Report to Audit Committee	**Agenda Item:**
	A.4

Meeting Date: 27 September 2017

Portfolio: Finance, Governance and Resources

Key Decision: No

Within Policy and
Budget Framework YES

Public / Private Public

Title: INTERNAL AUDIT PROGRESS QUARTER 2 – 2017/18

Report of: CHIEF FINANCE OFFICER

Report Number: RD21/17

Purpose / Summary:

This report provides an overview of the work carried out by internal audit in the second quarter of 2017/18. The report also includes information on progress against the agreed audit plan, performance indicators and previous audit recommendations

Recommendations:

The Committee is asked to

(i)   note the progress against the audit plan for 2017/18

Tracking

Audit Committee:	**27 September 2017**
Overview and Scrutiny:	**Not applicable**
Council:	**Not applicable**

1. BACKGROUND INFORMATION

1.1 Management is responsible for establishing effective systems of governance, risk management and internal controls. It is the responsibility of management to establish appropriate arrangements to confirm that their systems are working effectively, that all information within them is accurate and that they are free from fraud or error.

1.2 Internal Audit's role is to provide independent assurance to senior management and Audit Committee over the adequacy and effectiveness of management's arrangements for governance, risk management and internal control.

1.3 This report summarises the work carried out by Internal Audit in the period from April to September 2017.

2. PROGRESS AGAINST AUDIT PLAN

2.1 Details of progress against the 2017/18 Audit plan is shown at **Appendix 1**.

2.2 There have been 3 audit reviews completed in the second quarter and 2 follow ups completed. These are detailed below:

Review Area	Assurance Level
Corporate Charge Card	Partial
Gifts & Hospitality	Substantial
NNDR	Reasonable
Housing Benefit Overpayments (Follow-up)	Substantial
Workforce Development & Training (Follow Up)	Substantial

2.3 Internal Audit resource was also utilised on the following in Q2:

- Corporate Reviews – overseeing completion of Good Governance Principles and Code of Conduct (See separate report)
- Internal Control Questionnaires – issue, collation and review of management questionnaires for main financial systems not subject to review in 2016/17.
- NFI – following completion of the national biennial data matching initiative 135 records relating to potential frauds and errors within creditor and payroll records were reviewed. Only one issue was identified, relating to a confirmed duplicate payment of £1,300. Recovery of the overpayment is being pursued by the authority.
- Investigation – review of travel claims following an allegation of misuse.

2.4 The Audit Plan as prepared in March assumed that the internal audit service would be fully resourced from 1 April with all positions being filled and an allowance for leave entitlement. Although the two auditors TUPE transferred on 1 April, the Principal Auditor was not appointed until mid-May. This together with the completion of work for the 2016/17 Audit Plan for the Shared Service means that

the Audit Plan needs to be revised to reflect the available resources and the additional workload from completion of the 2016/17 audit plan.

2.5   The original Audit Plan identified 550 direct audit days for internal audit in 2017/18. Taking into account the delays in recruitment, actual working hours and actual leave entitlement the revised total audit days is now 536 days.

2.6   It is therefore proposed to revise the allocated days across the work of internal audit as follows:

Category	Original Days Allocated	Revised Days Allocated
Corporate Reviews	60	40
Directorate Risk Based Audit Reviews	220	207
Financial System Reviews	90	80
Governance System Reviews incl. Local Code of Corporate Governance and Good Governance Principles	30	0
Follow Up Audits	25	55
Completion of 2016/17 Audit Plan work	0	72
Counter Fraud incl. policy review	20	30
Advice and Guidance	20	12
Contingency	25	0
VFM & Efficiency Reviews	20	0
Audit Committees, incl. Effectiveness Reviews	20	20
Planning/Management	20	20
TOTAL	**550**	**536**

2.7   The changes to the plan are as follows:

Change	Taken from	Movement
Net loss of available audit days due to vacancies		**-14 Days**
	Gifts and Hospitality review budget reduced, full allocation not required	*13 Days*
	Contingency (Contribution)	*1 days*
Resource required for completion of 2016/17 work, as agreed with Cumbria County Council following cessation of the Shared Service.		**+72 Days**
	Remove Performance Management review (performed 16/17)	*20 Days*
	Remove Governance System reviews (Duplication within Corporate Reviews)	*30 Days*
	VFM Contingency	*20 Days*
	Contingency (Contribution)	*2 days*
Resource required for additional follow-up work due to the extent of Partial Assurance reviews issued Q4 2015/16		**+30 Days**
	Contingency (Contribution)	*22 Days*
	Advice and guidance contingency (no call to date)	*8 Days*

Additional Counter Fraud required due to whistle-blowing incidents		+10 Days
	Reduce resource required for system questionnaires	*(10 days)*

2.8 These amendments address the resource pressures placed on the Internal Audit team, predominantly due to the work required to complete the 2016/17 Shared Service Plan (and vacancies), while ensuring the core risk-based reviews included in the 2017/18 plan will still be delivered.

2.9 If there is a call within the year for internal audit to deliver additional work (such as the VFM Reviews) further review of the audit plan will be necessary.

3 PERFORMANCE INDICATORS

3.1 In order to provide an effective internal audit service, there needs to be an effective measure of the performance it achieves. It is proposed to set the same indicators reported in 2016/17 as measures of the performance of internal audit.

Indicator	Target	Actual (Q2)	Commentary
Planned Audits Completed	95%	32%	10/31 reviews finalised. 2017/18 started Q2 - broadly on target.
Audit Scopes Agreed	100%	100%	7 Scopes issued (all agreed)
Draft Reports issued by agreed deadline	80%	*	No information available (Specific deadlines currently not set)
Timely issue of Final Reports (within 8 days of management response)	80%	100%	
Recommendations agreed	95%	100%	All recommendations agreed.
Assignment completion within allocated resource	50%	88%	7/10 reviews within budget. Remaining 3 within 2 days of allocation.
Quality Assurance checks completed	100%	100%	Audit Control Sheets completed for all finalised reviews.
Customer satisfaction survey feedback (scored as good)	80%	100%	2 returns received to date
Efficiency (Chargeable time)	80%	81%	

4 AUDIT RECOMMENDATIONS

4.1 **Appendix 3** shows a summary position of outstanding audit recommendations and progress made against implementing these. Once the agreed implementation date has passed, internal audit will ask the responsible officer for an update of progress. The responses will then be reported to the next available Audit Committee meeting and, if implemented, will then be removed from the list so that only outstanding recommendations remain. Where the recommendations relate to a partial

assurance audit, these will be subject to a formal follow up and will be reported back to Audit Committee separately. New recommendations will be added to the list once final reports are agreed.

5.   CONSULTATION

5.1   not applicable

6.   CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Committee is asked to

(i)   note the progress against the audit plan for 2017/18

7.   CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

7.1   To support the Council in maintaining an effective framework regarding governance, risk management and internal control which underpins the delivery the Council's corporate priorities and helps to ensure efficient use of Council resources.

Contact Officer:	Steven Tickner	**Ext: 7280**

Appendices attached to report:	**Appendix 1 – Progress against Audit Plan and Timeline of audits**
	Appendix 2 – Audit Reports issued in Quarter 1
	Appendix 3 – Previous Audit Recommendations

Note: in compliance with section 100d of the Local Government (Access to Information) Act 1985 the report has been prepared in part from the following papers:

• **None**

CORPORATE IMPLICATIONS/RISKS:
Community Services – not applicable
Economic Development – not applicable
Governance & Regulatory Services –.
Corporate Resources and Resources – Contained within the report

CARLISLE CITY COUNCIL
PROGRESS AGAINST REVISED AUDIT PLAN 2017/18

Service Area	Review Type	Audit Area	Allocated Days	Days Taken	Status	Audit Committee Date	Assurance Evaluation	Comments
Various	2016/17	Contribution to Shared Service c/f	52	52	Finalised	Jul 2017	Various	
Policy & Communications	Follow Up	Records Management	5	4	Finalised	Jul 2017	Partial	
Corporate	MFS	Internal Control Questionnaires - Non Audited Systems	0	0	Finalised	Sep 2017	N/A	2 hours in 17/18
Corporate	Corporate	Corporate Governance - Compliance with Local Code	20	13	Finalised	Mar 2018	N/A	See separate report
Financial Services	Directorate	Corporate Charge Card	20	16	Finalised	Sep 2017	Partial	
Democratic Services	Directorate	Gifts and Hospitality	7	7	Finalised	Sep 2017	Substantial	
Revenues and Benefits	Follow Up	Benefit Overpayments	5	2	Finalised	Sep 2017	Substantial	
Organisational Development	Follow Up	Workforce Development and Training	5	4	Finalised	Sep 2017	Substantial	
Revenues & Benefits	Directorate (16/17)	NNDR	20	21	Finalised	Sep 2017	Reasonable	
Counter Fraud	Fraud	National Fraud Initiative	10	11	Finalised	Sep 2017	N/A	
Environmental Health	Directorate	Public health & safety/enforcement	20	9	In progress	Jan 2018		Testing underway
Housing	Follow Up	Home Life	5	6	Drafted	Jan 2018		
Business & Employment	Follow Up	Enterprise Centre	5	1	In progress	Jan 2018		
Service Support	Directorate	Flexitime and TOIL	20	0		Jan 2018		

Service Area	Review Type	Audit Area	Allocated Days	Days Taken	Status	Audit Committee Date	Assurance Evaluation	Comments
Service Support	Directorate	Salary Sacrifice & Holiday Purchase Schemes	20	0		Jan 2018		
Development Control	Directorate	Section 106 agreements / CIL	20	4	In Progress	Jan 2018		Testing Underway
Arts, Culture and Sports	Directorate	Arts Centre	20	2	In Progress	Jan 2018		Testing Underway
Green Spaces	Directorate	Talkin Tarn & Boathouse Tea Room	20	4	In Progress	Jan 2018		Testing Underway
Housing	Directorate	Supporting People (grant income, Hostels & Homeshares)	20	0		Jan 2018		
Garage Services	Directorate	Garage incl. Driver checks	20	2	Scoped	Jan 2018		
Financial Services	MFS	Debtors	20	0		Mar 2018		
Financial Services	MFS	Income Management & Cash Collection	20	0		Mar 2018		
Financial Services	MFS	Payroll	20	0		Mar 2018		
Revenues and Benefits	MFS	Housing and Council Tax Benefits	20	0		Mar 2018		
DIS	Follow Up	IT General Controls	5	0		Mar 2018		Grant Thornton Review
Corporate	Corporate	Business Continuity Planning	20	0		Mar 2018		Postponed
Human Resources	Directorate	Safeguarding incl DBS	20	1		Mar 2018		Postponed (staff change)
Policy & Communications	Follow Up	Records Management	5	0		Mar 2018		
Policy & Communications	Follow Up	Performance Management	5	0		Mar 2018		
Building Control	Follow Up	Physical Security of Premises	5	0		Mar 2018		

Service Area	Review Type	Audit Area	Allocated Days	Days Taken	Status	Audit Committee Date	Assurance Evaluation	Comments
Property & Facilities Mgmt	Follow Up	Building Maintenance	5	0		Jan 2018		
		TOTAL	**459**	**108**				
		Follow Up (General)	5	2				
		Counter Fraud	20	10				
		Advice & Guidance	12	0				
		Audit Committee	20	7				
		Planning	20	16				
		OVERALL TOTAL	**536**	**143 ***				

* Days taken as at 14 September 2017 (excludes leave and training days)

N.B Audit Committee Dates are anticipated dates final reports will be presented to Audit Committee and may be subject to change depending upon completion of audit work

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Audit of Corporate Charge Card

Draft Report Issued: 8th August 2017
Director Draft Issued: 8th August 2017
Final Report Issued: 24th August 2017

Audit Report Distribution

For Action:	Steven Tickner, Deputy Chief Finance Officer
For Information:	Jason Gooding, Chief Executive Alison Taylor, Chief Finance Officer
Audit Committee:	The Audit Committee, which is due to be held on 27 September 2017, will receive summary findings and recommendations from this audit.

B1701 Corporate Charge Card

Executive Summary

1.0 Background

1.1. This report summarises the findings from the audit of Corporate Charge Card. This was an internal audit review included in the 2017/18 risk-based audit plan agreed by the Audit Committee on 16th March 2017.

1.2 The Council currently has five corporate charge cards. These cards provide an alternative method for paying for goods when immediate payment is required, for example internet purchases.

