

AUDIT COMMITTEE

Committee Report

Public

Date of Meeting: 12th July 2012

Title: INTERNAL AUDIT PROGRESS REPORT

Report of: Director of Resources

Report reference: RD16/12

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee on 16th April 2012 and details the progress made on delivery of the approved Audit Plan in the first quarter of 2012/13.

Recommendations:

Members are requested to receive this report and note progress made against the agreed 2012/13 Audit Plan.

Contact Officer: Gill Martin,
Audit Manager (Carlisle City)
Internal Audit Shared Service

Ext: 7294

CITY OF CARLISLE

To: Audit Committee
12th July 2012

RD16/12

Audit Services Progress Report No. 1

1 Summary of Audit Work

- 1.1 This report summarises the work carried out by Audit Services since the previous report to Committee. It monitors the progress made on delivering the 2012/13 Audit Plan for the first quarter of 2012/13.

2 Audit Performance Against the 2012/13 Audit Plan

- 2.1 The 2012-13 Audit Plan was presented to the Audit Committee on 16th April 2012 – report RD 03/12 refers.
- 2.2 To assist Members in monitoring progress against the agreed Audit Plan, **Appendix A** illustrates the current position of the Plan.
- 2.3 The plan calls for 540 direct audit days to be delivered in 2012/13. Members will note that good progress has been made in the first quarter period – up to w/e 22nd June 2012, 145 direct audit days (26.9%) had been delivered, which is ahead of target that position in the year.

3 Follow-up of Previous Audit Recommendations

- 3.1 There are no issues concerning follow up reviews which need to be brought to Members' attention at this time.

4 Connect 2 Cycle Scheme – Lessons Learnt Review

- 4.1. During December 2007, Sustrans, a national charity which promotes sustainable transport arrangements, was successful in winning a national phone-in vote for £50m of Big Lottery funding to construct sections of a national cycle network. Also during 2007, the City Council, working in co-operation/partnership with Cumbria County Council, submitted a Big Lottery bid to Sustrans for funding to construct a cycle route between Currock and Kingmoor. This partnership was led by the City Council, was subsequently awarded Big Lottery funding of £975K via Sustrans. The project, known locally as the Connect 2 Cycle Scheme, was estimated to be worth over £4m. The completion date for the Scheme was March 2013.

- 4.2. The Scheme involved the construction of new cycle facilities and enhancement, development and linking up of areas of existing cycle ways in the City. It was to be delivered in 6 elements / phases which totalled 16,145m (10 miles).
- 4.3. Despite the City Council's best efforts to progress the Scheme within the timescales and resources available at that time, Sustrans made the decision to place the Scheme into special measures in June 2010 and later recommended, in February 2011, that all funding be withdrawn. This was some 2½ years after the bid was first successful and with another 2½ years remaining.
- 4.4. The audit followed a "lessons learnt" approach and sought to provide an independent and objective view of the Connect 2 Cycle Scheme. It concentrated on the key stages of the project and why things did not progress as planned. It considered the role of all parties involved in the delivery of the Scheme and considered what areas could have been done better, highlighting the lessons learnt and identifies improvements made since that time.
- 4.5. The audit raised 3 key areas which contributed to the withdrawal of funding from Sustrans; these are summarised below. A detailed action plan to address these issues as the project moves forward has been agreed and this is attached as Appendix K for Members' information.

(1) Funding Arrangement

It is considered that a fundamental reason why the Scheme collapsed was because therefore was lack of secured funding to support the original bid and this was not wholly addressed in the life of the project. Quarterly project monitoring meetings highlighted a significant shortfall in match funding required to deliver the scheme in full. In all, the lack of initial funding should have been considered a risk to the project by the Council at that time.

Despite the significant funding issues which were apparent from the start of this project and the external funding issues from Sustrans which were later experienced, the current position of the Connect 2 Cycle Scheme has progressed to a stage where new lengths of the cycle way have been made available for use with little direct cost to the Council. Much of this has been achieved through the receipt of other external contributions which were generated to support much of the early works completed.

(2) Project Management

The project management arrangements were not properly established from the outset. There was lack of documentation available and the arrangements in place led to a number of growing concerns regarding progress made against expected plans, timeliness of delivery, adequacy of support funding and ongoing buy in / support to the Scheme.

