2.2. Only the 4 recommendations still requiring further action are included in Section 3 – Previous recommendations and agreed action plan.
- 2.3. **Progress Made:** The following areas of progress were identified during the course of the review:
- The Petty Cash procedures have been updated and placed on the intranet;
 - The authorisation list held in Finance for petty cash accounts has been updated but requires further updating with the aid of Departmental Managers to ensure that the members of staff included on the list are correct for each Department;
 - A Cash Office working group has been established to review the number of petty cash accounts held within the Council. It is anticipated that the accounts will be reduced from 15 to 7 by 31 March 2015.
 - A reminder has been sent to Heads of Service from Finance informing them of updates to the petty cash procedures.
- 2.4. **Work Still Required:** Improvements in the following areas remain outstanding:
- Appropriate training should be provided to staff who administer petty cash so they can correctly apply the revised procedures;
 - The current paperwork (vouchers) is being reviewed as part of the process. Management should ensure that staff only use the revised paperwork and all obsolete paperwork is destroyed.
 - Management need to ensure that proposed reduction in petty cash floats is achieved by the target date

Comment from the Head of Customer & Community Services

The follow up report appears a fair reflection of issues and progress made. The Cash Office review group will pick up the key recommendation of reducing numbers of accounts held and add some additional streamlining into the process.

3. Previous Recommendations and Agreed Action Plan (where some action still required)

3.1. Petty Cash 2013/14 Audit Action Plan

● Medium priority

| Previous Audit finding | Management response |
|---|--|
| <p>Recommendation 1:</p> <p>Procedures need to be updated to reflect current practices and Financial Regulations. Once updated, the procedures should be circulated to the appropriate staff and made available on the intranet for future reference.</p> | <p>Agreed management action:</p> <p>Procedures will be updated and circulated to appropriate staff and made available on the Intranet for future reference.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> The correct procedures are unknown to staff; and processes are being carried out not in accordance with current procedures and Financial Regulations. | <p>Responsible manager for implementing:</p> <p>Accountant, Financial Reporting & Technical</p> <p>Date to be implemented:</p> <p>28 February 2014</p> |
| <p>Current status:</p> <p>The procedures for petty cash have been updated by the Finance Department (in conjunction with the main float holder in Customer Services) to reflect current practices and the Financial Regulations. A reminder email was sent to the Leadership and Management Group on 05/09/14 with the following attachments: updated petty cash procedures, updated petty cash reimbursement request and updated float change request. The updated procedures have been placed on the intranet for staff reference. However, the update to the procedures has not been circulated to staff involved in the process so there is a risk that they are unaware that the procedures have changed.</p> | |
| <p>Conclusion:</p> <p>A copy of the updated procedures should be circulated to staff who administer petty cash and any necessary training should be provided.</p> | <p>Further action required?</p> <p>Yes – see conclusion</p> |

| Previous Audit finding | Management response |
|--|---|
| <p>Recommendation 2:</p> <p>Staff listed as responsible for petty cash should be included on the authorised signature list held in Finance.</p> | <p>Agreed management action:</p> <p>Responsible Staff to be included on the authorised signature list.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Unauthorised staff operating the petty cash accounts without the permissions to do so. | <p>Responsible manager for implementing:</p> <p>Accountant, Financial Reporting & Technical</p> <p>Date to be implemented:</p> <p>28 February 2014</p> |
| <p>Current status:</p> <p>The authorised signatory list which is held in Finance has been reviewed and amended. However, during the review of a small sample it was found that the list held may require further updating (this will be for Department Managers to decide) as at least one member of staff was issuing petty cash who was not on the list.</p> | |
| <p>Conclusion:</p> <p>The authorisation list held in Finance for petty cash accounts requires further updating with the assistance of Departmental Managers to ensure that the members of staff included on the list are correct. Any subsequent changes to staff operating petty cash accounts within Departments should be reported to Finance to enable any updates to be made.</p> | <p>Further action required?</p> <p>Yes – see conclusion</p> <p>The Accountant-Financial Reporting and Technical informed Internal Audit that the one member of staff identified in audit testing has now been added to authorised list, but a full review is still appropriate.</p> |