1.3 Individual transaction limits, maximum monthly spending limits and total spend limits for all cards have been set up to reduce the financial risk to the Council.

2.0 Audit Approach

<u>Audit Objectives and Methodology</u>

2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2 A risk based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

<u>Audit Scope and Limitations.</u>

2.3 The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Lead for this review was the Deputy Chief Finance Officer and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risk areas:

- Risk 1- Corporate charge card procedures are not in line with Council's financial procedure rules.
- Risk 2 – Risks from providing cards have not been identified resulting in financial risk and reputational damage.
- Risk 3 – Reputational damage / financial loss / sanctions due to non-compliance with legislation and procedures and inappropriate purchases being undertaken.
- Risk 4 – Poor quality information resulting in incomplete financial records.
- Risk 5 – Safeguarding of Corporate charge cards is not effective because unauthorised individuals can access / use the cards.
- Risk 6 – Safeguarding of data is not effective because it is not held securely and can be accessed by unauthorised individuals.
- Risk 7 - Poor value for money / reputational damage arising from inappropriate and inefficient purchasing decisions.
- Risk 8 – Potential improvements / efficiencies for corporate charge cards are not identified.
- Risk 9 – Corporate charge card is not effective.

2.4 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0 Assurance Opinion

3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix B.**

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within Corporate Charge Card provide **Partial assurance**.
Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**.

4.2 There are number audit recommendations arising from this audit review and these can be summarised as follows:

4.3

Control Objective	High	Medium
1. Management - achievement of the organisation's strategic objectives achieved (see section 5.1)	1	3
2. Regulatory - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	1
3. Information - reliability and integrity of financial and operational information (see section 5.4)	-	-
4. Security - safeguarding of assets (see section 5.3)	-	-
5. Value – effectiveness and efficiency of operations and programmes (see section 5.5)	-	-
Total Number of Recommendations	**1**	**4**

Response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

4.4 **Findings Summary**

Good Practice:

- Purchasing card procedures have been documented and made available to cardholders.
- Individual transaction limits, maximum monthly spending limits and total spend limits for all cards have been set up to reduce financial risk to the Council.
- Cardholders have received VAT training and one cardholder has received one to one training from Finance.
- At the time of the audit all of the cards were securely retained.
- Work has been planned to review an existing contract to see if a more cost effective system can be identified for the procurement of travel and accommodation expenses and also to see how the cards will work alongside the e-procurement system.

Areas for improvement:

- Purchasing card procedures need to be brought up to date to reflect staffing and organisational changes.
- Instances were identified during the audit where cards were used by other Council officers (not the named card-holders) to make purchases.
- Not all transaction logs are being completed at the time of the purchase by cardholders.
- At the time of the audit there were no controls in place to ensure cardholders avoided using unsecured websites for internet purchases.
- Audit testing confirmed that in some cases supporting documentation was not retained to provide an audit trail to purchases.
- Examples were noted where purchasing card procedures were not followed as cards had been used to purchase rail fares, hotels and car parking.
- Examples were noted where invoices had been issued to support card purchases, yet no enquiries were made to see if it would be more cost effective to set up a creditor account.
- Consideration should be given to cancelling the two cards that are not being used**.**

Comment from the Chief Officer

A good audit review which has highlighted areas of best practice; however, it is the areas for improvement which highlight specific issues with regard to the use of credit cards which must be addressed. These have all been accepted by Management and plans are in place to implement all of the suggested recommendations to an early timescale

5.0   Audit Findings

5.1   **Management** – Achievement of the organisation's strategic objectives

Audit Findings

5.1.1   Purchasing card procedures have been documented and made available to all cardholders. However, one cardholder was not able to locate their copy of the procedures during the audit review. These procedures refer to both the Council's existing purchasing procedures which form part of the Financial Procedure Rules and the Council's Travel & Subsistence Scheme.

5.1.2   It was noted that the procedures are not current, with job titles being out of date.

5.1.3   Individual transaction limits, maximum monthly spending limits and total spend limit for all cards has been set up to reduce financial risk to the Council. No breaches of these were identified in the sample of audit testing undertaken.

5.1.4   Audit was advised by two cardholders that they have allowed other staff members on occasions to use their card. Examples were also identified during audit testing where this has happened. This creates a significant risk to the cardholder, who is ultimately responsible for all spend made using the card.

5.1.5   Not all transaction logs are completed by the cardholder at the time of purchase and as a result they would be unaware if they had reached their monthly transaction limit and what expenditure had been incurred up to that date.

5.1.6   At the time of the audit there was no arrangements in place to ensure that cardholders are either aware to avoid or are prevented from using unsecured websites (http) for internet purchases. It should be noted that Internal Audit immediately sent an email to all cardholders to ensure that they are aware to only use secure websites to make purchases (https).

5.1.7   There are two cards that have not been used during 2016/17 or the current financial year. It is advised that management should consider if there is any business requirement to retain these two card accounts and if not, seek to close them and cancel the cards.

B1701 Corporate Charge Card

Recommendations		
Recommendation 1: Purchasing Card Procedures The Purchasing Card Procedures need to be brought up to date. Once updated all cardholders should receive a copy of the revised procedures and any future updates to legislation, processes etc. The procedures should also refer to the requirement for internet purchases to be made via secured websites only.	**Priority** M	**Risk Exposure** Corporate charge card procedures are not in line with Council's financial procedure rules and the Travel and Subsistence policy. Unsecured websites may be used to make internet purchases which may lead to fraud and reputational damage to the Council.
Recommendation 2: **Third Party Purchases** Management should ensure that cardholders never provide their card to other staff to use. A process should be implemented and documented within the procedures to cover requests by other staff for the card holder to make purchases on their behalf.	**Priority** H	**Risk Exposure** Safeguarding of corporate charge cards is not effective because unauthorised individual can access / use the cards.
Recommendation 3: **Transaction Log Completion** The cardholder should complete the transaction log every time the card is used to make a purchase.	**Priority** M	**Risk Exposure** Poor quality information resulting in incomplete financial records and the card being declined.
Recommendation 4: **Internet Purchases** Arrangements should be implemented to ensure that cardholders only use secure websites when making internet purchases.	**Priority** M	**Risk Exposure** Safeguarding of data is not effective because it is not held securely and can be accessed by unauthorised individuals. Unsecured websites may be used to make internet purchases which may lead to fraud and reputational damage to the Council.

5.2   **Regulatory** – compliance with laws, regulations, policies, procedures and contracts

Audit Findings

5.2.1   The purchasing card procedures include cardholder and officer responsibilities.

5.2.2   The majority of transaction logs had been signed off by the cardholder and their line manager, though instances of non-compliance were identified (6% of transaction logs had not been signed by the cardholder and 8% by the line manager). This should be monitored to ensure payments are signed off. It was noted that the Chief Executive's transaction logs are signed off by his PA at his request.

5.2.3   Audit testing identified the following weaknesses / errors:

- Not all documentation (in particular itemised receipts, rather than card receipts) was attached to the monthly transaction log to support several purchases;
- Errors in recording and claiming VAT were identified resulting in a VAT over claim of £115.48
- Two examples where the incorrect code had been recorded on the transaction logs;
- Examples were noted where cards had been used to purchase rail fares, hotels and car parking. Cardholders need to ensure expenditure of this nature is in line with the general travel and subsistence scheme and the Council's approved rates (as per the purchasing card procedures, page 5 item 8.3 Excluded Purchases)

5.2.4   Cardholders have received VAT training and one cardholder has received one to one training from Finance.

Recommendations		
Recommendation 5: **Transaction Logs & Supporting Documentation** A reminder should be sent to all cardholders and line managers to ensure: -Suitable documentation such as itemised receipts, including VAT where applicable and reason for spend should be attached to the monthly transaction logs; -Travel and subsistence is appropriately claimed. Management are responsible for checking this when approving the transaction log.	**Priority** M	**Risk Exposure** Reputational damage / financial loss / sanctions due to non-compliance with legislation and procedures and inappropriate purchases being undertaken.

5.3 **Information** – reliability and integrity of financial and operational information

Audit Findings
5.3.1 All current cards are securely retained.
5.3.2 Transaction logs, card statements and supporting documentation are retained in a tamber unit within the secured finance office; only Council officer have access to this area.

5.4 **Value** – effectiveness and efficiency of operations and programmes

Audit Findings
5.4.1 Examples were noted during audit testing where three separate companies had provided an invoice to support a purchase. Audit was advised that no enquiries had been made to see if it was possible for these companies be set up on account with the Council. Cardholders should be reminded that in such cases enquiries should be made to see if it is cost effective for companies to be set up with an account.
5.4.2 Audit was advised that work is planned in to review how the corporate charge cards will work with the new e-procurement system.
5.4.3 The travel contract will also be reviewed to see if there is a more efficient way for the Council to make travel arrangements.

Appendix A – Management Action Plan

Recommendations	Summary of Recommendations and agreed actions		Responsible Manager	Implementation Date
	Priority	Risk Exposure	Agreed Action		

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1: **Purchasing Card Procedures** The Purchasing Card Procedures need to be brought up to date. Once updated all cardholders should receive a copy of the revised procedures and any future updates to legislation, processes etc. The procedures should also refer to the requirement for internet purchases to be made via secured websites only.	**Priority** M	**Risk Exposure** Corporate charge card procedures are not in line with Council's financial procedure rules and the Travel and Subsistence policy. Unsecured websites may be used to make internet purchases which may lead to fraud and reputational damage to the Council.	Procedures will be reviewed and brought up to date with additional details on appropriate use and completion of transaction logs.	Deputy Chief Finance Officer	31/08/17
Recommendation 2: **Third Party Purchases** Management should ensure that cardholders never provide their card to other staff to use. A process should be implemented and documented within the procedures to cover requests by other staff for the card holder to make purchases on their behalf.	**Priority** H	**Risk Exposure** Safeguarding of corporate charge cards is not effective because unauthorised individual can access / use the cards.	Reminders will be given to all cardholders about their responsibilities in using corporate purchasing cards. These will also be included in the revised procedures	Deputy Chief Finance Officer	31/08/17

B1701 Corporate Charge Card

Summary of Recommendations and agreed actions

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 3: **Transaction Log Completion** The cardholder should complete the transaction log every time the card is used to make a purchase.	**Priority** M	**Risk Exposure** Poor quality information resulting in incomplete financial records and the card being declined.	Reminders will be given to all cardholders about their responsibilities in using corporate purchasing cards. These will also be included in the revised procedures	Deputy Chief Finance Officer	31/08/17
Recommendation 4: **Internet Purchases** Arrangements should be implemented to ensure that cardholders only use secure websites when making internet purchases.	**Priority** M	**Risk Exposure** Safeguarding of data is not effective because it is not held securely and can be accessed by unauthorised individuals. Unsecured websites may be used to make internet purchases which may lead to fraud and reputational damage to the Council.	Reminders will be given to all cardholders about their responsibilities in using corporate purchasing cards. These will also be included in the revised procedures	Deputy Chief Finance Officer	31/08/17

B1701 Corporate Charge Card

Summary of Recommendations and agreed actions

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 5: Transaction Logs & Supporting Documentation A reminder should be sent to all cardholders and line managers to ensure: -Suitable documentation such as itemised receipts, including VAT where applicable and reason for spend should be attached to the monthly transaction logs; -Travel and subsistence is appropriately claimed. Management are responsible for checking this when approving the transaction log.	**Priority** M	**Risk Exposure** Reputational damage / financial loss / sanctions due to non-compliance with legislation and procedures and inappropriate purchases being undertaken.	Reminders will be given to all cardholders about their responsibilities in using corporate purchasing cards. These will also be included in the revised procedures	Deputy Chief Finance Officer	30/08/17

Appendix B

Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

Appendix C

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).

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Audit of Gifts & Hospitality

Draft Report Issued: 21 July 2017
Director Draft Issued: 31 August 2017
Final Report Issued: 07 August 2017

Audit Report Distribution

For Action:	Rachel Plant (Democratic Services Officer)
For Information:	Mark Lambert (Corporate Director of Governance & Regulatory Services) Jason Gooding (Town Clerk & Chief Executive)
Audit Committee:	The Audit Committee, which is due to be held on 27th September 2017 will receive summary findings and recommendations from this audit.

