

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

**LEAD OFFICER:** Joanne Wagstaffe,  
Corporate Director, Resources & Transformation

**AUTHOR:** Peter Usher, Audit Manager

**1.0 INTERNAL AUDIT WORK COMPLETED IN QUARTER 4 2011/12**

**1.1 Final reports issued**

- Cash Receipting
- Creditors
- Electoral Registration
- Sundry Debtors
- Main Accounting Systems

At the end of the third quarter, all 12 fundamental systems have been audited and final audit reports agreed for 10 of these. A draft report on payroll was issued in February but a completed action plan has not been received from management. A draft report has not yet been issued on budget process, as testing on 12/13 budget loading cannot be completed until April.

Of the 28 other audits in the plan, final reports have been agreed for 16; 4 have been carried forward to 12/13 at Copeland's request; 3 have had draft reports issued, awaiting response; 5 are work in progress at 31 March – 4 of these are substantially complete. One audit (partnerships) could not be progressed as information was unavailable and the planned follow up in 11/12 will now be incorporated into the full audit in 12/13.

**1.2 Assurance on System Controls**

Key recommendations (those assessed as Priority 1 or 2) are set out at Appendix A. The overall evaluation of the system controls is summarised below.

**1.2.1 Cash Receipting**

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

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

The cash collection process and procedures were found to be of a good standard. Officers involved in the cash collection process are aware of new Financial Regulations and Scheme of Delegation approved by Full Council in December 2010 and August 2011 respectively.

Controls were operating well and cash, cheques and direct credits were promptly and accurately recorded on the Cash Receipting system and reconciled to the financial ledger and to back office systems.

3 Copeland Direct Officers are now trained to cover cash office functions which strengthens Business Continuity arrangements for the Cash Office.

Improvements could be made in the following areas:

- Ensuring that Customer Services Officer (Cash) is notified of leavers so that access rights to the Cash Receipting System can be cancelled;
- Ensuring periodic checks on current employees access levels are carried out.

The PCI (Payment Card Industry) Security Standards Council issued a supplement on protecting telephone-based payment card data. The information and guidance is intended to provide payment security advice for merchants and service providers who accept and/or process payment card data over the telephone. The information highlights key areas organisations with call centre operations need to address in order to process payment cards securely, and how best to protect their business and customers from the risks of data compromise and fraud. Calls that are received at Copeland Borough Council offices are recorded and encrypted in compliance with the PCI standard; however, there is a facility to unencrypt the data that has been recorded including the card numbers of customers. The facility to play back calls is restricted to 2 senior officers via separate log in and password. This needs to be addressed to ensure complete compliance with the PCI standard. Automated telephone payments are hosted by CIVICA who are PCI compliant.

Internal Audit were asked by management to review anti money laundering arrangements at the Council and this work was incorporated into the cash receipting audit: The roles of Anti-Money Laundering Officer and Deputy Officer were agreed at Full Council In October 2011. Initial training has been provided by Sector and further training for these roles is planned.

The Council no longer accepts cash payments over the counter but customers can make payments via Allpay. The potential money laundering risk relating to large cash receipts, specifically via the Allpay system, was included in audit testing. Payments using Allpay are restricted to £400 at Post Offices and £200 at other Paypoint facilities; however multiple transactions can be made and we found a case where 35 separate transactions were made to pay £11K for Business Rates. Further enquiries found that the business in question has paid its rates in cash for a number of years. Both the Post Office and Paypoint facilities have anti-money laundering policies in place and offer anti-money laundering training to staff and retail outlets. It was recommended that the Council should have its own policy on Anti Money Laundering to comply with the requirements of the Money Laundering Act.

## AUDIT MONITORING REPORT: QUARTER 4 2011/12

### 1.2.2 Creditors

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

From April 2010, the Creditor module of TOTAL finance management system has been developed to provide an e-Creditor system, incorporating the IDeA Marketplace purchase ordering system. In the new system a purchase order (PO) is raised in the department using Totalview, which collates information from Marketplace. Once authorised, the order is emailed to the supplier via Marketplace. When the goods are delivered, the departmental PO clerk updates the order on the system and it is shown as 'delivered'. When the invoice is received by Accountancy Services, it is scanned into Totalview's Creditor Indexing function and recorded as part of a batch. The invoices then show in TOTAL's Creditor module as a Registered Invoice batch. The batch can then be automatically cleared against the PO and, if it clears auto-clearing, it will be ready for payment and the payment run can be processed as normal.

An invoice may fail auto-clearing if the invoice amount is different from the PO beyond a tolerance level. If an invoice fails auto-clearing, it would be automatically passed back to the department via Totalview for it to be checked and authorised for payment by the manager.