Direct officer time and funding requirements should have been more accurately determined. The Scheme was and continues to be a sizeable project and officers involved in its delivery have progressed this in tandem with their other duties. This was and continues to be a challenging task for all concerned

It is also important to note that the circumstances and the issues which occurred would not be accepted under the revised corporate project management arrangements, for which

more robust and transparent arrangements of major projects monitored through the Project Assurance Group are now in place.

(3) Risk Management

There was insufficient consideration of project risks from the initiation of the Scheme, when the project was 'live' and when it was placed 'at risk'. Project risk assessments should have been carried out in accordance with the Memorandum of Understanding and the Council's corporate requirements and matters should have been appropriately escalated. This led to ineffective risk monitoring arrangements on this occasion.

- 4.6. This was a highly ambitious project which was awarded in a more prosperous economic climate. As a 'lessons learnt' exercise, no assurance rating was formally attached to the outcome of the review; given the scope of the findings reported by the review, a *restricted* assurance rating would be appropriate.
- 4.7. Internal Audit intend to undertake a formal audit follow of this area is scheduled later in 2012 and report back to the Committee with further assurances.

5 Review of Completed Audit Work

- 5.1 There are 11 audit reports to be considered by Members:

	<u>Assurance</u>	<u>Appendix</u>
<u>Main Financial Systems:</u>		
Car Parking	Reasonable	B / B (i) & B (ii)
Housing & Council Tax Benefits	Reasonable	C / C (i)
National Non Domestic Rates	Reasonable	D / D (i)
Payroll	Reasonable	E / E (i)
Creditors	Reasonable	F/ F(i) & F(ii)
Network Controls	Reasonable	G / G(i)
Safeguarding – CRB Checks	Reasonable	H / H(i)
Tendering and Contracting	Restricted	I / I (i)
Facilities Management	Reasonable	J / J (i)

6 Recommendations

- 6.1 It is recommended that Members:

- Note the progress made towards completion of the 2012/13 Audit Plan, for the first quarter period, as illustrated in **Appendix A**.
- Receive the completed audit reports which are attached as **Appendix B to K** of this report.

P. Mason

Director of Resources

**CARLISLE CITY COUNCIL
AUDIT PLAN 2012/13 - Quarter 1**

Directorate	Section	Audit Area	Planned Audit Days	Actual Audit Days	Status	Audit Committee
		<i>Risk Based Audit Reviews:</i>				
Chief Executive's Office	Policy & Performance	Data Quality & Records Management	12	16	Draft	
Community Engagement	Community, Housing & Health	Well Being - Sports Development	10			
Community Engagement	Community, Housing & Health	Well Being - Children and Young People	10			
Community Engagement	Community, Housing & Health	Supporting People	15	9	Ongoing	
Community Engagement	Community, Housing & Health	HB Overpayments	10	4	Ongoing	
Community Engagement	Community, Housing & Health	Leisure Time Client	10	1	Ongoing	
Community Engagement	Customer Services	Customer Contact Centre / Customer Services	12	2	Ongoing	
Community Engagement	Museums and Gallery	Tullie House	5			
Economic Development	Planning	Development Control	15	14	Draft	
Governance	Democratic Services	Electoral Registration & Administration	10			
Governance	Governance	Gifts & Hospitality	5	6	Draft	
Local Environment	Bereavement Services	Cemeteries & Crematorium	12			
Local Environment	Highways	Highways - Contract & Claimed Rights	15	6	Draft	
Local Environment	Highways	Street Cleaning	10			
Local Environment	Highways	CCTV	10	11	Draft	
Local Environment	Waste Services	Recycling	10			
Local Environment	Waste Services	Refuse Collection	10			
Resources	Corporate	Grants Protocol / Procedures	10	12	Draft	
Resources	Corporate	Transformation	15			
Resources	Corporate	Early Retirement & Redundancy	10	12	Draft	
Resources	Corporate	Systems Administration	10	2	Ongoing	
Resources	Corporate	Market Rents	5	2	Ongoing	
Resources	Financial Service	Procurement	15			
Resources	Property & Facilities Mgmt	Asset Management	15	2	Ongoing	
Resources	Corporate	Tendering & Contracting	10			