E1701 Gifts & Hospitality Register

Executive Summary

1.0   Background

1.2.   This report summarises the findings from the audit of the Gifts & Hospitality Register. This was an internal audit review included in the 2017/18 risk-based audit plan agreed by the Audit Committee on 16th March 2017.

1.2   The review covered the arrangements adopted by the Council to ensure all offers of gifts and hospitality are properly treated and recorded in line with relevant policies and legislation.

2.0   Audit Approach

Audit Objectives and Methodology

2.1   Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2   A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

2.3   The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Lead for this review was the Democratic Services Officer and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following risk areas:

- Council business objectives are compromised due to impartial decision-making process resulting from gifts and hospitality provided to Council Officers and Members.

- Reputational damage due to perceived impartiality due to gifts and hospitality provided to Council Officers and Members.

- Value for money not achieved due to impartial decision-making process resulting from gifts and hospitality provided to Council Officers and Members.

- Organisation prosecuted under Bribery and Corruption Act due to inappropriate receipt of gifts and hospitality provided to Council Officers and Members.

2.4   There were no instances whereby the audit work undertaken was impaired by the availability of information.

E1701 Gifts & Hospitality Register

3.0 Assurance Opinion

3.1 Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix A.**

3.2 From the areas examined and tested as part of this audit review, we consider the current controls operating within the Gifts and Hospitality Register provide **Substantial assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1 There are no audit recommendations arising from this audit review.

4.2 **Findings Summary (good practice / areas for improvement):**
The Council has suitable policies in place to ensure the appropriate treatment of all offers of gifts and hospitality. Declarations were found to be properly recorded and approved in line with Council policy.

It was identified that relevant policies do include out of date information and are due a refresh, though the additional risk exposure in relation to gifts and hospitality is minimal. It is advised that the Authority looks to the relevant policies.

Comment from the Corporate Director:
Thank you for the audit. A job well done by the Democratic Services team, which would not be possible without the proper co-operation of Members and Officers.

5.0 Audit Findings

5.1 **Management** – Achievement of the organisation's strategic objectives

Audit Findings
5.1.1 The Council has various policies in place to ensure the appropriate treatment of gifts and hospitality: Codes of Conduct are in place for Members and Officers, which provide suitable guidance. The Financial Procedure Rules provide further definition and guidance.
5.1.2 The Council also has a Counter-Fraud & Corruption Policy and an Anti-Bribery Policy, both of which also refer to the treatment of gifts and hospitality. These policies are consistent with the processes outlined in the Codes of Conduct and Financial Procedures.
5.1.3 It was noted that the Codes of Conduct and Counter-Fraud & Corruption Policy both contained some out of date information (such as old job titles). However, the policies adequately cover the processes for gifts and hospitality, so there is minimal (if any) additional risk exposure as a result. It is advisable that the authority looks into updating all its policies on a regular basis to reflect changes to the authority.
5.1.4 Members and Officers are given regular reminders concerning their requirement to record any offer of gifts and hospitality and suitable training and awareness is provided. The relevant Policies are available to all Members and Officers via the authority's website and intranet.

5.2 **Regulatory** – compliance with laws, regulations, policies, procedures and contracts

Audit Findings
5.2.1 Members are required to formally declare all registered interests, including the receipt of any gifts and hospitality. A review of declarations found them to be appropriately completed and timely. Member's declarations are publically available via the Council's website.
5.2.2 Officers are required to record all offers of gifts and hospitality and receive biennial reminders of this requirement. Democratic Services maintain a register of all declarations completed.
5.2.3 A review of the gifts and hospitality register found that declarations were completed appropriately and approved by a relevant Corporate Director (who would provide additional advice when required).
5.2.4 Gifts accepted by both Council officers and Members were found to be acceptable and in line with the Council's procedures. Only one instance was identified of a gift not being accepted – this related to cash.

5.2.5   It is difficult for the Council to be fully assured that all offers of gifts and hospitality have been declared, as it is reliant on the individual to make a declaration. However, the Council has an appropriate Confidential Reporting (whistle-blowing) procedure in place that would help ensure any significant misconduct was identified and reported.

Appendix A
Audit Assurance Opinions

There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

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Audit of
National Non Domestic Rates

Draft Report Issued: 15 August 2017
Director Draft Issued: 04 September 2017
Final Report Issued: 13 September 2017

Audit Report Distribution

For Action:	Reg Bascombe – Revenues and Benefits operations manager
For Information:	Jason Gooding - Chief Executive
Audit Committee:	The Audit Committee, which is due to be held on 27 September, will receive summary findings and recommendations from this audit.

National Non Domestic Rates (NNDR)

Executive Summary

1.0   Background

1.1.   This report summarises the findings from the audit of National Non Domestic Rates (NNDR). This was an internal audit review included in the 2016/17 risk-based audit plan agreed by the Audit and Assurance Committee.

1.2   National Non-Domestic Rates (NNDR) is a tax on the occupation of a non-domestic property. The Local Government Act 1988 introduced business rates in England and Wales from 1990, repealing its immediate predecessor, the General Rate Act 1967.

1.3   All non-domestic properties are 'rated' by the Valuation Office Agency (VOA), which is a UK Government Executive Agency. With the exception of exempt properties, each non-domestic property, known as a "hereditament", is given a rateable value and the tax liability is calculated by multiplying the rateable value by the 'poundage' set by Government. This usually varies annually as it increases in line with inflation.

1.4.   A number of reliefs are available, such as for charities and small businesses. Additionally, Flood relief has been available to business premises affected by the storms of December 2015.

2.0   Audit Approach

Audit Objectives and Methodology

2.1   Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2   A risk based audit approach has been applied which aligns to the five key audit control objectives (see section 4). Detailed findings and recommendations are reported within section 5 of this report.

Audit Scope and Limitations.

2.3   The Audit Scope was agreed with management prior to the commencement of this audit review. The Client Lead for this review was the Revenues & Benefits Operations Manager and the agreed scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following scope areas:

- Business Rate Reliefs
- Debt recovery and write-offs
- Business Rates Flood Relief Scheme

2.4   There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0   Assurance Opinion

3.1   Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix B.**

3.2   From the areas examined and tested as part of this audit review, we consider the current control operating within National Non Domestic Rates provides **Reasonable assurance**.

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0   Summary of Recommendations, Audit Findings and Report Distribution

4.1   There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**.

4.2   There are 3 audit recommendations arising from this audit review and these can be summarised as follows:

Control Objective	High	Medium
1. **Management** - achievement of the organisation's strategic objectives achieved (see section 5.1)	-	2
2. **Regulatory** - compliance with laws, regulations, policies, procedures and contracts (see section 5.2)	-	-
3. **Information -** reliability and integrity of financial and operational information (see section 5.4)	-	-
4. **Security** - safeguarding of assets (see section 5.3)	-	1
5. **Value** – effectiveness and efficiency of operations and programmes (see section 5.5)	-	-
Total Number of Recommendations	**-**	**3**

4.3   Management response to the recommendations, including agreed actions, responsible manager and date of implementation are summarised in Appendix A.

4.4   Findings Summary

Good Practice:
- Service planning is well developed and key goals and objectives are established
- Procedures and system controls are in place within the NNDR area
- Management have good processes in place to monitor the collection rates and to highlight any anomalies
- The current legislation is available to all officers. There are detailed procedure notes within the NNDR section for dealing with the day to day operations. A copy of the procedures is available to all staff on the shared drive.
- The debt recovery guidance is set out within the Financial Procedure Rules.
- Service level agreements are in place with 3rd party providers of services.
- The policy around the Flood relief scheme was approved and controls were in place to ensure that scheme was complied with.
- Documentation is retained to support discounts.
- Checks are in place to verify that the accuracy and completeness of the bills.
- Management have ensured that the system used to process the NNDR is registered with Information Commissioner's Office (ICO).
- The NNDR information is held securely.
- All officers are dedicated NNDR officers and have significant experience.

Areas for improvement:
- Responsibilities are needed to be delegated from the Chief Executive to the Revenues and Benefits Operation Manager.
- Team leader appraisals need to be written up. There needs to be clear direction for the team appraisal as this has not been under taken.
- Risk registers are not always completed on a timely basis
- A restructure has recently been undertaken within the recovery section to provide greater resilience. There is still a need though to update the Recovery notes specific to NNDR, audit have acknowledged that considerable progress has been made on procedure notes within the section and that management are aware of the need to complete these.
- Management have no effective controls in place to ensure that the Council's documentation disposal policy is complied with for electronic records due to technical system issues.

Comment from the Chief Officer
I thank Internal Audit for this report and I will ensure that the necessary management actions are expedited

National Non Domestic Rates (NNDR)

5.0   Audit Findings and Recommendations

5.1   Management – Achievement of the organisation's strategic objectives

5.1.1   Service planning is well developed and key goals and objectives are set out within the service plan. Performance information is included as the target collection rate is established.

5.1.2   The handover document prior to the departure of the Director of Resources has been used as a control document to ensure that all functions have continued to be undertaken. Some of the responsibilities are needed to be delegated from the Chief Executive to the Revenues and Benefits Operation Manager. This was raised in the handover but has not yet been actioned. In addition there was a point raised about maintaining the document as a control document but this responsibility has not yet been decided upon. There is a risk that if responsibility for NNDR is not clearly defined there may be a lack of ownership.

Recommendation 1 - Responsibility for areas of NNDR should be formally delegated to the appropriate officer. (M)

5.1.3   Procedures and system controls are in place within the NNDR area to ensure that a consistent approach to the provision of rate relief and write offs is in place and that officers are aware of their roles and responsibilities

5.1.4   Personal objectives have been set for the Revenues Team leader responsible for the NNDR section during the appraisal process however this is yet to be written up. The appraisal was performed over 8 months ago. There is also no clear direction on the process for appraisals for team members and these have not taken place since prior to the service coming back in house 2 years ago. Management have not been able to clarify how training needs are identified within the team. This could result in inconsistent approaches to the provision of NNDR as staff may not be aware of their roles and responsibilities.

Recommendation 2 - Appraisal process should be followed and should be completed timely. A decision needs to be made on which officer is responsible for undertaking the wider team appraisal and ensuring that staff training needs are identified (M)

5.1.5   There is a good understanding of the risk registers and the corporate process for escalating any high lever issues to the corporate risk register. It was noted during the review that risk registers are not always completed on a timely basis – the responsible officer is advised to ensure risk registers are completed on a timely basis in line with the Council's Risk Management policy (quarterly).
Management are aware of anomalies with the collection rates promptly as there are good reports produced which raise attention to any anomalies.

National Non Domestic Rates (NNDR)

5.2	Regulatory – compliance with laws, regulations, policies, procedures and contracts

5.2.1 The current legislation is available to all officers. There are detailed procedure notes within the NNDR section for dealing with the day to day operations. A copy of the procedures is available to all staff on the shared drive.

5.2.2 The debt recovery guidance is set out with the Financial Procedure Rules. The recovery timetable is annually approved prior to the start of the financial year.

5.2.3 A restructure has recently been undertaken within the recovery section and officers are now working across the team and not on specific areas. This is aimed to produce greater resilience. There is still a need to update the Recovery notes specific to NNDR. Audit has acknowledged that considerable progress has been made on procedure notes within the section and that management are aware of the need to complete these.

5.2.4 Service level agreements are in place with 3rd party providers of services.

5.2.5 The policy around the Flood relief scheme was approved and controls were in place to ensure that scheme was complied with.

5.3	Information – reliability and integrity of financial and operational information

5.3.1 Reliefs are identified through applications from the tax payers. Documentation to support the claims is retained.

5.3.2 Checks are in place to verify that the accuracy and completeness of the bills.

5.3.3 Staff are aware of their obligations under the employee code of conduct, to avoid any perception of partiality, staff must not handle service requests for themselves, their relatives or friends and, if requested to do so, must pass it to a colleague.

5.4	Security – Safeguarding of Assets

5.4.1	Management have ensured that the system used to process the NNDR is registered with Information Commissioner's Office (ICO).
5.4.2	The NNDR information is held securely, the service is operated from an office with restricted access. The Electronic system is password protected and access levels are appropriately set.
5.4.3	Management have no effective controls in place to ensure that the Council's documentation disposal policy is complied with for electronic records due to technical system issues. Management have concerns over the extended timescales information is retained for. There is currently a corporate drive to improve document retention across the Council as a whole and services will be challenged during the autumn at DMTs. There is a risk that the Council is holding data inappropriately and that it could result in financial penalties for breaching data protection legislation. **Recommendation 3: -** Management need to put into place a document retention policy for the NNDR section and to ensure that timely disposal of documents in complied with for all records, electronic and paper.