| Previous Audit finding | Management response |
|---|--|
| <p>Recommendation 3:</p> <p>Consideration should be given to: Reducing the amount of Petty Cash Accounts held within the Council by closing accounts that have not been used in the previous 3 months.</p> | <p>Agreed management action: Proposal to Corporate Leadership Team to reduce to 5 only.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Increased risk of cash being misplaced/stolen; Costs not being paid via more appropriate channels (ie Accounts Payable); Inefficient and potentially costly processes continue. | <p>Responsible manager for implementing: Head of Corporate Resources (now left)</p> <p>Date to be implemented: 31 March 2014</p> |
| <p>Current status:</p> <p>One account has been closed since the previous audit review. The petty cash account held for Environmental Health was closed on 11/06/14 as the department has moved to the Moresby Office where one float is used by all departments. The Cash Office working group is currently reviewing the number of accounts which remain in operation. Management anticipate that the number of petty cash floats will be reduced from 15 to 7 by 31 March 2015.</p> | |
| <p>Conclusion:</p> <ul style="list-style-type: none"> Management need to ensure that proposed reduction in petty cash floats is achieved by the target date. | <p>Further action required? Yes – see conclusion</p> |

| Previous Audit finding | Management response |
|--|---|
| <p>Recommendation 6:</p> <p>Access to petty cash accounts should be restricted to those authorised and included on authorised signature list.</p> | <p>Agreed management action:</p> <p>To be incorporated into revised procedures and circulated to appropriate staff and made available on the Intranet for future reference.</p> |
| <p>Risk exposure if not addressed:</p> <ul style="list-style-type: none"> Petty cash is being accessed by staff members who do have the appropriate permissions to do so; Risk of theft increased as there is no control over the cash held. | <p>Responsible manager for implementing:</p> <p>Heads of Service</p> <p>Date to be implemented:</p> <p>28 February 2014</p> |
| <p>Current status:</p> <p>During the follow up review a sample of vouchers were checked against the authorised signatory list for petty cash accounts. It was noted that at least one petty cash account was being accessed by a member of staff that was not listed on the authorised signatory list held in Finance.</p> | |
| <p>Conclusion:</p> <p>The authorisation list held in Finance for petty cash accounts requires further updating with the assistance of Departmental Managers to ensure that the members of staff included on the list are correct. Once updated Managers should ensure access is only available to those members of staff stated on the authorised signatory list. Any subsequent changes to staff operating petty cash accounts within Departments should be reported to Finance to enable any updates to be made.</p> | <p>Further action required?</p> <p>Yes – see conclusion.</p> |

Audit Recommendations – Overdue (Sorted as Managed By)


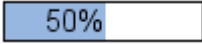




Report Type: Actions Report

Report Author: Audit Manager




| SUMMARY OF OVERDUE RECOMMENDATIONS | | |
|---|------------|------------|
| | Priority 1 | Priority 2 |
| Total Overdue Recommendations as at 31/07/14 | 2 | 23 |
| "New" Recommendations due in the period | 5 | 3 |
| TOTAL RECOMMENDATIONS TO BE IMPLEMENTED | 7 | 26 |
| | | |
| IMPLEMENTED FROM LAST AUDIT REPORT | | 5 |
| "NEW" BUT IMPLEMENTED BY PERIOD END | 2 | 2 |
| Total implemented in the Period | 2 | 7 |
| CANCELLED SINCE LAST AUDIT REPORT | | |
| | | |
| OUTSTANDING FROM LAST AUDIT REPORT | 2 | 18 |
| OVERDUE ADDED THIS PERIOD | 3 | 1 |
| Total Overdue Recommendations as at 03/11/14 | 5 | 19 |


Covalent holds all recommendations from Internal Audit, External Audit and those included in the AGS Action Plan.