Directorate	Section	Audit Area	Planned Audit Days	Actual Audit Days	Status	Audit Committee
		<i>Material Reviews:</i>				
Community Engagement	Revenues & Benefits	Council Tax	12			
Community Engagement	Revenues & Benefits	Housing and Council Tax Benefits	16			
Community Engagement	Revenues & Benefits	National Non Domestic Rates (NNDR)	12			
Community Engagement	Community, Housing & Health	Improvement Grants	8			
Local Environment	Highways	Car Parking Income	10			
Resources	Financial Services	Fixed Assets	8			
Resources	Financial Services	Income Management	12			
Resources	Financial Services	Main Accounting System	14			
Resources	Financial Services	Treasury Management	10			
Resources	Service Support	Creditors	10			
Resources	Service Support	Debtors	10			
Resources	Service Support	Payroll	12			
		<i>ICT Reviews:</i>				
		Service Continuity,	10			
		Project Management	10			
		Service Desk, Incident & Problem Management	10			
		<i>Other:</i>				
		Audit Management, Committee, Planning & Reporting	45	13		
		Counter Fraud	10	1		
		Follow Ups	10	3		
		Contingency	40	29		
			540	145		
			Actual	26.9%		
			Target	22.6%		



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Car Parking Income

Draft Report Issued: 29th March 2011

Final Report Issued: 9th May 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of this report.

The Audit Committee will be presented with a copy of the relevant sections of this report at its meeting to be held on 12th July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1 The audit of Car Parking Income forms part of the annual programme of material reviews, which focus on the fundamental systems of the Council. These systems have a high impact on the Main Accounting System and therefore on the Financial Statements. The Audit Commission place reliance on the material reviews undertaken by Audit Services as part of their work on the Final Accounts.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Local Environment	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Highways Services Manager (Local Environment)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Director of Resources	Report to be noted.
Financial Services Manager	Report to be noted.

3. BACKGROUND INFORMATION

- 3.1. Parking Services relocated from Bousteads Grassing to the Civic Centre in August 2011.
- 3.2. The Parking Services Team is responsible for the enforcement of parking regulations under the provisions of Part 6 to the Traffic Management Act 2004. The Team is part of the Local Environment Directorate and is managed by the Highways Service Manager.
- 3.3. Whilst Cumbria County Council is the enforcement authority responsible for all on street parking restrictions, Carlisle City Council carries out enforcement in Carlisle District under the terms of an agency agreement.
- 3.4. The Council manages 14 Pay and Display car parks in the District, of which there are 33 Pay and Display tickets machines in use.
- 3.5. The Council carries out parking enforcement and cash collection duties on behalf of Eden District Council. Systems and procedures are the same as those in place for Carlisle, with the exception of Eden's banking arrangements, which are accounted for separately.
- 3.6. The Council currently employs 11 FTE Civil Enforcement Officers (CEOs) who issue Penalty Charge Notices (PCNs) using handheld computers. A further 8.6 FTE staff (2 of which are Eden processing) carry out a range of back office duties which includes issuing a range of various parking permits, management and recovery of PCNs and statistical car parking information.
- 3.7. The Council operates a Resident's Parking Scheme on behalf of Cumbria County Council. The scheme provides time limited parking within disc parking zones in which vehicles displaying a

Section 1 – Management Summary

valid resident or visitor parking permit are exempt from the disc zone time restrictions. At present there are 8 residents parking zones in the District. Cumbria County Council, as the enforcement authority, has been considering changes to the Resident's Parking Scheme since 2009. During this time, residents' permit renewals have been suspended. No replacement permits have been issued since August 2009 - only permits to new residents have been issued.

4. SCOPE

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Detailed findings are shown in Section 2 - Matters Arising: The key areas for review were:

Section	Area Examined
1.	General – Policies & Procedures
2.	Cash Collection & Banking
3.	Recovery Procedures

- 4.2. The scope and testing undertaken as part of this review reflects inherent risks specific to Car Parking and those which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of Car Parking was previously carried out in March 2011 and 11 audit recommendations / agreed actions were arising from this audit review.
- 5.2. Appendix B(i) lists the recommendations arising from the previous audit and the actions which have been taken to effectively implement these. It was found that 3 recommendations have been satisfactorily implemented and a further 4 are considered to be ongoing actions. Insufficient action has been taken to address the remaining 4 recommendations.
- 5.3. Any audit recommendations which remain outstanding have been raised, once again, as part of the 2011/12 audit.

6. RECOMMENDATIONS

- 6.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental

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	weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Council as a whole (e.g. reputation, financial etc).*

6.2. There are 4 (grade B) and 1 (grade D) audit recommendations arising from this review.

7. STATEMENT OF ASSURANCE

7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

7.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within Car Parking provide **REASONABLE** assurance.