5.5	Value – effectiveness and efficiency of operations and programmes

5.4.4	Management ensure that the collection of rates is monitored and that action is taken where necessary. Workloads are tracked and weekly updates are sent to the managers.
5.4.5	All officers are dedicated NNDR officers and have significant experience.

National Non Domestic Rates (NNDR)

Appendix A – Management Action Plan

	Summary of Recommendations and agreed actions				
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date
Recommendation 1: Responsibility Responsibility for areas of NNDR should be formally delegated to the appropriate officer.	**Priority** M	**Risk Exposure** Responsibility for NNDR is not clearly defined and as a result there may be a lack of ownership	Revenues and Benefits operations Manager will raise at his next 1 to 1 and will ensure that the delegation is completed.	Revenues and Benefits Manager	**6 Months**
Recommendation 2: Appraisal process and training Appraisal process should be followed and should be completed timely. A decision need to be made on which officer is responsible for undertaking the wider team appraisal and ensuring that staff training needs are identified.	**Priority** M	**Risk Exposure** Inconsistent approach to provision of NNDR because staff are not aware of their roles and responsibilities	The new cycle of appraisals is about to commence and a decision will be made and actioned by year end.	Revenues and Benefits Manager	**March 2018**
Recommendation 3: Document Retention Management need to put into place a document retention policy for the NNDR section and to ensure that timely disposal of documents is complied with for all records, electronic and paper.	**Priority** M	**Risk Exposure** Data is held inappropriately. Risk of fines for breaching data protection laws.	The document retention policy will be in place for NNDR by the end of the financial year. Testing on the two electronic systems, Academy and Civica, and the reliability of disposal to be commenced early 2018/19.	Revenues and Benefits Manager	**March 2018**

National Non Domestic Rates (NNDR)

Appendix B
Audit Assurance Opinions
There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

Appendix C

Grading of Audit Recommendations
Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).

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Audit follow up of Housing Benefit Overpayments

Draft Report Issued: 31 July 2017
Director Draft Issued: 01 August 2017
Final Report Issued: 11th August 2017

Audit Report Distribution

For Action:	Reg Bascombe, Revenues & Benefits Operations Manager
For Information:	Jason Gooding, Town Clerk & Chief Executive
Audit Committee:	The Audit Committee, which is due to be held on 27th September 2017 will receive summary findings and recommendations from this audit.

H1704 Housing Benefit Overpayments

Executive Summary

1.0   Background

1.1.   This report summarises the findings from a follow up audit of Housing Benefit Overpayments. This was a follow-up internal audit review included in the 2017/18 risk-based audit plan agreed by the Audit Committee on 16th March 2017.

1.2.   The original audit was finalised in May 2016, resulting in a conclusion of **partial assurances** and **5** recommendations. A management action plan was completed detailing agreed actions, responsible manager and implementation dates to address the recommendations (**Appendix A**). This follow-up report provides an update on progress made against this action plan.

2.0   Audit Approach

Audit Objectives and Methodology

2.1   Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2   A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are reported within section 5 of this report.

2.3   The Client Lead was asked to provide an update on progress made implementing the agreed actions. Internal Audit then undertook testing as necessary to confirm that actions have been fully implemented and that controls are working as intended to mitigate risk

Audit Scope and Limitations.

2.4   The original scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls in the following areas:

- Referrals & progress of recovery
- Debt provision (including write off process)
- Staff resources and reporting lines
- System reporting

2.5   It is the responsibility of management to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

2.6   There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0   Assurance Opinion

3.1   Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in **Appendix B.**

3.2   Where the findings of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.

3.3   From the areas examined and tested as part of this follow up review we consider the current controls operating within Housing Benefit Overpayments now provide **substantial assurance** (revised from **partial assurance**).

Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0 Summary of Recommendations, Audit Findings and Report Distribution

4.1   There are two levels of audit recommendation; the definition for each level is explained in **Appendix C**.

4.2   The previous audit included 5 recommendations (**Appendix A**) of which:

- 4 agreed actions have been successfully implemented.
- 1 agreed actions have been partially implemented.

4.3   There are no audit recommendations arising from this audit review.

4.4   **Findings Summary:**
Good progress has been made against the action plan, with four of the recommendations now fully implemented. Suitable processes and procedures have now been documented, which addresses the one high level recommendation previously reported. In addition, a restructure of the service has addressed concerns raised regarding business continuity.

There is still progress required to fully embed a properly documented quality assurance process, but it is clear from discussions and information provided during the audit that this is an ongoing development that will be fully resolved in due course.

Comment from the Corporate Director
I thank Internal Audit for this report and I am pleased to note that satisfactory progress has been made in response to the recommendations

H1704 Housing Benefit Overpayments

4.1 Recommendation 1 (Service Objectives)

Audit Findings

4.1.1 At the time of the previous audit no suitable Service Plan was in place for Revenues and Benefits (the only plan related to a defunct shared service).

4.1.2 During the first quarter of 2017/18 the Authority as a whole has been engaged in a process led by Policy & Performance to ensure consistent and suitable Service Plans are produced for every department within the authority.

4.1.3 A review of the Service Plan produced for the Revenues and Benefits department indicated that Housing Benefit Overpayments is part of the plan. The plan is available to all members of the Revenues and Benefits team via the department's intranet page.

4.1.4 An established performance indicator to achieve in-year collection of 40% is formally recorded in the plan and reported internally on a monthly basis.

4.2 Recommendation 2 – (Business Resilience & Continuity)

Audit Findings

4.2.1 At the time of the previous audit only one officer was responsible for recovering Housing Benefit overpayments, resulting in business continuity concerns should the officer take leave from the post.

4.2.2 Following a restructure of the Revenues and Benefits team responsibility for recovering Housing Benefit overpayments is now split across three Recovery Officer Posts, offering greater resilience.

4.3 Recommendation 3 – (Documented Procedures)

Audit Findings

4.3.1 At the time of the previous audit there were no documented procedures regarding the process for recovering Housing Benefit overpayments.

4.3.2 A suite of training documents has now been prepared by the Recovery Officer with previous experience in recovering over payments. Procedures were found to offer a good level of information and guidance.

4.3.3 The Procedures are available to all relevant officers via the shared network drive and the experienced officer continues to provide training and guidance to other members of the team.

4.4   Recommendation 4 – (Compliance with Key Council Policies)

Audit Findings
4.4.1   At the time of the previous audit there was nothing to provide assurance to Management that recovery of overpayments was aligned to the Council's Anti-Poverty Strategy.
4.4.2   Guidelines are now in place that determines the steps to be considered by Revenue and Benefits as a whole when recovering overpayments.
4.4.3   Adherence to the guidance is being monitored (initially by the officer with previous experience in recovering overpayments, but this will transfer to the Recovery Team Leader in due course (see Recommendation 5)

4.5   Recommendation 5 – (Quality Assurance)

Audit Findings
4.5.1   At the time of the previous audit there was limited quality checking arrangements in place.
4.5.2   The Recovery Team Leader is currently still familiarising themselves with other aspects of the work, so not currently performing checks.
4.5.3   In the interim the Recovery Officer with previous experience of recovering Housing Benefit overpayments is checking the work of other officers.
4.5.4   It is anticipated that responsibility for Quality Assurance will transfer to the Recovery Team Leader once they are sufficiently familiar with the process.

H1704 Housing Benefit Overpayments

Appendix A – Original Management Action Plan

	Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Date	Actioned
R1 - The objectives and priorities for Housing Benefit Overpayments should be reviewed and included in the approved Resources Directorate service plan. Arrangements should be made to communicate these to the team and to feed them into individuals' personal objectives through the appraisal process.	M	Corporate priorities not delivered Benefit Overpayments objectives are not achieved because they are not identified documented and communicated.	Activities being considered due to an operational service review. Objectives and priorities to be confirmed as part of the service restructure changes implementation.	Revenues & Benefits Operation Manager	December 2016	Yes
R2 - Management should carry out and document an assessment of the HB Overpayment Officer's responsibilities to identify which need to be covered in case of absence and ensure that arrangements in place to provide these. Management should review the business continuity arrangements across the service to ensure that these are sufficient to manage the risks of significant staff absence.	M	Business continuity arrangements do not provide sufficient resilience to cover for significant staff absences Overpayments recovery may not be progressed effectively.	Resilience and continuity are to be incorporated through the proposed structure changes and changes to the Recovery Officer duties	Recovery Team Leader	December 2016	Yes

H1704 Housing Benefit Overpayments

		Summary of Recommendations and agreed actions				
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Date	Actioned
R3 - Arrangements should be in place to ensure that all procedures are fully documented and approved by management. In signing off the procedures, management should ensure that they are sufficiently detailed for staff to follow and for less experienced staff providing cover for the Overpayments function with appropriate support. The arrangements should ensure that the procedures are communicated to staff and that review dates and responsibilities for review are set and monitored.	H	Recovery procedures are not in place and debt is not collected. The Council is unable to demonstrate that staff are clear about management's expectations of how they should undertake their duties Management are unable to be assured that staff are following the correct procedures Business continuity arrangements may not be robust if procedures do not allow for less experienced staff to provide cover	Procedures are to be documented within the service review. Implementation will require staff training based on the new processes devised. Further review of the changes will be considered once the new roles have become established.	Revenues & Benefits Operations Manager	March 2017	Yes
R4 - Arrangements should be in place for senior management to receive assurance that Housing Benefit Overpayment procedures align with all relevant Carlisle City Council strategic polices. A date should be set for this assurance to be provided.	M	Council priorities are not achieved as operational procedures do not align with approved policies and strategies in place to deliver these.	Alignment as changes to procedures are developed and applied. Priority to be given to the Debt Recovery and Anti-Poverty strategies urgently	Revenues & Benefits Operations Manager	March 2017	Yes

H1704 Housing Benefit Overpayments

	Summary of Recommendations and agreed actions					
Recommendations	**Priority**	**Risk Exposure**	**Agreed Action**	**Responsible Manager**	**Date**	**Actioned**
R5 - The capability of the officers should be considered so that appropriate checks are undertaken and that the checks are reduced as competency is achieved. Management should consider how the outcomes of QA checks should be documented and reviewed to identify any remedial actions needed and to feed into future training and review of procedures	M	Inefficient use of resources – checks carried out are disproportionate to risk of error or learning from common issues is not identified and addressed	100% checks are reduced subject to findings and errors are discussed with relevant Assessment Officers. Outcomes are to be recorded in a control spreadsheet and periodic checks made of arrangements.	Recovery Team Leader	December 2016	In part

Appendix B
Audit Assurance Opinions
There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

Appendix C

Grading of Audit Recommendations
Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).

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Audit follow up of Workforce Planning and Development

Draft Report Issued: 29th August 2017
Director Draft Issued: 4th September 2017
Final Report Issued: 15th September 2017

Audit Report Distribution

For Action:	Alison Taylor, Chief Finance Officer
For Information:	Jason Gooding, Chief Executive
Audit Committee:	The Audit Committee, which is due to be held on 27th September 2017 will receive summary findings and recommendations from this audit.

H1705 Workforce Planning and Development

Executive Summary

1.0 Background

1.1. This report summarises the findings from a follow up audit of Workforce Planning and Development. This was an internal audit review included in the 2017/18 risk-based audit plan agreed by the Audit Committee on 16th March 2017.

1.2. The original audit report issued in August 2016, resulting in a conclusion of **Partial Assurance** and **4** recommendations. A management action plan was completed detailing agreed actions, responsible manager and implementation dates to address the recommendations (**Appendix A**). This follow-up report provides an update on progress made against this action plan.

2.0 Audit Approach

Audit Objectives and Methodology

2.1 Compliance with the mandatory Public Sector Internal Audit Standards requires that internal audit activity evaluates the exposures to risks relating to the organisation's governance, operations and information systems.

2.2 A risk based audit approach has been applied which aligns to the five key audit control objectives. Detailed findings and recommendations are reported within section 5 of this report.

2.3 The Client Lead was asked to provide an update on progress made implementing the agreed actions. Internal Audit then undertook testing as necessary to confirm that actions have been fully implemented and that controls are working as intended to mitigate risk

Audit Scope and Limitations.