The e-Creditors system means that the majority of invoices no longer need to be authorised by manually signing a Creditors Authorisation Request form. However, in certain cases, some invoices still have to be authorised manually by this method (Creditor Invoice CRI transactions), e.g. payroll pension contributions, tax and national insurance payments, etc. as a PO would not have been raised on the system for such payments. Such invoices can now be processed as an Allocated Invoice without a PO having been raised on the system. The invoice would be raised on the system and then manually approved for payment by the department using the Totalview interface.

During the 10/11 audit an inherent weakness of the e-Creditors system was identified which allows for the Registered Invoice auto-clearing process to be bypassed and, by not following the correct procedures, an invoice might be manually cleared for payment without the variance to the PO or the receipt of goods being checked.

Supplementary controls have been put in place to minimise this risk:-

- The appropriate staff have been re-trained on the e-Creditor procedures;
- The Senior Accounting Officer Systems and Financial Reporting carries out periodic reviews of the Registered Invoice process to ensure that payments have followed the correct procedure; and
- An audit trail has been established for the Registered Invoice payment

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

process, whether auto-cleared or manually cleared for payment.

However, the Senior Accounting Officer Systems and Financial Reporting supplementary checks have not been carried out effectively in recent months, due to the departmental re-structure and work pressures. However, Internal Audit's substantive testing of Registered Invoice payments (from 01 April to 25 November 2011) identified few queries where payments did not appear to have followed the auto-clearing process.

The additional issues found during the audit were:-

- No separation of duties for the Creditors module for 5 Accountancy Services staff due to their access rights on Total;
- 5 manually cleared invoices did not show the initials of the authorising officer;
- Creditors Invoices (CRI) batch control sheets are no longer being counter-signed as having been independently checked;
- There are no independent checks of the cheque production process; and
- Data quality issues when registering invoices as Delayed in Department.

**1.2.3 Electoral Registration**

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

The annual canvas of the electoral register has been successfully carried out to meet the statutory deadline of producing the register by 1 December. A timetable for the rolling register updates (January to August) provides voters with the dates from which their amendments will become effective, dependent upon the date of notification.

The Electoral Registration Officer is independently registered with the Information Commissioner's Office as a data controller for electoral registration and the processing of information supplementary to that contained on the electoral register, to comply with the Data Protection Act.

The Electoral Registration and Elections Management software (EROS) has password security and appropriately assigned user access levels. At the time of the audit it was found that some users were not prompted by the system to change their passwords periodically but this was brought to the attention of the Senior Elections Officer and this requirement has been implemented for all users, in-line with the IT security policy.

A process is in place for the Electoral Registration team to be notified by the Council Tax and Building Control departments of any new properties, demolished properties, etc. and we were able to confirm that the latest notifications had been updated on the EROS system (a

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

sample of 25 new properties were provided by Council Tax department and confirmed to EROS).

Sales of the electoral register have been in-line with the statutory restrictions on the sale of the full register and only 4 sales of the full register and rolling register updates have been made since December 2011. All the payments were made in advance of the registers being issued, but in 1 case an under-payment of £6.00 had been made. This is being investigated by the Senior Elections Officer.

A sample of Voter Registration forms were tested to check that their details had been accurately updated onto the EROS system and all of the forms had been appropriately updated.

Payments to a sample of canvassers were found to be correct (except one case where travel expenses had been underpaid. This is being investigated by the Senior Elections Officer). However, 7 canvassers had had a National Insurance category C (over state pension age and so nil deductions) applied without any proof of age having been carried out. HM Revenues and Customs state that before you stop deducting employee NIC's you must have seen proof that your employee has reached state pension age. However, the payments made to these canvassers would have been below the Lower Earnings Limit so deductions would not have been required.

No recommendations arose from this audit.

**1.2.4 Sundry Debtors**

OVERALL AUDIT OPINION	SATISFACTORY
CONTROL DESIGN	GOOD
CONTROL EFFECTIVENESS	SATISFACTORY
RISK EXPOSURE - Probability	HIGH
RISK EXPOSURE - Impact	LOW

Overall, the administration of Sundry Debtors is efficient and effective. Most debts were raised promptly and the rate of recovery is good and continues to improve.

A number of data quality issues have been raised during the course of the audit, these related to:

**One off invoices**

- 6/15 had insufficient details to identify debtor;
- 1/15 raised with the due date the same as the invoice date.