| Managed By Democratic Services Manager | | | | | | | |
|---|--|----------|-----------------------------|---|-------------|--------------------------------|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | 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 |  | 31-Mar-2012 | Members' Allowances 2011/12 | 12-Sep-2013 Only a small number of outside bodies and members involved. |
| | | | | | | | 09-Sep-2013 To be completed by December 2013. |
| | | | | | | | 13-Jul-2012 To be in place December 2012 |
| | | | | | | | 05-Apr-2012 To be in place by October 2012 |
|  | AR-LD_056 The Financial Regulations on the Council's Constitution need to be updated so that the latest version [2012] is shown. | 2 | Democratic Services Manager |  | 31-May-2014 | Creditor Payments 2013/14 | |
|  | AR-LD_059 HR should notify FoI Officer via leaver's memo detailing leavers of CBC/Shared Service. Enabling the FoI Officer time to replace and provide training. It's advisable there should be more than 1 FoI Champion in departments, to | 2 | Democratic Services Manager |  | 31-Jul-2014 | Freedom of Information 2014/15 | 17-Sep-2014 Human Resources to add the Democratic Services Manager to the distribution list of leavers to ensure that new Freedom of Information Champions are appointed and that a |

| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|----------------|-----------------------------|----------|------------|--------------|----------|-------------|--|
| | ensure business continuity. | | | | | | reserve is also in place for each service area. |


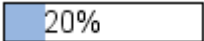
| Managed By Director of Resources & Strategic Commissioning | | | | | | | |
|---|--|----------|---|--------------------------|-------------|-------------------|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-F&MIS_315 Responsibility for monitoring that aggregated orders do not exceed the tendering limit is appropriately assigned after the departure of the Interim Technical Accountant. | 2 | Director of Resources & Strategic Commissioning | <div><div>0%</div></div> | 30-Apr-2013 | Creditors 2012/13 | 22-Jul-2014 Will be completed as part of the review of the Procurement Strategy by the end of October. |

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| Managed By Financial Reporting and Technical Accountant |
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| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|--|----------|--|---------------------------|-------------|---------------------------|--|
|  | AR-F&MIS_330 The Finance Department should formalise a procedure with the RBSS department. The procedure should ensure the Finance Department are informed of any staff changes that may affect access to the finance systems. | 2 | Financial Reporting and Technical Accountant | <div><div>30%</div></div> | 30-Jun-2014 | Creditor Payments 2013/14 | 04-Apr-2014 User list to be circulated to RBSS to confirm changes and included within GT review sheet. |


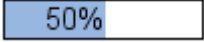
| Managed By Financial Services Manager | | | | | | | |
|---|---|----------|----------------------------|--------------------------|-------------|-------------------------------------|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-C_078 Counter Fraud and Corruption Strategy to be updated following CIPFA guidance on Counter Fraud. | 1 | Financial Services Manager | <div><div>0%</div></div> | 30-Sep-2014 | Annual Governance Statement 2014/15 | 15-Jul-2014 Updated Counter Fraud and Corruption Strategy. |
|  | AR-F&MIS_321 S:151 Officer should consider Copeland's strategy/approach under proposed new legislation and the current level of debt at Copeland. | 2 | Financial Services Manager | <div><div>0%</div></div> | 30-Sep-2013 | Debt Management Audit 2012/13 | 11-Jun-2013 Management Reports will be reviewed by D Law, A Brown, M Toner and E Turner. |


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| Managed By Head of Copeland Services; Director of Resources & Strategic Commissioning |
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| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|--|----------|--|---|-------------|--|--|
|  | 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 available to Members. | 2 | Head of Copeland Services; Director of Resources & Strategic Commissioning |  | 31-Dec-2012 | Landscape Management and Contracts 2011/12 | 22-Jul-2014 Interim Director of Resources is reviewing this as part of the Procurement Strategy |
| | | | | | | | 12-Sep-2013 Head of Corporate Resources has commissioned this work with Procurement, Work in Progress. |
| | | | | | | | 21-May-2012 Will be incorporated into the current review of the Constitution. |