2.4 The original scope was to provide independent assurance over management's arrangements for ensuring effective governance, risk management and internal controls of the following areas:

- Identification of risks relating to workforce planning and development
- Development of a workforce planning and development strategy to address those risks
- Review and monitoring of effectiveness of actions taken

2.5 It is the responsibility of management to monitor the effectiveness of internal controls to ensure they continue to operate effectively.

2.6 There were no instances whereby the audit work undertaken was impaired by the availability of information.

3.0   Assurance Opinion

3.1   Each audit review is given an assurance opinion and these are intended to assist Members and Officers in their assessment of the overall level of control and potential impact of any identified system weaknesses. There are 4 levels of assurance opinion which may be applied. The definition for each level is explained in Appendix B**.**

3.2   Where the findings of the follow up confirm that actions have been successfully implemented and controls are working effectively, the internal audit assurance opinion may be revised from that provided by the original audit.

3.3   From the areas examined and tested as part of this follow up review we consider the current controls operating within Workforce Development provide **Substantial assurance** (revised from **Partial assurance**).
Note: as audit work is restricted by the areas identified in the Audit Scope and is primarily sample based, full coverage of the system and complete assurance cannot be given to an audit area.

4.0   Summary of Recommendations, Audit Findings and Report Distribution

4.1   There are two levels of audit recommendation; the definition for each level is explained in Appendix C.

4.2   The previous audit included four recommendations (See Appendix A) of which:

- 3 agreed actions have been successfully implemented.
- 1 agreed action has been partially implemented.

4.3   There are no audit recommendations arising from this audit review

4.4   **Findings Summary:**
Good progress has been made against the action plan, with three of the recommendations now implemented. The High Priority recommendation has been fully addressed, with a formal decision made and documented that the authority will develop a Workforce development plan.

There is still progress required to complete the workforce development plan and ensure that all the key areas are included; however good progress has been made and the responsibility has been delegated to the Transformation Working Group. The Senior Management Team are monitoring the progress.

Comment from the Chief Officer

5.0   Summary of Recommendations, Audit Findings and Report Distribution

5.1   Recommendation 1 – Workforce plan / Strategy

5.1.1 At the time of the audit it was concluded that there was no corporate Workforce Strategy in place, although it was recognised that a draft Workforce Strategy for 2015-2020 was produced in 2014, but that it had not approved or implemented. The recommendation required a formal decision to be made on whether the authority wanted to develop a strategy.

5.1.2 A report has since been presented to SMT from the HR Advisory Services Team Leader, titled Workforce Planning & Development and it set out the findings from the audit report and the key aims for the future. The report asked SMT to "include the development of the workforce strategy within the remit of the Transformation sub-group".

5.1.3 The Minutes from SMT evidenced that a formal decision had been agreed. "SMT agreed that the development of the Workforce Strategy be within the remit of the Transformation sub group."

5.1.4 The formal decision has been made to develop a Workforce Strategy and responsibility has been delegated to the Transformation Sub group.

5.2   Recommendation 2 – Directorate Learning and Development Plans

5.1.5 The audit highlighted that the Directorate Learning and Development Plans were developed by each directorate in 2015/16. These plans set out required skills, qualifications, training and succession planning requirements however, there is no mechanism in place to ensure these are regularly reviewed and updated.

5.1.6 A revised Learning and Development plan has been developed and was agreed by the Transformation group. These will include more data and are aligned to the individual service plans.

5.1.7 Reviews of the plans with individual managers will take place this autumn to ensure that a corporate approach applied.

5.2   Recommendation 3 – Talent Management

5.2.1 The authority does not have a policy/ strategy for identifying and developing the skills of future leaders and technical specialists. This was highlighted in the audit.

5.2.2 The Workforce Strategy presented to SMT in March 2017 highlighted the recommendation and the benefits have been accepted. It has been agreed by SMT that this should form part of the Workforce Strategy and that there is no need for a separate policy.

5.3 Recommendation 4 – Cross Team Working

5.3.1 The audit highlighted that there were examples of some job roles being assessed for cross-team working such as project managers, but that there was no mechanism to ensure that all relevant roles had been assessed.

5.3.2 SMT Sub-Groups are operational with cross-directorate membership. Minutes of each meeting are considered by SMT on a regular basis to ensure that progress is monitored.

H1705 Workforce Planning and Development

Appendix A – Original Management Action Plan

	Summary of Recommendations and agreed actions					
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date	Actioned
Recommendation 1: A formal decision should be taken on whether a workforce strategy is required and actions then taken accordingly. If the decision is taken not to develop a workforce strategy, management should ensure that the risks associated with not having a strategy are identified and addressed.	**Priority** High	**Risk Exposure** Priorities set out in the Council Plan are not met Skills and experience are lost with no agreed organisation-wide approach to addressing this Reputational loss due to poor service delivery	HR have developed a number of workforce strategies including agile working, appraisal process, apprenticeships etc. which contribute to workforce design and development. These can be incorporated into a comprehensive workforce plan. A formal decision regarding a plan will be taken at SMT and subsequent risk management reflected in the corporate risk register. These arrangements will be in place before 2017/18 municipal year.	**Chief Executive**	**March 2017**	Yes

H1705 Workforce Planning and Development

		Summary of Recommendations and agreed actions				
Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date	Actioned
Recommendation 2: Arrangements should be in place to ensure that Directorate Learning and Development plans remain up to date and reflect the Council's skills and qualification requirements	**Priority** Medium	**Risk Exposure** Poor service delivery through inadequate training/ skills Inefficient workforce	These will be reviewed by SMT before municipal year 2017/18	**Chief Executive**	On going	Yes
Recommendation 3: To consider drafting a policy for identifying and developing a career path for future leaders and technical specialists or alternatively including this in an overall workforce strategy.	**Priority** Advisory	**Risk Exposure** Loss of talented individuals to other organisations Poor quality service delivery	Will be considered by SMT. There is however considerable investment in development of manager and future managers in place and work is underway on extending the management competency framework. A clear policy on talent management would be potentially very helpful.	Chief Executive	On going	Work in progress

H1705 Workforce Planning and Development

Summary of Recommendations and agreed actions

Recommendations	Priority	Risk Exposure	Agreed Action	Responsible Manager	Implementation Date	Actioned
Recommendation 4: Management should consider introducing arrangements to identify opportunities for greater cross-team working to ensure the most efficient and effective use of existing resources	**Priority** Advisory	**Risk Exposure** Missed opportunities to utilise existing resources in the most cost-effective way Additional costs associated with recruiting where skills and capacity may exist internally Missed opportunities to enhance staff morale and development opportunities	Agreed – new structure will develop a number of 'sub-groups' of SMT with cross team representation at (typically) service head level to tackle cross cutting activity. This work is underway and will be in place before municipal year 2017/18	Chief Executive	On going	Yes

Appendix B
Audit Assurance Opinions
There are four levels of assurance used; these are defined as follows:

	Definition:	Rating Reason
Substantial	There is a sound system of internal control designed to achieve the system objectives and this minimises risk.	The controls tested are being consistently applied and no weaknesses were identified. Improvements, if any, are of an advisory nature in context of the systems and operating controls & management of risks.
Reasonable	There is a reasonable system of internal control in place which should ensure that system objectives are generally achieved, but some issues have been raised which may result in a degree of risk exposure beyond that which is considered acceptable.	Generally good systems of internal control are found to be in place but there are some areas where controls are not effectively applied and/or not sufficiently developed. Recommendations are no greater than medium priority.
Partial	The system of internal control designed to achieve the system objectives is not sufficient. Some areas are satisfactory but there are an unacceptable number of weaknesses which have been identified and the level of non-compliance and / or weaknesses in the system of internal control puts the system objectives at risk.	There is an unsatisfactory level of internal control in place as controls are not being operated effectively and consistently; this is likely to be evidenced by a significant level of error being identified. Recommendations may include high priority matters for address.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and this exposes the system objectives to an unacceptable level of risk.	Significant non-compliance with basic controls which leaves the system open to error and/or abuse. Control is generally weak/does not exist. Recommendations will include high priority matters for address. Some medium priority matters may also be present.

Appendix C

Grading of Audit Recommendations

Audit recommendations are graded in terms of their priority and risk exposure if the issue identified was to remain unaddressed. There are two levels of audit recommendations used; high and medium, the definitions of which are explained below.

	Definition:
High	Significant risk exposure identified arising from a fundamental weakness in the system of internal control
Medium	Some risk exposure identified from a weakness in the system of internal control

The implementation of agreed actions to Audit recommendations will be followed up at a later date (usually 6 months after the issue of the report).

	Audit Review				Assurance Level
	2015/16 - Housing Benefit Overpayments				Partial
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
The objectives and priorities for Housing Benefit Overpayments should be reviewed and included in the approved Resources Directorate service plan. Arrangements should be made to communicate these to the team and to feed them into individuals' personal objectives through the appraisal process.	M	Activities being considered due to an operational service review. Objectives and priorities to be confirmed as part of the service restructure changes implementation.	Revenues and Benefits Operations Manager	01/12/2016	Closed (Confirmed as actioned)
Management should carry out and document an assessment of the HB Overpayment Officer's responsibilities to identify which need to be covered in case of absence and ensure that arrangements are in place to provide these. Management should review the business continuity arrangements across the service to ensure that these are sufficient to manage the risks of significant staff absence.	M	Resilience and continuity are to be incorporated through the proposed structure changes and changes to the Recovery Officer duties.	Senior Recovery Officer	01/12/2016	Closed (Confirmed as actioned)
Arrangements should be in place to ensure that all procedures are fully documented and approved by management. In signing off the procedures, management should ensure that they are sufficiently detailed for staff to follow and for less experienced staff providing cover for the Overpayments function with appropriate support. The arrangements should ensure that the procedures are communicated to staff and that review dates and responsibilities for review are set and monitored.	H	Procedures are to be documented within the service review. Implementation will require staff training based on the new processes devised. Further review of the changes will be considered once the new roles have become established.	Revenues and Benefits Operations Manager	01/03/2017	Closed (Confirmed as actioned)
Arrangements should be in place for senior management to receive assurance that Housing Benefit Overpayment procedures align with all relevant Carlisle City Council strategic polices. A date should be set for this assurance to be provided.	M	Alignment as changes to procedures are developed and applied. Priority to be given to the Debt Recovery and Anti-Poverty strategies urgently	Revenues and Benefits operations Manager	01/04/2017	Closed (Confirmed as actioned)
The capability of the officers should be considered so that appropriate checks are undertaken and that the checks are reduced as competency is achieved. Management should consider how the outcomes of QA checks should be documented and reviewed to identify any remedial actions needed and to feed into future training and review of procedures	M	100% checks are reduced subject to findings and errors are discussed with relevant Assessment Officers. Outcomes are to be recorded in a control spreadsheet and periodic checks made of arrangements.	Senior Recovery Officer	01/12/2016	Closed (Confirmed as actioned)

	Audit Review				Assurance Level
	2015/16 - Building Maintenance				Partial
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
Management should put in place adequate arrangements to ensure that statutory maintenance is undertaken as required at all properties and that they are assured that this is taking place. This should include: • Maintaining an up to date system to record all statutory maintenance requirements and whether these have been met; • Ensuring data in the system is supported by relevant inspection reports • Requiring regular reports from the system to be reviewed to provide assurance that the council properties remain compliant with statutory requirements	H	The database information used for recording and monitoring statutory maintenance certifications will be brought up to date. Resources will be allocated within the Property Services team restructure to ensure the database records are continually updated in the future as certifications arise. A system for monitoring the status and delivery of the statutory maintenance programme will be introduced and reports prepared on a monthly basis by the Property Technical Assistant. These will be checked by the Building and Facilities Manager to ensure properties are compliant, the system is up to date, and the supporting evidence is in place.	Building and Estates Services Manager	31/12/2016	Formal follow up to be performed Q3 2017/18
Management should ensure that appropriate arrangements are established to plan, record and monitor property condition surveys.	H	A fresh programme for undertaking condition surveys will be established for the occupational property portfolio. Reports on condition will be procured utilising the services of an external Building Surveyor. Service delivery, monitoring and recording of the condition surveys will be undertaken annually; the results will be reported upon and used to update the Asset Management Plan and inform future planned building maintenance.	Building and Estates Services Manager	31/12/2017	Formal follow up to be performed Q3 2017/18
Management should document how Council Surveyors should carry out a condition survey, what should be inspected, how it should be recorded and what should be reported.	M	Guidance on the preparation, inspection, protocol and methodology for undertaking condition surveys, and reporting the results/outcomes with appropriate documentation, will be put in place in accordance with RICS industry standard practice	Building and Estates Services Manager	31/12/2017	Formal follow up to be performed Q3 2017/18
Management should put in place adequate arrangements to be assured that statutory maintenance requirements are met in council buildings that are leased to third parties and that information on this is obtained in a timescale that will allow all certification to be brought up to date prior to handover.	M	Estate Management Practices will be put in place in order to monitor Lessee compliance with statutory maintenance and the provision of supporting certification / documentation. This will be checked annually, to make sure it's up to date, and at the end of the Lease term.	Building and Estates Services Manager	31/07/2017	Formal follow up to be performed Q3 2017/18