**Periodic invoices**

- 5/16 had insufficient details to identify debtor;
- 1/16 raised with a value of nil;
- 6/16 raised with incomplete address, e.g. no post code;
- 2/16 raised with insufficient description of charge;

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

- 1/16 didn't state the period charged for;
- 2/16 states former employee of the Council as the main contact; [this has been addressed]
- 2/16 raised with the date 31 September in the description of period charged for instead of 30 September.

HMRC currently rents office space in the Copeland Centre. The invoice to charge HMRC £15K had not been raised for the financial year 2011/12. [The invoice was raised during the course of this audit and has subsequently been paid]

The Council operates a rent deposit scheme that is available to clients with a local connection to the Copeland district who are homeless or threatened with homelessness and do not have the resources to provide a deposit for a rental property. By mid-December 2011, 29 tenancy deposits had been paid by the Homeless Team in 2011/12 (Total £11K). Signed agreements are put in place for clients to pay the deposit back to the Council in a number of instalments (e.g. £20 per month). Invoices to reclaim these deposits have not been raised promptly/accurately in this financial year.

Total (FMS) ledger coding descriptions. During the annual walkthrough of the debtors system we identified a detail code "Beacon Loans", however, income on this code does not relate to loans of any kind, (financial or loans of equipment etc.) If the authority had to search (or receive a freedom of information request) for loans they may have this in their reports in error. [This is currently being addressed with the budget holder].

Mapping of the payment source in debtors: payments made by customers by cheque were showing on the Debtors module as being paid by cash. [Enquiries have been made with the software supplier (Consilium) and this issue is in the process of being resolved].

The Sundry Debtor Handbook needs to be updated to reflect changes in the authority, for example pest control is no longer a Copeland Borough Council function.

Monthly reconciliations of the Debtors module are carried out on a regular and timely basis. The Historical Aged Debt report is used in the reconciliation but it was noted in 2010/11 that other reports - Aged Debt by Department and Aged Debt Listing by Customer had different totals. Enquiries were made in Dec 2010 with the software supplier (Consilium) but this anomaly has not yet been resolved. Further enquiries are being made by Finance.

Controls were in place to prevent or detect fraud but supervisory spot checks of write-offs and cancellations were not allocated to a specific officer when the Finance restructure was carried out earlier this year.

There were a number of quarterly periodic invoices raised for less than £5. [112 invoices totalling £303, this is an average of only £2.70 per invoice]. All charges related to lease agreements for allotments. This is inefficient and consideration should be given to raising these invoices annually as opposed to quarterly.

## **AUDIT MONITORING REPORT: QUARTER 4 2011/12**

### **1.2.5 Main Accounting Systems**

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

The TOTAL financial system has been operating well and the cost centre and detail coding structure has been reviewed to ensure compliance with the new International Financial Reporting Standards (IFRS).

Reconciliations of data from external feeder systems were up to date and additional compensatory controls are in place in that there were daily checks of the interfaces being uploaded, to ensure that data was correctly uploaded to the TOTAL system. The Trial Balance was checked and nets to zero.

Journals are now held in a central location and each journal type has written procedures held on each file. Independent checks and authorisation of journals over £30,000 were being carried out.

Bank reconciliations had been completed on a regular and timely basis. The suspense accounts are regularly reviewed and were all cleared and netted to zero.

A sample of user accounts were reviewed to ensure access rights on TOTAL were appropriate. 1 user had to be given additional rights to comply with their responsibilities in the approved signatures file, and 1 had to have some rights removed. A full review of the approved signatures file has recently been carried out by Accountancy.

A formal procedure has been established for the addition / amendment of cost centres on TOTAL and a Cost Centre Pro-forma introduced. The pro-forma requires authorisation and helps to ensure that appropriate access rights are established.

At the date of the audit there were no reconciliations being carried out between the MIS Headway feeder system and TOTAL.

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

1.3.1 Priority 1 and 2 recommendations still outstanding, with a target date for completion by 31 March 2012, are set out at Appendix B.

1.3.2 One Priority 1 recommendation is still shown as incomplete and this relates to the development of effective risk management and governance in partnerships. Internal Audit has requested an update on this from the relevant Head of Service.

**AUDIT MONITORING REPORT: QUARTER 4 2011/12**

- 1.3.3 The level of overdue Priority 2 recommendations has increased. Some of those relating to Information Security should be clarified once the follow up audit is agreed with management. At present the original recommendations remain on Covalent. New overdue actions have been added in relation to Democratic Services, Shared Revenues/Benefits Service and Finance.

**2.0 INTERNAL AUDIT PERFORMANCE AGAINST AUDIT PLAN**

- 2.1 Internal Audit performance is set out at Appendix C.