Managed By Head of Copeland Services; Head of Customer and Community Services; Strategic Nuclear & Planning Manager; Head of Policy & Transformation; Director of Resources & Strategic Commissioning

| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|--|----------|--|---------------------------|-------------|--------------------------------|---|
|  | AR-PP_104 Managers should update Covalent regularly as stated in the Performance Management Framework. 8 Milestones are recorded on Covalent System. | 2 | Head of Copeland Services; Head of Customer and Community Services; Strategic Nuclear & Planning Manager; Head of Policy & Transformation; Director of Resources & Strategic Commissioning | <div><div>50%</div></div> | 31-Oct-2013 | Performance Management 2012/13 | <div>22-Jul-2014 Being reviewed Summer 14</div> <div>07-Oct-2013 Agreed – Update to be given to CLT & LMG regarding requirements.</div> |


| Managed By Head of Customer and Community Services | | | | | | | |
|---|---|----------|---|---|-------------|----------------------------------|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-DS_030 The Framework for Partnership Working should be made available on the Council's intranet for use by Managers. | 2 | Head of Customer and Community Services |  | 30-Jun-2014 | Partnership Arrangements 2013/14 | 29-Oct-2014 Review of previous framework completed. Revised framework now being produced. |
| | | | | | | | 12-May-2014 To put the Framework for Partnership Working on the Council's intranet. |


| Managed By Health & Safety Officer | | | | | | | |
|---|--|----------|-------------------------|---------------------------|-------------|---------------------------|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-LES_066 The Health and Safety Manual, Policy and all associated Procedures/Documents should be reviewed and updated in a timely manner. | 2 | Health & Safety Officer | <div><div>80%</div></div> | 31-Jan-2014 | Health and Safety 2013/14 | <p>09-Sep-2014 Several new documents have been produced and authorised and made accessible via the company intranet, these form the new Health and Safety File.</p> <p>15-Jul-2013 The recommendation has been split into 4 Milestones and will require support by Policy and Performance for corporate document and version control and by IT and Communications for intranet changes.</p> |


| Managed By Housing Services Manager; Housing Option Advisor Senior | | | | | | | |
|---|---|----------|---|---------------------------|-------------|--|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-DO_054 Improvements must be made to ensure the efficient and effective use of the rent deposit scheme by completing the 14 milestones. | 1 | Housing Services Manager; Housing Option Advisor Senior | <div><div>64%</div></div> | 31-Jul-2014 | Housing Options – Homelessness 2013/14 | <p>29-Oct-2014 The housing options service are working through the milestones - 9 of the 14 have been completed.</p> <p>04-Sep-2014 Recommendation 2 Milestone 9. It should be noted that the department cannot necessarily apply checks on welfare reform and spare room subsidy. These is a much wider policy issue and separate to the scheme. The affordability check will only consider the rent amount against an applicant's income. The criteria does also specify that Advisors will only consider lets that are a suitable size (e.g. a single person would not be given a rent deposit for a 3 bed</p> |

| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|----------------|---------------------|----------|------------|--------------|----------|-------------|---|
| | | | | | | | house) but there are occasions when Advisors will consider a two bed rental for a single person because supply of one bed properties isn't there. |

| |
|---|
| Managed By HR Manager; Director of Resources & Strategic Commissioning |
|---|



| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|---|----------|---|--------------------------|-------------|-------------------------------|--|
|  | 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 | HR Manager; Director of Resources & Strategic Commissioning | <div><div>0%</div></div> | 31-May-2011 | General Tax Issues 2010/11 | <div>22-Jul-2014 Ownership transferred to HR as part of the HR policy review.</div> <div>12-Sep-2013 Head of Corporate Resources to progress with Shared HR Manager when in post.</div> <div>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.</div> <div>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-</div> |



| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|--|----------|---|---------------|-------------|-------------------------------|---|
| | | | | | | | imbursement. |
|  | 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 received. | 2 | HR Manager; Director of Resources & Strategic Commissioning | <div>0%</div> | 31-May-2011 | General Tax Issues 2010/11 | 22-Jul-2014 Transferred to HR. |
| | | | | | | | 12-Sep-2013 Head of Corporate Resources to progress with Shared HR Manager when in post. |
| | | | | | | | 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. |