Audit Review

2015/16 - Enterprise Centre

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
Key actions, potential risks and performance measures/target dates should be identified and documented in support of the agreed Enterprise Centre objective. Once documented, these should be communicated to staff and other stakeholders as appropriate and used to inform team and individual objectives. The actions, risks and performance measures should be regularly reviewed and reported as appropriate.	M	Business plan to be prepared for the Enterprise Centre relating to the year ahead, detailing key actions and planned activities to support realisation of the Service Plan objective. Risks to realisation of the objective to be detailed through this process but then entered into and regularly reviewed and managed through the Council's Project Server, mirroring the corporate approach. Business plan to be signed off by Director and reviewed each year. The Plan can then be used to inform individual's objectives through the appraisal process. Business Plan is to include a schedule of annual management approvals, evidencing that the need to review for example rents, health and safety assessments, robustness of tenancy agreements etc. has been considered and any updates documented along with reasoning to support decisions made. It is also proposed that this same process be used to document any significant outstanding issues at the preceding year end as well as key achievements within.	Investment and Policy Manager	31/03/2017	Formal follow up to be performed Q3 2017/18
Management should set a timescale for the approval of the Economic Development scheme of sub-delegation.	H	The absence of any approval to date reflects that an active review of the scheme of sub-delegation is and has been ongoing for some time, reflecting significant governance and workforce restructures within the organisation. The highlighted issue will be addressed through this ongoing process	Corporate Director of Economic Development	01/04/2017	Formal follow up to be performed Q3 2017/18
a) Arrangements should be in place to ensure that all procedures are fully documented and approved by management. In approving procedures, management should ensure that they are sufficiently detailed for staff to follow to prepare Tenancy At Will Agreements. b) Management should introduce arrangements to obtain assurance that the expected procedures are being followed. A timescale should be set for the review and approval of these procedures. c) Management should put arrangements in place to obtain assurance that tenants comply with their Tenancy At Will Agreement and the correct amount of rent is paid.	H	Existing procedure notes have already been reviewed and significantly updated to enhance their robustness, including making clear when the procedure note was last updated and approved by management. Unit file spot checks to be undertaken – minimum of 10% of Units Let – and to be clearly documented including sign off within the annual management checklist within the proposed Business Plan. Spot checks to be guided by preparation of detailed procedure note ensuring mandatory aspects of Tenancy Agreement are covered including the rent paid.	Investment and Policy Manager	31/03/2017	Formal follow up to be performed Q3 2017/18
a) Arrangements should be in place to ensure that the approach to set and review the rents of the units at the Enterprise Centre are documented and approved. Once documented these should be communicated to staff. b) Management should introduce arrangements to obtain assurance that the expected procedures are being followed.	H	The proposed business plan is to include a schedule of annual management approvals, evidencing that the need to review for example rents, health and safety assessments, robustness of tenancy agreements etc. has been considered and any updates documented along with reasoning to support decisions made. Annual sign off of the business plan will afford assurances that the expected procedures are being followed and any variances documented.	Investment and Policy Manager	31/03/2017	Formal follow up to be performed Q3 2017/18

	Audit Review			Assurance Level
				Partial
2015/16 - Enterprise Centre				
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
Arrangements should be put in place to ensure that management receive regular assurances that all statutory health and safety and building maintenance checks are being undertaken at the Enterprise Centre. Management should consider how these checks and their outcomes should be documented and reviewed and that any remedial actions are undertaken.	M	Arrangements in the form of a comprehensive schedule of statutory responsibilities to be put together along with reporting protocols to ensure that the schedule can function as a log and be updated to indicate that the required actions / checks have been done, with any issues flag. Required reviews of overarching health and safety and fire risk assessments to be set out in the proposed Business Plan which will require senior manager sign off.	Investment and Policy Manager	31/03/2017	Formal follow up to be performed Q3 2017/18

Audit Review
2015/16 - Homelife

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
Management should have arrangements in place to ensure that all key objectives are clearly documented and that these are then used as a basis for determining individual staff objectives.	M	Homelife Plan including key objectives is to be included in the Environmental Health and Housing Service Plan.	Environmental Health and Housing Manager	01/07/2016	Formal follow up to be performed Q3 2017/18
Management should ensure they have arrangements in place to ensure risks are recorded, managed and reviewed in line with the Council's risk management policy.	M	Risk Management included in both the Service Plan and also on the operational risk register. To be updated quarterly.	Environmental Health and Housing Manager	01/08/2016	Formal follow up to be performed Q3 2017/18
Management should have arrangements in place to ensure, and demonstrate, that an appropriate level of planning and evaluation is in place to support the development and delivery of schemes and their objectives.	H	Should Homelife continue post 2016 / 17 a clear Business Plan including funding sources will require approval. A draft options paper for 2017/18 is a target within the 2016/17 Service Plan.	Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should have a mechanism in place to ensure that work is undertaken as expected after having defined requirements and clearly informed staff of these e.g. requirements regarding evidence of eligibility for funding.	M	HIA Team leader is producing procedures now for work areas and also coordinating the delivery of the various Homelife 2016 / 17 schemes. The Plan is confirming those reporting obligations required under the various schemes. The quarterly report for Keepsafe has been finalised and sent through to the OPCC in June 16	Environmental Health and Housing Manager	01/07/2016	Formal follow up to be performed Q3 2017/18
Management should ensure that evidence to support rates charged is retained and readily available.	M	The fees and charging structures are being finalised and will be included in both the options paper and the annual Fees and charges reports for approval at Full Council.	Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should ensure that all charges are reviewed and approved in line with Council policy.	M		Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should have a mechanism in place to ensure the use and retention of key documents in relation to external funding applications.	M	Centralised filing will ensure future funding forms and approvals are easy to locate.	Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should have arrangements in place to ensure a consistent approach to record retention.	M	Management to confirm a policy covering a consistent approach to record retention.	Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should have arrangements in place to ensure that all work undertaken is billed.	M	Management will confirm arrangements to ensure that all work undertaken is billed.	Environmental Health and Housing Manager	01/09/2016	Formal follow up to be performed Q3 2017/18
Management should ensure there is a mechanism in place to collate report and use feedback received from customers.	A	100% customer feedback to be sought and reported for all Keepsafe and Minor Works undertaken. To confirm in the Service Plan the remaining schemes feedback process.	Environmental Health and Housing Manager	01/08/2016	Formal follow up to be performed Q3 2017/18

	Audit Review					Assurance Level
						Partial
2015/16 - Workforce Planning						
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status	
A formal decision should be taken on whether a workforce strategy is required and actions then taken accordingly. If the decision is taken not to develop a workforce strategy, management should ensure that the risks associated with not having a strategy are identified and addressed.	H	HR have developed a number of workforce strategies including agile working, appraisal process, apprenticeships etc. which contribute to workforce design and development. These can be incorporated into a comprehensive workforce plan. A formal decision regarding a plan will be taken at SMT and subsequent risk management reflected in the corporate risk register. These arrangements will be in place before 2017/18 municipal year.	Chief Exec	01/03/2017	Closed (Confirmed as actioned)	
Arrangements should be in place to ensure that Directorate Learning and Development plans remain up to date and reflect the Council's skills and qualification requirements	M	These will be reviewed by SMT before municipal year 2017/18	Chief Exec	01/03/2017	Closed (Confirmed as actioned)	
To consider drafting a policy for identifying and developing a career path for future leaders and technical specialists or alternatively including this in an overall workforce strategy.	A	Will be considered by SMT. There is however considerable investment in development of manager and future managers in place and work currently underway on extending the management competency framework. A clear policy on talent management would nonetheless be potentially very helpful.	Chief Exec	01/03/2017	Closed (Confirmed as actioned)	
Management should consider introducing arrangements to identify opportunities for greater cross-team working to ensure the most efficient and effective use of existing resources	A	Agreed – new structure will develop a number of 'sub-groups' of SMT with cross team representation at (typically) service head level to tackle cross cutting activity. This work is underway and will be in place before municipal year 2017/18	Chief Exec	01/03/2017	Closed (Confirmed as actioned)	

2016/17 - Development Management

					Assurance Level
					Reasonable
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Management should prepare planning application procedures/guidance for staff to follow that focus on describing how: new planning enquiries/applications should be allocated and processed, checks and validation checklists should be completed and documented, and any amendments and updates to the Acolaid system should be entered b) A timescale should be set for the preparation of planning application procedures/guidance including the relevant approval arrangements.	M	Agreed. Started the process on preparing procedures that focus on administration, technical and professional roles and that demonstrate clearly where pressures of resources are.	Development Management manager	31/03/2017	Issue management statement Q3
a) Management should ensure that national and local targets are communicated to staff. b) Management should be reminded of their responsibilities to identify and progress any team training needs and to regularly undertake team appraisals c) Managers should be reminded of the need to retain a record of team meetings that support discussions made regarding performance activity and training needs. Any outcomes from such discussions should be reported and escalated where appropriate and any corrective action taken should be documented.	M	Agreed. Changed Team meeting agenda proforma to include actions required i.e. local targets etc.

Team appraisal will be undertaken in the last quarter of 2016/17. | Development Management manager | 31/03/2017 | Issue management statement Q3 |
| Managers should be reminded of the need to retain a record of discussions and outcomes from having reviewed performance reports and weekly planning lists. Any outcomes from such discussions should be reported and escalated where appropriate and any corrective action taken should be documented. | M | File notes will be stored alongside the weekly lists and performance figures confirming they have been checked and any updates. | Development Management manager | 06/02/2017 | Issue management statement Q3 |
| Arrangements should be introduced for monitoring and reporting compliances and non-compliances with the code of conduct guidance on conflicts of interest. | M | Agreed will review and update P1 form to record where there is/is not conflict of interests or look at alternative process to record this. | Development Management manager | 31/03/2017 | Issue management statement Q3 |

2016/17 - Electoral Registration

Assurance Level: Reasonable

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
Management should seek assurance through regular formal reporting, that Electoral Services can demonstrate how all the outcomes have been met for performance standard 1 and 2, including the provision of key performance data.	M	A formal report will be sent to the Town Clerk and Chief Executive and the Corporate Director of Governance & Regulatory Services on a frequency agreed with them.	Electoral Services Officers	31/01/2017	Closed (Confirmed as actioned)
Electoral Services staff should have clear written procedures in place which demonstrate how statutory obligations are fulfilled. The procedures should be regularly reviewed and signed off by management.	M	A supplementary procedural document to be created and reviewed on a regular basis.	Electoral Services Officers	31/03/2017	Incomplete - revised timescale 31/12/2017
Electoral Services should retain evidence to demonstrate that the risks to achieving their objectives are considered by management at least quarterly, in line with the Council's risk management strategy and Electoral Commission guidance.	M	Agreed	Electoral Services Officers	31/01/2017	Closed (Confirmed as actioned)

	Audit Review				Assurance Level
	2016/17 - Licensing				Reasonable
Recommendation	**Agreed action**	**Priority**	**Responsible Manager**	**Date**	**Status**
Regular reconciliations between LALPAC and the financial management system are undertaken by management.	The Licensing Manager will investigate the availability of financial reporting within the current LALPAC system or whether an additional add on module would be required.	M	Licensing Manager	28/02/2017	Closed (confirmed as actioned)