**3.0 CONCLUSION AND RECOMMENDATION**

- 3.1 Audits completed in this quarter have been assessed as good or satisfactory. Of the four draft reports issued in the quarter, 2 have been assessed as weak but actions to address the risks identified have not yet been agreed with management: These audits are payroll and risk management.
- 3.2 Overdue actions at Appendix B need to be resolved.
- 3.3 It is recommended that Members note this report.

**List of Appendices:** Appendix A – Key recommendations made this quarter  
Appendix B – Outstanding Key recommendations due by 31 March  
Appendix C – Performance Indicators

**Background papers:** None

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



**KEY RECOMMENDATIONS FROM REPORTS ISSUED**

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

**P1 & P2 AUDIT RECOMMENDATIONS – Priority 2 unless stated otherwise****CASH RECEIPTING**

All cheques that are not entered onto the CIVICA Cash Receipting System on the day of receipt should be logged on the query sheet and placed in the query file. **[Implemented 19/01/12]**

To ensure complete compliance with the security standards set out by the PCI Copeland Borough Council need to look in detail at the requirements and ensure that procedures are put in place so that data recorded, including sensitive authentication data via telephone is treated appropriately. Ideally there should be no electronic storage of credit/debit card data. This could be as a separate project managed by senior officers.

A policy for Anti Money Laundering should be prepared and include the following relevant clauses, as a minimum, to comply with the requirements of the Money Laundering Act.

- Training for officers across the council where appropriate
- Identification and scrutiny of complex or unusually large transactions
- Customer due diligence
- Internal reporting
- Record keeping, including details of due diligence and supporting evidence
- Retention of records for the appropriate length of time

**CREDITORS**

In line with recommendation AR-F&MIS\_253, steps are taken to develop a suitable method of undertaking a variance check between the Purchase Order and Registered Invoice Clearing values, to ensure that the correct authorisation process has been followed. If Excel is to be used then additional care needs to be taken to ensure the accuracy of any formulae. Monthly checks should be carried out to highlight any possible issues as soon as possible. **[Implemented with immediate effect]**

That care is taken when setting up user accounts with authorising system rights for Allocate Invoice, Register Invoice and Purchase Orders to ensure that all of the necessary settings are put in place to enable the audit trail for the authorisation process to clearly identify the appropriate officer.

An independent check of the Cheqflow report to TOTAL's cheque listing report is carried out and the cheque listing report is signed to verify that the printed cheques are accurate and correct. **[Implemented with immediate effect]**

That Creditors Invoice (CRI) Batch Control sheets are countersigned as having been checked by another officer, to confirm that the batch totals are correct and that the payments have been correctly authorised. **[Implemented with immediate effect]**

## KEY RECOMMENDATIONS FROM REPORTS ISSUED

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

## SUNDRY DEBTORS

Due to the high volume of data quality issues found during the course of the 2011/12 Sundry Debtors Audit action must be taken to implement the outstanding recommendation AR-CS\_117 – *“That further training sessions on the Debt Recovery Handbook is given”*. **[The Debtors system is due to be reviewed in full and a new training programme rolled out by the Senior Accounting Officer – Systems and Financial Reporting].**

The Property Department put measures in place to ensure that annual invoices are raised for charges due under the Licence Agreement for HMRC and all other property leases.

The Housing Options Team clears the backlog of invoices that need to be raised/amended and procedures are put in place so that invoices are raised accurately and in a timely manner. **[All invoices have now been raised and sent. Procedures to be written up].**

The Sundry Debtor Handbook needs to be updated to reflect changes to the Council Structure.

In line with recommendation AR-F&MIS\_077, steps are taken to allocate the supervisory spot checks of write offs and cancellations of debt to a nominated officer. The checks should be carried out on a monthly basis and evidence of the checks put on file. **[This task has been allocated to Senior Accountancy Officer Technical and Reconciliations].**

## MAIN ACCOUNTING SYSTEMS

As MIS Headway Building Control module is now a feeder system into TOTAL, monthly reconciliations should be carried out between MIS Headway and TOTAL to ensure data quality. **[System developments are being negotiated to identify accounts where fees have been outstanding for more than 21 days].**

## Audit Recommendations - Overdue

**Report Type:** Actions Report


**Report Author:** Audit Manager

**Generated on:** 05 April 2012




SUMMARY OF OVERDUE RECOMMENDATIONS		
	Priority 1	Priority 2
<b>Total Overdue Recommendations as at 17/01/12</b>	<b>1</b>	<b>26</b>
<b>"New" Recommendations due in Quarter 4</b>		25
<b>TOTAL RECOMMENDATIONS TO BE IMPLEMENTED Q.4</b>	<b>1</b>	<b>51</b>
IMPLEMENTED FROM LAST QUARTER'S REPORT		1
"NEW" BUT IMPLEMENTED THIS QUARTER		20
<b>Total implemented in the Quarter</b>		<b>21</b>
CANCELLED SINCE LAST QUARTER		
OUTSTANDING FROM LAST QUARTER	1	25
OVERDUE RECOMMENDATIONS ADDED THIS QUARTER		5
<b>Total Overdue Recommendations as at 05/04/12</b>	<b>1</b>	<b>30</b>