| Managed By Legal Services Manager | | | | | | | |
|---|---|----------|------------------------|---------------------------|-------------|---|---|
| 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 | <div><div>20%</div></div> | 31-Dec-2011 | Register of Gifts/Hospitality & Disclosure of Interests 2011/12 | <p>01-Aug-2014 Links to the Counter Fraud and Money laundering.</p> <p>11-Oct-2013 As 13/14.LEG.06. Work on policies ongoing with further officer meeting scheduled for 16/10/13. Likely completion date 30/11/13.</p> <p>12-Sep-2013 The Bribery Act Legislation will be incorporated into a revised Counter Fraud Policy for consideration by the Audit & Governance Committee 07/11/13. Following this it will be presented to the Executive and Full Council.</p> <p>08-Apr-2013 Several measures already exist to prevent bribery – financial regulations, code of conducts, vetting of staff as</p> |



| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|----------------|---------------------|----------|------------|--------------|----------|-------------|--|
| | | | | | | | <p>part of recruitment, transparency in publishing transactions over £500, contract procedure rules, etc. A risk assessment reviewing the risks which the Council might continue to be exposed to will be completed by the end of May. This review will identify any further amendments necessary to corporate documentation with approval then being sought to those amendments. The review will also identify any further training and publicity necessary and consider the timescale for future reviews of the prevention measures. It is aimed to have this process complete by the end July.</p> <p>05-Apr-2012 05/04/12: The Bribery Act 2010 affects three areas:</p> |


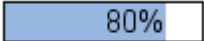
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|-------------|---------------------|----------|------------|--------------|----------|-------------|---|
| | | | | | | | <p>(a) the Council's codes of conduct; (b) the Council's procurement 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 the 30/09/12.</p> |

| Managed By Parks Manager | | | | | | | |
|---|---|----------|---------------|---|-------------|------------------------------|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-LES_046 Look at all options for the collection of income for Book of Remembrance applications. | 2 | Parks Manager |  | 31-Jan-2013 | Bereavement Services 2012/13 | 03-Sep-2013 Currently looking at Electronic registers system that would allow links for info needed to process BOR applications from Copeland Direct |
| | | | | | | | 08-Apr-2013 Extension of time has been given for this recommendation to 30/11/13 to allow for works to be carried out to the Copeland Centre reception area. |
| | | | | | | | 03-Apr-2013 The preferred option for all applications for B.O.R to be taken at the Copeland Centre with a new target date set for November 2013 |
| | | | | | | | 10-Jan-2013 Currently being looked at as part of transformation programme |
| | | | | | | | 02-Oct-2012 Look at options |


| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|---|--|----------|---------------|---|-------------|---|---|
| | | | | | | | with finance. |
|  | AR-LES_061 Ensure that members of the public, especially the recently bereaved are informed that all Book of Remembrance applications will only be accepted at the Copeland Centre or via post to the Copeland Centre. | 2 | Parks Manager |  | 30-Nov-2013 | Bereavement Services Follow Up Audit 2012 13. | 22-May-2013 Working with transformation team and crematorium staff to progress over the coming months |
| | | | | | | | 08-Apr-2013 Link in to transformation programme. |


| Managed By Revenues & Benefits Shared Services Manager | | | | | | | |
|---|--|----------|---|---------------------------|-------------|-----------------------------------|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-CS_158 The RBSS should ensure that all data, held electronically (including archived) or physically, is only retained as long as there is a business need to do so. | 2 | Revenues & Benefits Shared Services Manager | <div><div></div></div> 0% | 30-Jun-2014 | Civica Comino Application 2013/14 | 16-Oct-2013 The existing arrangements for data retention are to be reviewed to determine actions required to comply with the recommendation. Implementing the actions identified will be scheduled subject to workload and appropriate IT support. |
|  | AR-CS_159 The RBSS should ensure that retention schedules are consistent across all 3 Councils. All staff involved with the handling of data (whether electronic or physical) should be aware of data protection and retention requirements. | 2 | Revenues & Benefits Shared Services Manager | <div><div></div></div> 0% | 31-Jan-2014 | Civica Comino Application 2013/14 | 16-Oct-2013 The proposed retention period outlined of 6 previous years and current year data is to be considered for adoption by the Shared Service Joint Operational Board |

