CARLISLE CITY COUNCIL www.carlisle.gov.uk	**Report to Audit Committee**	**Agenda Item:** **A.5**

Meeting Date:	12 January 2018
Portfolio:	Finance, Governance and Resources
Key Decision:	No
Within Policy and Budget Framework	YES
Public / Private	Public

Title:	INTERNAL AUDIT PROGRESS QUARTER 3 – 2018/19
Report of:	CHIEF FINANCE OFFICER
Report Number:	RD39/17

Purpose / Summary:

This report provides an overview of the work carried out by internal audit in the third 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 requested to

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

(ii) receive the final audit reports as outlined in paragraph 2.2

Tracking

Audit Committee:	**12 January 2018**
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 December 2017.

2. PROGRESS AGAINST AUDIT PLAN

2.1 Progress against the 2017/18 Audit plan is shown at **Appendix 1**.

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

Review Area	**Assurance Level**
Section 106 agreements	Reasonable
Talkin Tarn & Boathouse Tea Room	Reasonable
Public Health & Safety/enforcement	Reasonable
Homelife (Follow Up)	Substantial
Enterprise Centre (Follow Up)	Substantial

2.3 Internal Audit resource was also utilised on the following during Q3:

- Internal Investigation – 30 days of audit time has been spent on an internal investigation, which is still live. Members will be given further details once the relevant internal procedures have completed.

- Shopmobility – as a result of a management request, an advice note was prepared following a review of the processes in place to administer the Council funded Shopmobility store.
  The note included a number of suggested improvements to the controls around administrative procedures, cash handling and ensuring personal data is held securely.

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. The table below shows progress against the indicators agreed for 2017/18.

Indicator	Target	Actual (Q3)	Commentary
Planned Audits Completed	95% (Annual)	46% (To Date)	14/30 reviews finalised (4 further reviews at late testing stage, due to conclude January).
Audit Scopes Agreed	100%	100%	14 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%	90%	
Recommendations agreed	95%	100%	All recommendations agreed.
Assignment completion within allocated resource	50%	64%	9/14 reviews within budget (Overall 163 audits days have been utilised against 162 planned days).
Quality Assurance checks completed	100%	100%	Audit Control Sheets completed for all finalised reviews.
Customer satisfaction survey feedback (scored as good)	80%	100%	3 returns received to date
Efficiency (Chargeable time)	80%	86%	As at 22/12/17

3.2 There have been some delays in completing planned audits due to the unplanned investigation and staff absence. However, a number of reviews are in the advanced stage of testing and are expected to be completed in January.

4 AUDIT RECOMMENDATIONS

4.1 **Appendix 2** 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.

4.2 A response is overdue for the follow-up review of Development Management. This will continue to be pursued in Q4.

5 EXTERNAL QUALITY ASSESSMENT

5.1 In accordance with the Public Sector Internal Audit Standards the Internal Audit department is required to have a full external assessment of compliance with the Audit Standards. Assessments must be done at least once every five years by a qualified, independent assessor from outside the organisation.

5.2 The last review was performed in 2013 by Grant Thornton, covering the Shared Internal Audit Service. Results were reported to the Audit Committee on 24 January 2014.

5.3 Members of the Audit Committee also requested that a review be undertaken on the provision of the internal audit service following the termination of the Audit Shared Service arrangements.

5.4 Following a procurement exercise the City Council have appointed CIPFA to carry out a review in 2018. A preliminary readiness review has been arranged for late January 2018. At this stage the assessor will identify and report to the Council areas for improvement and identify any gaps in the audit process. A full assessment will then be performed in April 2018. Findings from the review will be reported to the Audit Committee in 2018/19.

6. CONSULTATION

6.1 not applicable

7. CONCLUSION AND REASONS FOR RECOMMENDATIONS

The Committee is asked to

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

(ii) receive the final audit reports as outlined in paragraph 2.2

8. CONTRIBUTION TO THE CARLISLE PLAN PRIORITIES

8.1 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.

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Appendices attached to report:

Appendix 1 – Progress against Audit Plan and Timeline of audits

Appendix 2 – Audit Reports issued in Quarter 1

Appendix 3 – Progress against 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 –.In accordance with the terms of reference of the Audit Committee, Members must consider a summary of internal audit activity and summaries of specific internal audit reports. This report fulfils that requirement.
Corporate Support and Resources – Contained within the report

APPENDIX 1

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	14	Finalised	Mar 2018	N/A	
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	14	Finalised	Sep 2017	N/A	
Environmental Health	Directorate	Public health & safety/enforcement	20	24	Finalised	Jan 2018	Reasonable	
Housing	Follow Up	Home Life	5	6	Finalised	Jan 2018	Substantial	
Business & Employment	Follow Up	Enterprise Centre	5	4	Finalised	Jan 2018	Substantial	
Development Control	Directorate	Section 106 agreements / CIL	20	20	Finalised	Jan 2018	Reasonable	