**Code & Title** AR-C Corporate

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-C_031 Ensure that risk management and governance arrangements weaknesses in partnerships are addressed (Point 1).	1	Chief Executive	<div><div></div>75%</div>	31-Mar-2010	Use of Resources Dec 2009	<p>21-Oct-2011 Report to Executive 24 Jan 2011 set out progress to date and future plans to review partnership activity. This included the introduction of a standard template to undertake a strategic assessment of individual partnerships, including decision-making, link to corporate priorities and risks. One of the expected outcomes is to "Update partnership protocol and toolkit to ensure relevant management systems are strengthened, including a risk register for partnerships".</p> <p>13-Jan-2011 A report is to be tabled for 24th January Executive, setting out the process.</p>




Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>15-Dec-2010 As part of the work on the Copeland Local Strategic Partnership, the Head of Development Strategy is delivering a strategic risk assessment and this will incorporate the wider partnership risk principles. These will then be applied to the partnership review report for the Executive in February 2011.</p> <p>12-Jul-2010 The Cumbria-wide Partnership structure has now been amended. Work continues on risk management arrangements.</p> <p>13-Apr-2010 Work continues on Cumbria-wide partnership structures and risk management in 2010/11.</p> <p>18-Jan-2010 Budget Monitoring for Q.3</p>




Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							(2008/09) involved development of funding register, to identify external funding of projects to assist with closure of Accounts 2008/09. Further developments in 2009/10 to complement partnership framework - an action for Q.2, following appointment of the Projects Accountant. Partnership monitoring framework agreed in principle by Corporate Management Team (CMT) in February 2009. Working Group established involving CMT to progress this work during 2009/10. Managers requested to update details on Partnership Register by 31/1/10. This includes an assessment of the significance of Partnerships, which will determine the extent of governance arrangements. Evaluation

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>framework using CIPFA Good Governance Guidance has been adopted for assessing risks and significance of strategic partnerships. Report to be received by Executive in March. A review of the LSP for Allerdale and Copeland is underway - report to be received by the Executive on 18/1/10. Marketplace system is being piloted and rolled out in 2009/10. Will provide information on supplier base and costs to enable review and potential efficiencies / savings.</p> <p>22-Dec-2009 Point 1. Review of Partnerships to be completed.</p>
	AR-C_054 That consideration is given to resourcing a post of Information Security Officer. This officer could co-ordinate security arrangements and develop the management user	2	Director of Resource and Transformation	<div>0%</div>	31-Mar-2011	Information Security 2010/11	29-Nov-2010 This will be considered as part of service reviews and the management restructure.

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	role across the Council.						
	AR-C_055 That a cross-functional group should be formed to oversee, manage and co-ordinate information security across the Council.	2	Director of Resource and Transformation	<div><div></div></div> 0%	31-Mar-2011	Information Security 2010/11	29-Nov-2010 J Wagstaffe will set up and lead an Information Management Group. Senior Leadership Team will nominate members for the Group.
	AR-C_056 That the requirements for maintaining appropriate contacts with relevant authorities, specialist groups and partners should be included within the Information Security Policy. The policy should request the need to record all external contacts. (Point 1)	2	Head of Corporate Resources; Head of Performance & Transformation	<div><div></div></div> 20%	31-Mar-2011	Information Security 2010/11	10-Jan-2011 Contact made with County wide Group. Currently considering their draft pro-forma agreement. 29-Nov-2010 Data Sharing Protocol will need to be considered corporately. Lead Officer – Data Protection Officer.
	AR-C_057 That arrangements to provide third parties with access to Council information should be centrally recorded, confirming that a risk assessment has been completed and that an information sharing / confidentiality agreement is in place.	2	Head of Corporate Resources; Head of Performance & Transformation	<div><div></div></div> 20%	30-Jun-2011	Information Security 2010/11	10-Jan-2011 -- This duplicates AR ...56 -- 29-Nov-2010 Corporate lead is needed. Lead officer – Data Protection Officer.
	AR-C_058 That a list of all	2	Director of	<div><div></div></div> 0%	30-Sep-2011	Information	29-Nov-2010 This will be