| Managed By Revenues & Benefits Shared Services Manager; Shared Services Benefits Manager | | | | | | | |
|--|---|----------|---|--------------------------|-------------|---|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-AC_046 Ensure that benefits assessors correctly assess cases which include non-dependents so that benefit is awarded at the correct rate. | 1 | Revenues & Benefits Shared Services Manager; Shared Services Benefits Manager | <div><div>0%</div></div> | 30-Sep-2014 | Grant Thornton Certification Report 2012/13 February 2014 | 15-Jul-2014 Mandatory training given through inclusion in annual training on income calculation. |
|  | AR-AC_047 Provide training to benefits assessors undertaking assessments with War Disablement Pensions (modified schemes) to ensure the correct amount of pension is input into the assessment. | 1 | Revenues & Benefits Shared Services Manager; Shared Services Benefits Manager | <div><div>0%</div></div> | 30-Sep-2014 | Grant Thornton Certification Report 2012/13 February 2014 | 15-Jul-2014 Training on income calculation and input has been given and will be refreshed on an annual basis. Appropriate guidance will also be provided due to the review of modified scheme cases as appropriate. |

| Managed By Revenues & Benefits Team Leader (TC) | | | | | | | |
|---|---|----------|-------------------------------------|---|-------------|------------------------|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-CS_133 The Sundry Debtor Handbook needs to be updated to reflect changes to the Council Structure. | 2 | Revenues & Benefits(TC) Team Leader |  | 31-May-2012 | Sundry Debtors 2011/12 | 13-Aug-2014 have been unable to obtain information regarding current Nominated Debt Officers I'll ask Department Managers who their current officer is when I sent the Aged Debt Report at the beginning of September 2014 |
| | | | | | | | 12-Feb-2014 will update changes to Council Structure and amend procedures by end of March 2014 |
| | | | | | | | 05-Apr-2013 Awaiting details from Finance re the Nominated Debt Officers for each Department. |
| | | | | | | | 16-Jan-2013 will contact Finance Section for update on Departments still raising invoices and names of Nominated Debt Officers for each Department |

| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|----------------|---------------------|----------|------------|--------------|----------|-------------|---|
| | | | | | | | 13-Jul-2012 will make a start on this ASAP |

| Managed By Shared Services Performance Manager | | | | | | | |
|---|--|----------|-------------------------------------|---------------|-------------|---|---|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-AC_048 Review all modified schemes to confirm that expenditure to be included in the 2013/14 claim is correctly classified as modified schemes. | 1 | Shared Services Performance Manager | <div>0%</div> | 31-Mar-2014 | Grant Thornton Certification Report 2012/13 February 2014 | 15-Jul-2014 100% Accuracy checks being undertaken, on a phased approach in 2013/14. |

| Managed By Transformation Programme Manager | | | | | | | |
|---|--|----------|----------------------------------|---------------------------|-------------|--|--|
| Status Icon | Action Code & Title | Priority | Managed By | Progress Bar | Due Date | Description | All Notes |
|  | AR-PP_089 The appropriate training is given to Copeland Direct Officers prior to Book of Remembrance applications being accepted at the Copeland Centre. | 2 | Transformation Programme Manager | <div><div></div>20%</div> | 30-Nov-2013 | Bereavement Services Follow Up 2012 13 | 03-Jul-2014 The project has been delayed but scheduled for the end of September. |

APPENDIX C
AUDIT & GOVERNANCE COMMITTEE 13 November 2014
INTERNAL AUDIT PERFORMANCE MEASURES (Q2 2014/15)