2016/17 - Rethinking Waste

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
Governance arrangements for projects should be clearly specified and documented and agreed in advance. These should clearly set out what each relevant group or Board is responsible for and how they relate to each other. Terms of reference for future project boards and other governance groups convened to progress project activities should include: · Purpose of the Board/ group. · Decision making powers of the Board/group. · Membership, roles, responsibilities and accountabilities. · Relationship to other governance groups involved in the project, including delegated responsibility for decision making and/or consultative status.	H	This recommendation is accepted. Should Neighbourhood Services undertake a similar work programme again then additional thought would be given to establishing clearer governance arrangements. The work of the Rethinking Waste Project board is now an on-going work stream of Neighbourhood Services.	Neighbourhood Services Manager	As required	Closed - one off project. Will consider risks in any future reviews of projects.
Approval should be sought, agreed and documented in line with the project management handbook, prior to a project commencing.	H	In the case of the Rethinking Waste Project further consideration should have been given on the nature of the work to be undertaken and the most appropriate form of governance and management.	Neighbourhood Services Manager	As required	Closed - one off project. Will consider risks in any future reviews of projects.
Operational risks relating to major Council projects should be formally recorded and managed in a project risk register. This should be available on project server, in line with the Council's Risk Management Policy. The project risk register should be the basis for reporting any significant risks to Corporate Programme Board and/ or Scrutiny Panels.	H	The Rethinking Waste Project did sit on the Council's Corporate Risk Register recognising the impact this work may have on the Council. This assisted managers to focus on the key risks to the Council and address these. The recording of project / operational risks associated with this work area was an area for improvement and will be considered in future projects.	Neighbourhood Services Manager	01/03/2017	Closed - one off project. Will consider risks in any future reviews of projects.
A Project Initiation Document should be completed at the initiation stage of the project, as set out in the Project Management Handbook.	M	Agreed, PID's should be completed and agreed.	Neighbourhood Services Manager	As and when any similar projects are embarked upon.	Closed - one off project. Will consider risks in any future reviews of projects.
Management should ensure that a service plan for Neighbourhood Services is prepared for 2017/18 which includes objectives/ targets relating to project delivery as well as service performance indicators.	M	Agreed. The 2017/18 is currently under development.	Neighbourhood Services Manager	01/04/2017	Closed - one off project. Will consider risks in any future reviews of projects.
Management should ensure that relevant staff are aware of and trained in the application of the Council's Project Management Handbook.	H	Agreed further training on the Council's Project Management Handbook will be delivered as appropriate.	Service Manager / HR Manager	When required	Closed - one off project. Will consider risks in any future reviews of projects.
The Corporate Programme Board should develop a mechanism to monitor that all projects are delivered to corporate best practice by following the Project Management Handbook.	H	Agreed further training on the Council's Project Management Handbook will be delivered as appropriate.	Service Manager / HR Manager	When required	Closed - one off project. Will consider risks in any future reviews of projects.

2016/17 - Rethinking Waste

					Assurance Level
					Partial
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
A timetable for a communication plan should be established and this should also clarify who will be responsible for the plan and who will be consulted on its content.	M	When appropriate a new communications plan will be developed and this will clarify responsibilities.	Neighbourhood Services Manager / Public Relations officer	When required	Closed - one off project. Will consider risks in any future reviews of projects.
Key project documentation should be retained in line with the Corporate Records Management Policy.	M	Agreed. Key documents should be retained as per the policy.	Neighbourhood Services Manager	When required	Closed - one off project. Will consider risks in any future reviews of projects.
The recording of Rethinking Waste Project Board meetings should follow best practice including: · Agenda should be based on main points in terms of reference. · Action points allocated to individuals with dates which are reviewed for progress at subsequent meetings. · Minutes of previous meetings to be dated so it is clear which meeting is being referred to.	A	Agreed	Neighbourhood Services Manager	When required	Closed - one off project. Will consider risks in any future reviews of projects.

	Assurance Level
	Reasonable

2016/17 Car Parking Income

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Objectives set out in the Car parking and city centre service plan would benefit from being constructed in a specific, meaningful, achievable, relevant and time bound (SMART) manner; b) Performance against the objectives in the service plan should be subject to regular review by management, using appropriate key performance indicators. c) The SWOT analysis should be carried out to inform the future car parking strategy.	M	The Council has introduced a new service plan template which includes the requirement to undertake a SWOT analysis and develop key performance indicators that are SMART (specific, measurable, achievable, realistic and time limited). The Car parking and city centre service plan will be completed using this template and progress against the plan will be reviewed at monthly team meetings.	Contracts and Community Services Manager	30/06/2017	Management statement to be issued Q4 2017/18
Operational risks should be considered and recorded on project server in line with the Council's Risk Management Policy.	M	Operational risks relating to Car Parking have now been added to the Contracts and Community Services departmental risk register.	Contracts and Community Services Manager	Immediate	Management statement to be issued Q4 2017/18
Staff procedures should be documented and regularly reviewed by management and for CEO's should include interpretation of surveillance legislation.	M	Procedures for the Car Parking team will be documented and then reviewed every two years. Arrangements for compliance with surveillance legislation will be reviewed and included in documented procedures.	Contracts and Community Services Manager & City Centre and Car Parking Manager	30/11/2017	Management statement to be issued Q4 2017/18

	Audit Review				Assurance Level
					Reasonable
	2016/17 Flood Related Procurement				
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
Management should have arrangements to ensure that processes / procedures put in place are adhered to and that compliance with Contract Procedure Rules is demonstrated.	M	A process is being developed that will allow analysis of expenditure to identify areas where procurement thresholds are potentially breached and can be used for further exploration as to whether a procurement process is required. This will be further developed in 2017/18.Although the NHS Framework was not signed in accordance with the Contract Procedure Rules (which requires 2 signatures), the framework access agreement was signed by a senior officer and the order placed with the contractor was also signed by a separate senior officer. The appointment was also approved by the Procurement Panel and reported as an Officer Decision Notices alongside all other flood related procurement.	Deputy Chief Finance Officer	30/04/2017	Management statement to be issued Q3 2017/18
Management should ensure arrangements are in place to comply with the Local Government Transparency Code and that staff are aware of their responsibilities in relation to it.	M	*The Council's website will be updated in line with the requirements of the Transparency Code.*	Deputy Chief Finance Officer	30/04/2017	Management statement to be issued Q3 2017/18

	Assurance Level	
	Reasonable	

Priority	Recommendation	Agreed action	Responsible Manager	Date	Status
M	Future approvals by the Senior Management Team of Early Release and Voluntary Redundancy should be formally minuted to provide a clear and transparent audit trail of the decisions made.	The meeting of Directors to discuss VR/ER applications was not part of the formal SMT meetings and therefore no formal minutes were taken; this is not uncommon. However the HR representative recorded the individual outcome on the spreadsheet, which was then included on a list containing the posts of approved VR/ER applications, those rejected and/or postponed, analysed by Directorate. Notice letters were then issued to individuals and signed/authorised by each Director. To aid transparency in future initiatives, the spreadsheet used to record the meeting outcome will be signed off by the Chief Executive. The action will be added to a lesson learnt log	HR Advisory Service Team Leader	Included in any future VR/ER initiative	Only applicable to VR window. None proposed. Closed
M	Early Release and Voluntary Redundancy payment calculations should retain evidence that they have been independently checked.	The spreadsheet used to calculate the redundancy payment was checked by a HR Advisor (name appears on notification letters) which was then subject to further verification by another HR advisor. To aid transparency the verifier (second HR advisor) will initial the spreadsheet calculations to ensure the accuracy of data input and calculation. This will be done by adding another column to the spreadsheet. The pay increase was notified after a number of redundancy calculations had been made and notice periods calculated; this had an impact with regard to the calculation dates etc. This is a complex area and a simple guidance note would be beneficial and developed. The actions will be added to a lesson learnt log.			
M	Redundancy and Early Release Schemes Guidance Notes and Procedures should clearly detail the full process including the completion / monitoring of the HR spreadsheet, the process for calculations / recalculations in the event of a pay increase and the process for issuing letters in relation to the scheme.		HR Advisory Service Team Leader	Included in any future VR/ER initiative	Only applicable to VR window. None proposed. Closed

2016/17 Homeworking Follow Up

					Assurance Level
					Reasonable
Recommendation	Priority	Agreed action	Responsible Manager	Implementation date	Status
Documentation relating to employment and changes in working arrangements, i.e. homeworking agreements, should be held with related information on employees' personnel files.	M	Accepted (Director Comments)	Chief Finance Officer	None stated	Management statement to be issued Q4 2017/18
An inventory of council assets held by homeworkers should be maintained by Managers in accordance with the homeworking agreement.	M	Accepted (Director Comments)	Chief Finance Officer	None stated	Management statement to be issued Q4 2017/18

Audit Review

2016/17 DFG

Assurance Level: Reasonable

Priority	Recommendation	Agreed action	Responsible Manager	Date	Status
M	A risk assessment should be undertaken to identify all potential risks relevant to the administration of DFG and the awarding of work to contractors. Risks of fraud within the system should be identified in order that management can be assured that the current arrangements are effectively mitigating the risks to an acceptable level. Following a fraud risk assessment, consideration should be given to providing fraud awareness training and linking this to the procedures staff should follow if fraud is suspected A mechanism should be in place so that management are assured that all risks are loaded into the Project Server system.	There are four risks presently recorded in the operational risk register which are applicable to DFGs: Loss of staff or illness – 11 Major incident – loss of records- 12 Budget variance – 22 Failure to provide acceptable recording and response system – 23 Risk of fraud will be included in the risk register. An initial assessment would indicate the impact is marginal, and the likelihood extremely remote, giving a risk score of 2.	Regulatory Services Manager	01/04/2017	Management statement to be issued Q3 2017/18
M	Arrangements should be introduced to document the management checks carried out in order to be fully assured that there is compliance with DFG procedures. This process should also be included in the DFG procedures. Checks should include for example: · that an appropriate means test has been undertaken; · that there have been no statutory timescale breaches; · confirmation that the work has been completed to an appropriate standard; · that the appropriate procurement route has been taken; · that alternative options have been explored for the applicant; · that the officers checklist has been completed.	Files are checked by management, against the policy framework for DFG's, as the documentation required to make an application is set in law. Only when this is undertaken is the approval notice signed by the authorised manager. Agreed to ensure consistency, the file insert will beupdated, to include a checklist for managers signing off approvals, so it can be visually evidenced these checks have been undertaken, to verify the statutory information required. Statutory timescales are monitored outside individual applications and on a general performance database. The DFG Procedures document will be updated to reflect the existing monitoring of the procurement framework and timescales. Management would not be expected to undertake supervisory inspections of Officers to ensure works are signed off to an appropriate standard. This is designated to officer level. The Procurement Framework is set up by management to ensure quality of installations through use of quality contractors.	Principal Health & Housing Officer	01/04/2017	Management statement to be issued Q3 2017/18

Audit Review						Assurance Level
2016/17 Mobile Device Security						Partial
Recommendation	Priority	Agreed action	Responsible Manager	Date	Status	
Senior management should ensure that governance arrangements around information security, including the security of mobile devices are clearly defined and embedded. Consideration should be given to the points raised above.	H	Responsibility for Information Security has now been subsumed into the Business Management & Development Sub-Group which, in addition to scrutinising and challenging proposed policies, will keep proper records of its deliberations. Secondly, the Council is in the process of establishing an Information Officer post (as required from 2018 by the European General Data Protection Regulations 2016) and such post will have responsibility for ensuring that we not only have relevant policies for Information Management and Security but also for embedding good practice within the organisation.	Corporate Director of Governance & Regulatory Services	01/12/2017	Full review to be performed 18/19 (inc. follow up of o/s recs)	
a) Arrangements should be put in place to launch the new information security policies with appropriate training provision. b) Arrangements should be in place to give management assurance that all relevant staff have completed required mandatory training.	H	Please see management action statement for 5.1.1 re the Information Officer post. Training will be designed and delivered once the relevant policies are established.	Town Clerk & Chief Executive	01/04/2018	Full review to be performed 18/19 (inc. follow up of o/s recs)	
Senior management should clarify their intentions around mobile device usage going forwards and ensure appropriate IT support; security and training arrangements are in place.	H	The introduction of Microsoft's Office 365 and Enterprise Mobility and Security technologies will improve the security of information held on mobile devices. Along with the implementation of these technologies a new framework will be implemented at the same time. Use of Office 365 across a host of devices, coupled with meeting the demand for more flexible working will define intentions around mobile device use in the future.	ICT Services Manager	01/04/2018	Full review to be performed 18/19 (inc. follow up of o/s recs)	