Service Area	Review Type	Audit Area	Allocated Days	Days Taken	Status	Audit Committee Date	Assurance Evaluation	Comments
Green Spaces	Directorate	Talkin Tarn & Boathouse Tea Room	20	26	Finalised	Jan 2018	Reasonable	
Service Support	Directorate	Flexitime and TOIL	20	14	In progress	Mar 2018		Testing Underway
Service Support	Directorate	Salary Sacrifice & Holiday Purchase Schemes	0	0	Scoped	Mar 2018		Incorporated with payroll audit
Arts, Culture and Sports	Directorate	Arts Centre	20	13	In Progress	Jan 2018		Testing Underway
Housing	Directorate	Supporting People (grant income, Hostels & Homeshares)	5	1	Scoped	Jan 2018		Reduced scope
Garage Services	Directorate	Garage incl. Driver checks	20	2	Scoped	Jan 2018		Postponed (Staff absence)
Financial Services	MFS	Income Management & Cash Collection	20	1	Scoped	Mar 2018		
Financial Services	MFS	Payroll	20	3	Scoped	Mar 2018		
Revenues and Benefits	MFS	Housing and Council Tax Benefits	20	9	In progress	Mar 2018		
Financial Services	MFS	Debtors	20	0		Mar 2018		
DIS	Follow Up	IT General Controls	5	0		Mar/Jun 2018		Grant Thornton Review
Corporate	Corporate	Business Continuity Planning	20	0		Mar/Jun 2018		Postponed (implementation of new process)
Human Resources	Directorate	Safeguarding incl DBS	20	1		Mar/Jun 2018		Postponed (staff change)
Policy & Communications	Follow Up	Records Management	5	0		Mar/Jun 2018		
Policy & Communications	Follow Up	Performance Management	5	0		Mar/Jun 2018		
Building Control	Follow Up	Physical Security of Premises	5	0		Mar/Jun 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		Mar/Jun 2018		
		TOTAL	**424**	258				
		Follow Up (General)	5	3				
		Counter Fraud	20	43				
		Advice & Guidance	12	5				
		Audit Committee	20	9				
		Planning	20	20				
		OVERALL TOTAL	**501**	**338***				

* Days taken as at 22nd December 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

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 Q4 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 Q4 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 Q4 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 Q4 2017/18

Audit Review					Assurance Level
2015/16 - Enterprise Centre					Partial
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	Closed (Confirmed as actioned H1703)
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	Closed (Confirmed as actioned H1703)
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	Closed (Confirmed as actioned H1703)
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	Closed (Confirmed as actioned H1703)

Audit Review					Assurance Level
2015/16 - Enterprise Centre					Partial
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	Closed (Confirmed as actioned H1703)

Audit Review					Assurance Level
2015/16 - Homelife					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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
Management should ensure that all charges are reviewed and approved in line with Council policy.	**M**		Environmental Health and Housing Manager	01/09/2016	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)
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	Closed (Confirmed as actioned H1701)

Audit Review					Assurance Level
2016/17 - Development Management					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	Management statement issued 2/10/17. Response outstanding
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	Management statement issued 2/10/17. Response outstanding
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	Management statement issued 2/10/17. Response outstanding
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	Management statement issued 2/10/17. Response outstanding

Audit Review					Assurance Level
2016/17 - Electoral Registration					Reasonable
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
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	Closed - confirmed as action (Man statement)

Audit Review					Assurance Level
2016/17 Car Parking Income					Reasonable
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
2016/17 Flood Related Procurement					Reasonable
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	Closed - Confirmed as actioned (Management Statement)
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	Closed - Confirmed as actioned (Management Statement)

Audit Review					Assurance Level
2016/17 Homeworking Follow Up					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					Assurance Level
2016/17 DFG					Reasonable
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
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.	**M**	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	Closed - Confirmed as actioned (Management Statement)
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.	**M**	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	Closed - Confirmed as actioned (Management Statement)

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)

Audit Review					Assurance Level
2016/17 - Performance Management					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

Audit Review					Assurance Level
2016/17 - Performance Management					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

Audit Review					Assurance Level
2017/18 - Corporate Charge Card (B1701)					Partial
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
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.	M	Procedures will be reviewed and brought up to date with additional details on appropriate use and completion of transaction logs.	Deputy Chief Finance Officer	31/08/2017	Formal follow up to be performed Q1 2018/19
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.	H	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	31/08/2017	Formal follow up to be performed Q1 2018/19
The cardholder should complete the transaction log every time the card is used to make a purchase.	M	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	31/08/2017	Formal follow up to be performed Q1 2018/19
Arrangements should be implemented to ensure that cardholders only use secure websites when making internet purchases.	M	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	31/08/2017	Formal follow up to be performed Q1 2018/19
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	M	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	30/08/2017	Formal follow up to be performed Q1 2018/19

Audit Review					Assurance Level
2017/18 - Record Management Follow Up (H1706)					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

Audit Review					Assurance Level
2017/18 - Record Management Follow Up (H1706)					Partial
Recommendation	**Priority**	**Agreed action**	**Responsible Manager**	**Date**	**Status**
Responsibility for areas of NNDR should be formally delegated to the appropriate officer.	M	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	Management statement to be issued Q1 2018/19
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.	M	The new cycle of appraisals is about to commence and a decision will be made and actioned by year end.	Revenues and Benefits Manager	Mar-18	Management statement to be issued Q1 2018/19
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.	M	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	Mar-18	Management statement to be issued Q1 2018/19

Audit Review					Assurance Level
2016/17 - Physical Security of Premises					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

Audit Review					Assurance Level
2016/17 - Physical Security of Premises					Partial
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

Key

Recommendations reviewed by Internal Audit and evidencedas actioned (Closed)
Recommendation not appropriate for follow up e.g. relates to one off scheme (Closed)
Formal Audit follow up scheduled
Management Statement scheduled to request evidence of implementation
Recommendation not actioned - revised timescales for implementation agreed.
Recommendation reviewed and not confirmed as actioned (no response/revised timescales have passed)