| KPI | Measure of Assessment | Target | <i>Actual performance data</i> |
|---|--|--|--|
| Output Measures | | | |
| <p>Planned audits completed</p> <p>To enable an annual opinion to be provided on the overall systems of risk management, governance and internal control.</p> | <p>% of planned audit reviews (or approved amendments to the plan) completed in respect of the financial year.</p> | <p>95% (annual per shared service agreement, 95% target reflects need for audit plans to be dynamic and respond to emerging risks).</p> <p>This indicator will be monitored and reported quarterly to ensure the plan is on track to be delivered.</p> | <p><i>Number of final reports planned by end Q2 -5</i></p> <p><i>Actual final reports – 4 (80% achieved)</i></p> <p>1 originally planned review not completed:- Change management.</p> <p>20 risk-based reports in plan – estimate of reports to be issued as follows – Q1 – 2; Q2 - 3; Q3 - 7; Q4 - 8.</p> <p>In addition, 2 follow up reports – both completed.</p> <p><i>Cumulative planned days to end Q2 – 189</i></p> <p><i>Actual days –165 (this does not include 20 days completing 13/14 work in 14/15)</i></p> <p>500 days in full 14/15 plan – estimated profile as follows (Q1 -80, Q2 - 109, Q3 - 126, Q4 – 145, Q1 15/16* - 40)</p> <p>* Now anticipate that approximately 40 audit days will need to be in Q1 of 15/16</p> <p>Cumulative (Q1 – 80, Q2 – 189, Q3 – 315, Q4 – 460)</p> |

APPENDIX C
AUDIT & GOVERNANCE COMMITTEE 13 November 2014
INTERNAL AUDIT PERFORMANCE MEASURES (Q2 2014/15)

| KPI | Measure of Assessment | Target | <i>Actual performance data</i> |
|---|---|---|---|
| Audit scopes agreed | % of audit scopes agreed with management and issued before commencement of the audit fieldwork | 100% Reported quarterly | <i>Actual – 100%</i> |
| Draft reports issued by agreed deadline | % of draft internal audit reports issued by the agreed deadline or formally approved revised deadline agreed by Audit Manager and client. | 80% (target is a reflection that this is a new way of working and deadlines may be impacted by several factors including client availability) Reported quarterly | <i>Actual -100%</i> |
| Timeliness of final reports | % of final internal audit reports issued for senior manager comments within 5 working days of management response or closeout. | 90% (target recognises that there may on occasion be delays in finalising reports, eg where further work is required to resolve matters identified at closeout meeting) Reported quarterly | <i>Actual – 100%</i> |
| Recommendations agreed | % of recommendations accepted by management | 95% quarterly (target reflects that it is management's responsibility to assess their risks and take final decision on whether risk may be accepted) | <i>Actual – 100%</i> |
| Follow up | % of high priority audit recommendations implemented by target date | 100% Quarterly | <i>See Appendix B – overdue actions arising from audit reports</i> |
| Assignment completion | % individual reviews completed to required standard within target days or | 75% (target reflects that this is a new way of working for the audit service and systems for monitoring time spent on assignments may | <i>Actual – 50% (2 out of 4 completed reports)</i> <i>One of these (FOI review) exceeded budget as a</i> |

APPENDIX C
AUDIT & GOVERNANCE COMMITTEE 13 November 2014
INTERNAL AUDIT PERFORMANCE MEASURES (Q2 2014/15)

| KPI | Measure of Assessment | Target | <i>Actual performance data</i> |
|--|--|---|---|
| | prior approved extension by Audit Manager | need to be further developed) Reported quarterly. | <i>result of delays/additional work in agreeing report.</i> |
| Quality Assurance checks completed | % QA checks completed | 100%. Reported quarterly | <i>Actual – 100%. QA checks completed as required.</i> |
| Customer Measures | | | |
| Post audit customer satisfaction survey feedback | % of customer satisfaction surveys scoring the service as 'good' | 80% (target reflects the need for internal audit to strive to deliver a customer focused service, but that due to the nature of internal audit roles and responsibilities, may not always elicit positive feedback) Reported quarterly | <i>Have issued 3 surveys to date re 2014/15 1 survey returned.</i> |
| People Measures | | | |
| Efficiency | % chargeable time | 80% (target takes account of non-chargeable activities such as staff holidays, service development projects and team meetings. Reported quarterly | <i>Actual YTD – 71% to be done for whole of IA This percentage is for all staff across IA Shared Service and is lower than target mainly because of time spent on relocation of Carlisle office, restructure of Finance Department and set up costs for new risk-based audit approach.</i> |