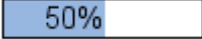




Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	information assets and their owners should be produced and held centrally. This should include an inventory of paper records, where the data is not held electronically.		Resource and Transformation			Security 2010/11	addressed as part of the corporate records management review.
	AR-C_059 That the Council should produce a Records Management Policy, in line with the Information Security Policy.	2	Director of Resource and Transformation	<div>0%</div>	30-Sep-2011	Information Security 2010/11	29-Nov-2010 This will be addressed as part of the corporate records management review.
	AR-C_061 That the categories for the classification of information should be reviewed to include the categories of information maintained by the Council and guidance should be given on both defining the classifications and classifying information against them.	2	Director of Resource and Transformation	<div>0%</div>	30-Sep-2011	Information Security 2010/11	29-Nov-2010 This will be addressed as part of the corporate records management review.
	AR-C_063 That the Council should produce a document identifying all the areas which require additional physical security to protect equipment or sensitive / critical information from fire, flood, etc. – both	2	Director of People & Places	<div>0%</div>	30-Jun-2011	Information Security 2010/11	29-Nov-2010 This will be addressed through updating business continuity arrangements.


Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	within the IT and user areas of responsibility.						
	AR-C_064 That, once information owners are formally designated, they should undertake risk assessments associated with unauthorised access, unintentional modification or misuse of information and services, caused by inadequate segregation of responsibilities.	2	Director of Resource and Transformation	<div><div></div></div> 0%	30-Sep-2011	Information Security 2010/11	
	AR-C_065 That a review should be undertaken to identify all critical paper documents and, where information is not held electronically, document imaging should be considered or alternative security arrangements should be put in place.	2	Director of Resource and Transformation	<div><div></div></div> 0%	30-Sep-2011	Information Security 2010/11	29-Nov-2010 This will be addressed through the Information Management Group.
	AR-C_069 The revised Code of Corporate Governance needs to be revised in line with the CIPFA supplementary guidance and formally adopted by Full Council.	2	Democratic Services Manager	<div><div></div></div> 0%	30-Jun-2011	Corporate Governance 2010/11	<div>05-Apr-2012 To be reported to June Council Meeting</div> <div>16-Jan-2012 To be reported to March Council meeting</div> <div>16-Mar-2011 This will be</div>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							taken through the Constitutional Working Group and then submitted to Full Council.



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

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-CS_120 Information on the Council's website regarding key contacts for complaints and reports of non-compliance should be updated.	2	Customer Services Manager		14-Nov-2011	Register of Gifts/Hospitality & Disclosure of Interests 2011/12.	07-Mar-2012 Email sent to Comms 5th January requesting information to be updated. Still not done so reminder sent to Joanne Hayward 07/03/12.
							16-Jan-2012 Website information still refers to a member of staff that has left the council. This is being addressed by communications team.
							12-Dec-2011 Website information is correct
	AR-CS_121 Clarification on the % and regularity of quality checks undertaken at Copeland is now required. This should be agreed between Copeland and the Partnership Manager and clearly communicated to the officer responsible for carrying out the checks.	2	Revenues & Benefits shared services Manager; Shared services performance Manager; Director of Resource and Transformation		31-Mar-2012	Benefits 2011/12	04-Apr-2012 Clarification to be given to ensure an adequate level of checks to provide appropriate assurance.


<b>Code &amp; Title</b> AR-DO Operations
--

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-DO_038 The Strategic Asset Management Strategy should incorporate a strategy on assets such as plant and equipment, given their value.	2	Director of Resource and Transformation	<div><div></div></div> 0%	31-Oct-2011	Asset Management 2011/12	

**Code & Title** AR-DS Strategy

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-DS_003 That there should be at least an annual report to the Audit Committee, covering the risk management arrangements for significant partnerships.	2	Head of Regeneration & Community	<div><div></div></div> 0%	19-Apr-2011	Partnership Working System Controls 2009/10	24-May-2010 Ongoing 2010/11. Updates to Corporate Team will be in more depth. Annual Report to Audit Committee on 19 April 2011.
	AR-DS_004 That the partnership checklist, an example of a partnership legal agreement and the protocol/risk assessment should be added to the documents on the Intranet and Management Group be advised of this.	2	Head of Regeneration & Community	<div><div></div></div> 0%	30-Sep-2010	Partnership Working System Controls 2009/10	