7.3. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations / Action Plan is attached as Appendix B(ii).

8. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

8.1. The **reasonable** assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.

8.2. The Car Parking section has experienced, dedicated and knowledgeable staff in place to deal with all aspects of the car parking function. A number of opportunities to further enhance controls

Section 1 – Management Summary

have been identified as part of this audit review. These are show in Appendix B and have been brought to the attention of the relevant service manager.

8.3. In summary, the key issues arising from this review are:

- There are potential Data Protection issues surrounding the management of closed cases on the car park management system. This issue was previously raised by the last audit and a suitable resolution has still not been found. Whilst it is understood that this issue is not unique to Carlisle City, this is considered a matter of priority which needs to be actively progressed with the system suppliers.
- Whilst not directly related to car park income, it was noted that there is a continuing and growing lack of control around the production and issue of resident's parking permits. As the controlled permit stationery stocks have not been replenished and there are no new permits available for use, the Car Parking Section has had to result in issuing photocopied permits on a temporary basis. This arrangement is completely unsatisfactory as it offers no means of control over permits issued at this present time.

The situation may not wholly be resolved until a decision about the future management of on street parking, which incorporates the Resident's Parking Scheme, is made by Cumbria County Council. In the meantime both Council's need to work together to find a suitable resolution to this current issue.

LOCAL ENVIRONMENT DIRECTORATE

AUDIT FOLLOW UP OF CAR PARKING INCOME

Final report issued 22nd March 2011

REF	RECOMMENDATION	GRADE	ACTION TAKEN	SUCCESSFULLY IMPLEMENTED (Completed by Audit Services)
A1	Insurance arrangements for the Dudley Windsor safe need to be fully ascertained and, if necessary, added to the Money policy schedule without delay.	C	The safe is now insured for £10,000 since June 2011.	Yes
A2	The insured value of coinage held in car park machines needs to be clarified with the Insurance Officer.	C	The cash in the machines is not insured as the insurers say that it is not viable. It is considered sufficient that we empty the machines regularly. They do not insure any Pay and Display or Vending Machines.	Yes
A3	Effective means to remove/archive closed cases so personal details are archived is needed. The Parking (Back Office) Team Leader should liaise with the system manufacturer to determine the best approach.	B	Chipside does not have a successful method of deleting sensitive details from a closed case in its entirety, nor do they offer an archive facility. Chipside has been contacted to supply an explanation to this. This is a countrywide issue discussed many times at regional meetings. There does not appear to be a solution for this issue at present. Car Parking staff will continue to seek a solution with Chipside.	No – this matter is considered at 9.1.5.

A4	Controlled stationery records need to reflect individual issues from stock. This will provide a full audit trail and allow for a full reconciliation of permits issued.	B	At present, the County Council have not decided how they wish to proceed with the residents permit scheme. Until this issue is addressed and funding is provided for the continued operation of the Scheme, temporary arrangements are in place to minimise costs to the City Council. The County Council have been asked to resolve this issue as soon as possible.	No – this matter is considered at 9.1.11
A5	Revised arrangements are required which provide adequate control measures over their production, content and authorised use of parking permits.	B	It is proposed that we discuss suggestions on how we might control these permits.	No – this matter is considered at 9.1.12.
A6	<p>Management may consider the future delivery of operational processes associated with permit applications by integrating these into the Customer Contact Centre.</p> <p>As part of future integration plans, management should also aim to redirect all remaining direct payments from Parking Services to the Customer Contact Centre.</p>	C	<p>A meeting with Customer Services took place following the recommendations and the Contact Centre advised that they would regard this as a ‘service transfer’. However, this was not discussed further as a major parking review then began on the 6th October 2011 to seek ways to maximise income and improve the service provided. This review is now completed and Executive has agreed what changes are to be implemented.</p> <p>Contract Parking formed a major part of the review and as expected, significant changes were proposed to this scheme. The review results have established that an overhaul of the scheme will be required. Meetings will now be arranged with Customer Services to discuss how work can be transferred to them.</p>	Ongoing, although it is noted that the current focus seems to be on the Contract Parking Scheme. It is stressed that there maybe other opportunities for Customer Services to assist with the issue and management of other car parking permits (residents, temporary etc) and processing direct payments which management should fully explore.