2016/17 - Performance Management

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Corporate arrangements for assessing and monitoring the progress of delivering the Carlisle Plan 2015-18 priorities including the arrangements for having actions/projects that are SMART and performance measures/targets/indicators etc should be clearly defined and documented. A timescale should be set for documenting and implementing these arrangements. The Service Standards should be reviewed, updated and aligned to measure the success of delivering service plan objectives.	H	SMART actions have been set within 27 service plans submitted in May and June. These service plans cover all the key actions in the Carlisle Plan. Service planning will continue to be developed over the autumn to link the service plans to the 2018/19 budget setting process. A timescale will be set for documenting and implementing these arrangements in early August. A more detailed template for reporting progress on the Carlisle Plan key actions has been developed to ensure complete coverage of all the actions. The 27 service plans include actions to develop new service standards. As these are developed this year (2017/18), working with the relevant Overview & Scrutiny Panel, the overall number of service standards will be reviewed. Through this work Service Standards will measure the success of delivering services and specific service plan objectives.	Policy and Communications Manager	04/08/2017 27/10/17	Formal follow up to be performed Q4 2017/18
Management should ensure that the performance management arrangements re the Carlisle Plan are effectively implemented and that these are incorporated into the Performance Management Framework.	M	A new performance framework was agreed by SMT in April (11/4/17). This framework links the Carlisle Plan to Service Plans and the Appraisal Scheme. DMT meetings will be set to include performance management linked to the performance reporting cycle. The Performance Framework will be reviewed at the end of the year alongside the End Of Year Report. In addition new arrangements are being made for the development of a new system of monitoring and taking action on performance using Microsoft Power BI as a tool for collecting and analysing appropriate data.	Policy & Communications Manager	24/04/2018	Formal follow up to be performed Q4 2017/18
a) Management should evidence their review of risks and risks registers in accordance with the risk management policy. b) Corporate Directors should be reminded of their responsibilities for being assured that risks relating to strategic and operational performance management objectives are appropriately identified, assessed and managed.	M	SMT have continued to review the Corporate Risk Register on a regular cycle during this period and have more recently (6th June) reviewed the policy and management arrangements for elevating and managing emerging risks relating to all risks including performance management. Corporate Directors are aware of their responsibilities regarding performance management objectives and any risks arising.	Deputy Chief Executive / Senior Management Team	Completed	Formal follow up to be performed Q4 2017/18

2016/17 - Performance Management

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Corporate Directors should be reminded of their responsibilities for being assured that the roles and responsibilities from Executive to staff are clearly defined in the performance management framework. b) Corporate Directors should be reminded of their responsibilities for being assured that performance appraisals are undertaken to ensure that managers and staff carry out their roles and responsibilities relating to performance management effectively.	M	Completed via SMT.	D Crossley	Completed	Formal follow up to be performed Q4 2017/18
Management should review the performance monitoring reports to ensure that the content includes all areas of performance that impact on the monitoring and decision making on Carlisle Plan priorities in particular including those projects where no updates were available.	M	A more detailed template for reporting progress on the Carlisle Plan key actions has been developed to ensure complete coverage of all the actions. This template was implemented for the 2016/17 End Of Year Report and will be developed further to include the action for recommendation 1a.	Policy & Communications Manager	04/08/2017	Formal follow up to be performed Q4 2017/18
a) A timescale should be set for the implementation of the new performance management framework. b) Management should communicate and provide training on the new performance management framework to all those involved in performance management to ensure that they are aware of and understand their roles and responsibilities.	H	A new performance framework was agreed by SMT in April (11/4/17). This framework links the Carlisle Plan to Service Plans and the Appraisal Scheme. DMT meetings will be set to include performance management linked to the performance reporting cycle. The framework has been communicated with service managers through Management Briefing (May 2017). Service managers have received a new template for service planning and guidance on appraisals. A single site for performance management is being developed on the intranet and further developments have been requested through ICT. DMT meetings will be set to include performance management linked to the performance reporting cycle. This will ensure that all those involved in performance management are aware of and understand their roles and responsibilities.	Policy & Communications Manager	a) Complete b) 04/08/17	Formal follow up to be performed Q4 2017/18
The corporate guidance and template for service planning should be updated and the format agreed by SMT	M	Service planning has been introduced and completed. The approach has unique plans for service areas with detail around key areas. The service plans captures and reflects the work priorities and objectives of each service within the directorate and how these link to the Carlisle Plan.	Policy and Communications Manager	Completed	Formal follow up to be performed Q4 2017/18
Directorates' performance should be a regular item at DMT meetings and discussions and actions arising from these should be recorded.	M	DMT meetings will be set to include performance management linked to the performance reporting cycle.	Policy & Communications Manager / PA Support Manager	04/08/2017	Formal follow up to be performed Q4 2017/18

a) The Policy & Performance Team should perform regular data quality checks on performance reports to provide regular assurance that the performance data is accurate and reliable for decision making. b) A timescale should be set of the finalisation and implementation of the revised data quality checks.	M	All historic data used in performance reporting will be assessed annually to calculate variance to determine what is considered 'normal' data. Throughout the year the data will be quality checked for erroneous records e.g. missing or duplicate data or for data that falls outside of the 'normal' range.	Policy & Communications Manager	04/08/2017	Formal follow up to be performed Q4 2017/18

2016/17 - Physical Security of Premises

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Management should identify, clearly define and communicate to staff the aims and objectives for the physical security of premises. b) Corporate arrangements should be introduced to monitor the delivery of these objectives and regularly report progress on these to senior management. c) Arrangements should be introduced to monitor and report the progress on delivering the Building Services Action Plan.	H	The one objective in relation to the physical security of the Council's premises is to make the premises secure. Financial Procedure Rule (FPR) 4 states clearly that 'all Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control.' In furtherance of this recommendation, however, we have now ensured that the topic is recorded in the Building Services Action Plan and Service Plan for 2017/18 The Manager is responsible for monitoring the achievement of tasks in the action plan and these will be reported through the Directorate Management Team. FPR3.13 provides that Directors should ensure…that assets…are…securely held. To implement this requirement the Council employ an officer(s) with responsibility for security and this requirement is stated in Buildings and Estate Services Manager and Keepers' job descriptions. Section C of the FPRs clearly explains why security of assets is important and are safeguarded and C58 specifies the key controls. C65/69 restates that Directors are responsible for assets under their control – officers are employed to fulfil this responsibility.	Building & Estates Services Manager	Implemented	Formal follow up Q4 2017/18
a) A record should be retained of discussions relating to consideration of risks for inclusion in the Directorate's risk register. b) A timescale should be set for the Building and Estates Services Manager to attend the Risk Management training.	M	If a risk is identified then it is recorded on the Directorate or Corporate Risk Register. Anything deemed a risk, even low likelihood and low impact, should be recorded in this system. However, it is not practical nor a good use of resources to record all discussions which lead to the conclusion that a matter is not a risk.. This would not add any value to our operations. The Council runs annual risk management training which is available to all staff. It is not mandatory and the Building and Estate Services Manager has only been in post since August 2016, however, she will attend the next risk management training session. By virtue of the fact the course is not classed as mandatory then is it appropriate to include this as a recommendation above advisory status as attendance on risk management training is highly unlikely to affect the security of our premises. However, we accept the positive benefit of the BESM attending the said training.	Corporate Director of Governance & Regulatory Services	Implemented	Formal follow up Q4 2017/18
Guidance on the procedure to report physical security incidents/breaches should be clearly defined, documented and communicated. This guidance should inform and assist staff in identifying such incidents and clearly define how such matters are to be reported and investigated.	M	We will document the agreed process which currently exists: i.e. if there is a problem, staff advise their manager. In accordance with best practice we are also developing premises specific handbooks to be in place at each premises.	Building & Estates Services Manager	31/07/2017	Formal follow up Q4 2017/18

Audit Review

2016/17 - Physical Security of Premises

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
a) Corporate and departmental guidance should be formally documented to direct and inform staff of the Council's physical security arrangements over its premises. This guidance may consist of premises handbooks for each of the operational buildings in the Council's portfolio that detail how security arrangements are implemented including building assessments. b) Once this new guidance is in place a timescale should be set for new staff to be trained on the Council's building security arrangements.	H	When staff commence work at their respective places of work they receive instruction as to how to enter and leave the premises, for example, staff at the Civic Centre are allocated a fob and shown how to access the building and their individual place of work. Staff also know that the public are not allowed to enter the building outside of prescribed hours. This is a clear system which has worked faultlessly, however, we will document it as requested. Training on building security will be provided for all new staff together with updates and refresher training whenever appropriate.	Building and Estates Services Manager	30/08/2017	Formal follow up Q4 2017/18
a) A record should be retained of the Keepers' security checks on the Civic Centre premises and their results. Management should be assured that these checks are undertaken and where security issues are identified these should be escalated and investigated. b) The Building and Estates Services Manager should obtain assurance that physical security checks are performed across all Councils' premises and there is evidence to support that these are undertaken and reported	M	a) Noting that there has not been one breach of security other than in exceptional circumstances, we will create an administrative system to deliver this recommendation. The keepers will continue to complete the established log referred to in 5.2.2 but will also now carry out the additional task of filling in a further record sheet confirming that opening and checking the building each morning, locking front and centre side doors etc checks have been carried out. The BESM will also establish a further administrative system so that periodically she reviews the two logs. b) The BESM will cover this area within the proposed building handbooks for individual premises.	Building and Estates Services Manager	26/08/2017	Formal follow up Q4 2017/18

Audit Review

2017/18 - Record Management Follow Up (H1706)

Assurance Level: Partial

Recommendation	Priority	Agreed action	Responsible Manager	Date	Status
The Corporate Records Management Policy should be updated. Once updated the policy should be formally approved by the Senior Management Team.	M	The Corporate Records Management Policy will be updated and formally approved by the Senior Management Team	Policy & Communications Manager	04/07/2017	Formal follow up to be performed Q4 2017/18
The Retention Schedule 2016 be should be placed on the Intranet alongside the Corporate Records Management Policy, to ensure that all staff can access this information. Both the Records Management Policy & Retention Schedule 2016 should detail the date when they are due to be reviewed and who is responsible for this review.	M	The policy and 2016 schedules will be updated with a review date and responsible reviewer. The schedules will be moved to the intranet site from Project Server. This change will be shared with Management Briefing in August and be followed up with a round of DMTs.	Policy & Communications Manager	12/7/17 Moving schedules; 4/8/17 Management Briefing; next available round of DMTs after Management Briefing	Formal follow up to be performed Q4 2017/18
The records management framework should be completed and rolled out to managers and staff as per the Corporate Records Management Policy.	M	An overarching Information Governance Policy will be developed. This policy will be rolled out to managers with guidance.	Policy & Communications Manager	January-March 2018	Formal follow up to be performed Q4 2017/18
Management should discuss and agree what information needs to be included within the Constitution with relation to records management and retention of records, once agreed the necessary amendments including relevant links should be agreed and made	M	Appendix F of the Financial Procedure Rules contain "guidelines" on how long documents should be held and these relate, predominantly, to important information from Financial Services' perspective. The view of the s151 Officer predominates here and the periods stipulated are still current. It is open to the Council, through its retention policy, to have other periods for different types of records. Ideally, they should dovetail and a review will be carried out to ensure that this happens. In short, it may not be appropriate to change the periods stated in the FPRs; if it is, they will.	Corporate Director of Governance & Regulatory Services	30/09/2017	Formal follow up to be performed Q4 2017/18
Arrangements should be implemented to give management assurance that service managers are maintaining a Retention Schedule and Disposal Log.	M	Arrangements will be implemented to give management assurance that service managers are maintaining a Retention Schedule and Disposal Log. This will be followed up with a round of DMTs and individual meetings with service managers.	Policy & Communications Manager	30/09/2017	Formal follow up to be performed Q4 2017/18
Senior management should review and delegate responsibility for records management to an appropriately trained member of staff who should be referred to (by post) within the Records Management Policy and within the associated job description.	M	Responsibility for Information Management has now been subsumed into the Business Management & Development Sub-Group of SMT under the Corporate Director of Governance & Regulatory Services. In addition, and as part of the compliance plan for the EUGDPR (the new Data Protection Regs), the Council will be appointing an Information Officer who will be responsible for creating and developing an appropriate suite of policies and documentation and also ensuring that they are embedded within our organisation.	Corporate Director of Governance & Regulatory Services	31/05/2018	Formal follow up to be performed Q4 2017/18