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

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-F&MIS_141 That adequate and effective cash flow forecasting records are established and maintained on a regular basis, showing daily transactions and the estimated net position.	2	Accountancy Services Manager	<div><div>85%</div></div>	30-Apr-2009	Loans and Investments 2008/09	04-Apr-2012 A cash flow forecasting record has now been established and populated with historic data. Further work is needed to link actual cash flows to balances held and available. It is expected that this will be completed and the cash flow record become operational within Q1 of 2012/13.
							10-Jan-2012 No further progress made. Sector option not being pursued. Discussions on use of cash flow scheduled for mid-January. A new cash-flow forecast is likely to be in place from the start of the 2012/13 financial year
							19-Oct-2011 Initial training on the cash flow system




Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							arranged for 31st August 2011
							12-Oct-2011 Sector, the Council's treasury management advisors have suggested that we trial a new software package to do the cash flow function moving forwards. No decision yet on whether this option is to be pursued. No further progress on implementation and not now expected before January 2012.
							06-Jul-2011 Still on target for completion by 30 September 2011.
							06-Jul-2011 Revised target date of 30/9/11 noted but due date on system remains as 30/4/09 to allow tracking of original timescale
							05-Apr-2011 The member of staff dealing with this is assisting in providing cover






Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>for the accountancy assistant who has been off on long-term sickness since December 2010. This has resulted in a delay in developing a detailed cash flow statement, although significant cash movements are picked up and fed through to the decision making process for treasury management activities. As the section is now starting to look at the closure of accounts for 2010/11 and cover for the member of staff on long-term sickness is still required, probably at least until May 2011, the development of cash flow forecasting in the way envisaged will not now be completed until the Summer of 2011. Target date should be revised to 30 September 2011.</p> <p>15-Dec-2010 Template for</p>




Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>cash flow developed - expected to be completed by 31 March 2011 for use in 2011/12. REVISED TARGET DATE: 28 March 2011</p> <p>30-Jun-2010 The SAO - Treasury &amp; Insurance post is in the process of being recruited to. Once an appointment has been made and the officer is in post, this recommendation will be revisited.</p> <p>06-Apr-2010 Due to an internal move within the team, the SAO - Treasury &amp; Insurance post is currently vacant. Recruitment to this post will commence shortly (subject to closedown pressures). In the interim, TM duties are temporarily being covered by suitably experienced members of the Finance team and this, combined with the on-going advice and support of the</p>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							<p>previous post holder who remains within the team in a different role, ensures the Council will continue to comply with the TM code. However, the impact of this vacancy on available resource means that this recommendation cannot yet be implemented. As previously noted, material transactions are diaried to manage cashflows.</p> <p>24-Dec-2009 Meetings re 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>

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-F&MIS_279 That the Information Security Policy should explain how system administrators and other privileged users are controlled.	2	Director of Resource and Transformation	<div><div></div></div> 0%	31-Mar-2011	Information Security 2010/11	
	AR-F&MIS_291 Procedures should be updated to support the annual processes. These could be referenced to the Code/system flow charts provided by the Audit Commission.	2	Accountant(AT) Officer	<div><div></div></div> 0%	31-Dec-2011	Capital Accounting 2011/12 (2010/11 Process).	04-Apr-2012 Revised procedures will be written up following completion of the capital close down and are expected to be available at the commencement of the external audit.
	AR-F&MIS_293 The Draft Treasury Management manual needs to be completed (in particular for changes in job roles) and then approved by the Corporate Director for Resources and Transformation.	2	Accountant(AT) Officer	<div><div></div></div> 0%	31-Mar-2012	Loans and Investments 2011/12	04-Apr-2012 Work has commenced on this exercise and following further guidance from Sector will be progressed when resources permit - expected after year-end, work on the tender for Treasury Management, cash-flow and capital close down procedures are all completed.


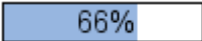


**Code & Title** AR-LD Legal & Democratic

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-LD_027 That all organisations with which there are exchange of information arrangements should be listed and suitable standard agreements put in place.	2	Head of Corporate Resources; Head of Performance & Transformation	<div><div>20%</div></div>	30-Jun-2011	Information Security 2010/11	29-Nov-2010 This is linked to recommendations AR-C_056 and AR-C_057.
	AR-LD_032 Training is provided to the System Administrator to enable the effective administration of the LALPAC system, i.e. user accounts, user access rights, etc.	2	Legal Services Manager	<div><div>0%</div></div>	31-Dec-2011	Licensing 2011/12	<p>05-Apr-2012 05/04/12: Cost resolved. LALPAC are being requested to provide the training in-house to system administrators within the next 3 months. Scope of training to be mapped out and agreed with LALPAC beforehand.</p> <p>26-Aug-2011 Budget constraints could be the deciding factor but other avenues will be investigated.</p>
	AR-LD_039 Recharges to Parish Councils for election costs should	2	Democratic Services Manager;	<div><div>80%</div></div>	31-Mar-2012	Elections Administration	04-Apr-2012 Process identified for checking of



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	be checked by a second officer before they are processed through TOTAL.		Elections Officer			2011/12	recharges. Not yet implemented as no parish elections held since publication of audit report. Next scheduled parish elections May 2015
	AR-LD_041 The Members' Allowances Scheme Travel and Subsistence allowance should be amended to allow for an allowance for travel by bicycle or other non-motorised form of transport, as per The Local Authorities (Members' Allowances) (England) Regulations 2003.	2	Democratic Services Manager	<div><div></div></div> 0%	31-Mar-2012	Members' Allowances 2011/12	
	AR-LD_048 Member Services should ensure there are written agreements between Copeland and outside bodies on payment of Members travel and subsistence claims, and this should include an exchange of information on the annual amounts paid.	2	Democratic Services Manager	<div><div></div></div> 50%	31-Mar-2012	Members' Allowances 2011/12	05-Apr-2012 To be in place by October 2012
	AR-LD_050 Legal Services should	2	Legal Services	<div><div></div></div> 0%	31-Dec-2011	Register of	05-Apr-2012

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	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.		Manager			Gifts/Hospitality & Disclosure of Interests 2011/12	<p>05/04/12: The Bribery Act 2010 affects three areas: (a) the Council's codes of conduct; (b) the Council's procurement procedures; (c) the Council's anti-fraud and corruption policies. The emphasis of the Act is to be proactive and avoiding the conditions of bribery.</p> <p>The Democratic Services, Legal Services and Audit Shares Services Managers are undertaking work on these three aspects with the work currently being scoped out. It is anticipated that the work in these three areas will be completed by the 30/09/12. There is a linked issue of money laundering and work on this matter will be completed by the 30/09/12.</p>

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

Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
	AR-PP_041 Deliver on plan to review policy and procedure and support improved management practice.	2	Head of Corporate Resources; Head of Performance & Transformation		31-Mar-2011	Annual Governance Statement June 2010	19-Oct-2011 6 of 9 actions completed. 3 outstanding actions are 1. Grants protocol & procedure to be agreed 2. Address need to reduce medium term revenue budget 3. Improve risk management on partnership working
							07-Apr-2011 4 out of 9 milestones set for this action have been completed.
							06-Jul-2010 All actions in progress.
	AR-PP_057 That, to provide a comprehensive overview of the role and responsibilities of the Council as a whole, a general induction document is introduced.	2	HR Manager		31-Mar-2011	HR Management : Recruitment 2010/11	06-Jul-2011 6- July-2011 “e-induction” project to be completed by 31 12 11.
							13-Aug-2010 Recommendation not accepted, pending further



Status Icon	Action Code & Title	Priority	Managed By	Progress Bar	Due Date	Description	All Notes
							review of induction process, and possible use of “e-induction” for this type of information, rather than a document.
	AR-PP_069 All Managers are reminded that they should monitor personal calls made by employees using CBC mobile phones. The calls should be identified, verified and costs recorded.	2	Director of Resource and Transformation	<div><div>0%</div></div>	31-May-2011	General Tax Issues 2010/11	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-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	Director of Resource and Transformation	<div><div>0%</div></div>	31-May-2011	General Tax Issues 2010/11	

## AUDIT PERFORMANCE INDICATORS – 1 APRIL 2011 TO 31 MARCH 2012

*Input measures*

Note	Indicator	2011/12 Target	2011/12 Actual to date
1	Cumulative days provided	601	577
	% of audit plan days provided – cumulative year to date	75%	96%
2	Days provided this quarter	150	213
	% of audit plan days provided – this quarter	100%	142%

*Output measures*

Target	Actual
Complete 95% of audit plan by 31 March - fundamental system audits	10 of 12 audits completed. Payroll draft report was issued in February. Budget process review is complete except for checking budget book figures agree to budgets loaded to Total accounting system, which has been delayed until 30 April.
Complete 95% of audit plan by 31 March – non-fundamental system audits	16 of 28 audits have been completed. 3 draft reports are awaiting response – Workforce Strategy, Risk management & Landscape management. 5 audits are work in progress at 31 March – IT follow up, corporate governance, partnerships, capital programme & Benefits Vfm 4 audits carried forward to 2012/13 as agreed – DIPS, website development, LDF & Health & Safety.

**Notes**

- 1 601 days target based on 95% of 633 total days in plan. 577 days provided representing 96% of 601.

- 2 Target days per quarter is 95% of 633 divided by 4, giving 150 days The percentage is simply how much of 150 days delivered. In quarter 4, 213 days were provided as 4 full time staff in post at Copeland.