A7	As part of transformational changes in the Parking Services, an alternative method to undertake car parking cash collection duties in the future may be considered appropriate by management.	D	A revised way of collecting cash using an external contractor is being pursued by car parking staff. Consultation is to take place with staff prior to formal tenders being invited.	Ongoing
A8	Explore the use and skills of the specialised in-house Revenues Recovery Team to determine whether local payment arrangements could be agreed, set up, monitored and pursued more effectively.	C	<p>Arrangements are monitored every week by car parking and cases moved on accordingly if payment is not made. This seemed an appropriate frequency to monitor and pursue payment.</p> <p>Discussion has not yet taken place with Revenues due to the difficulty envisaged by other recovery staff having no access to Chipside and not having an understanding of the process to proceed with the cases. This may result in doubling work up with parking staff having to proceed with the recovery thereafter. This matter can be pursued if still considered relevant.</p>	No – this matter is considered at 9.3.9.
A9	Revised arrangements to provide local representation are needed. These revised arrangements must be able to progress and act on cases within the statutory timescales allowed and require minimal resources to undertake.	B	Now that the car parking staff have relocated to the Civic Centre, panel meetings have proved easier to conduct. Meetings are held more frequently and the response times are generally being achieved. The panel members consider that the service should continue.	Ongoing – refer to 9.3.10

A10	Renewal reminders by e-mail (update to application form to request customers e-mail addresses) and a potential text messaging service should be explored. This facility could be further expanded to inform contract parking customers of potential hazards, temporary restrictions etc regarding use of car parks at little cost.	D	A marketing plan to promote Contract Parking is being prepared. It is expected that renewal reminders and other means off sharing information with our customers will form an integral part of this plan.	Ongoing
A11	There is an opportunity to raise additional revenue by enhancing public awareness of the Contract Parking facility at little cost e.g. notices in car parks, Customer Contact Centre and more prominent feature on web site etc..	D	A comprehensive marketing plan is being prepared in conjunction with our marketing officer to promote all aspects of car parking. This plan will be put in place to coincide with the introduction of new parking charges in March 2012.	Ongoing

LOCAL ENVIRONMENT DIRECTORATE
Audit of Car Parking Income

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	There are potential Data protection issues surrounding closed cases on Chipside.	Effective means to remove/archive closed cases so personal details are archived is needed. The Parking (Back Office) Team Leader should continue to liaise with the system manufacturer to determine the best approach	B	<p>As discussed in the previous Audit the software company responsible for the Parking system we use (Chipside) has no effective method of archiving closed cases. Closed cases can be deleted from the system but they are not archived and therefore are not available if queries are subsequently raised about a case.</p> <p>This issue will continue to be raised at User Group meetings with Chipside to seek a solution. This issue will be added to the Highways Services Risk Register.</p> <p><i>Auditor's comments – Agreed.</i></p>	Highway Services Manager	Ongoing – review 31st March 2013
R2	Controlled stationery is not recorded, monitored and distributed effectively.	All controlled stationery should be recorded and distributed accordingly to provide appropriate stock control and an audit trail. .	B	<p>It is agreed that recording items of controlled stationery (permits) needs to take place in an auditable way. There are, however, practical</p>	Highways Service Manager	31 st August 2012

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Audit of Car Parking Income

				<p>difficulties concerning how this can be achieved without being very bureaucratic and time consuming. The team leaders from Parking/Customer Services will liaise with Audit to develop a practicable way of recording how permanent / temporary permits are issued.</p> <p><i>Auditors comments - Audit are currently working with Parking Services to develop an effective method to monitor on all controlled stationery.</i></p>		
R3	Lack of original permits leads the Council to using photocopied permits.	<p>Carlisle City Council and Cumbria County Council must endeavor to resolve the issue of re-ordering permits to eliminate the use of photocopied permits.</p> <p>Management need to put in place temporary additional measures to improve upon existing permit control arrangements</p>	B	<p>An order will be placed to purchase printed consecutively numbered permits.</p> <p>Quotes are being invited for resident's permits, visitor permits and guest house permits with appropriate security features on the permits.</p> <p>Sufficient permits will be purchased to cover until the County Council can</p>	Highways Services Manager	31 st August 2012

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Audit of Car Parking Income

				decide what changes they wish to make to the permit scheme. <i>Auditors comments – Agreed.</i>		
R4	Debt recovery action / support could be provided from Revenues and Benefits.	Explore the use and skills of the specialised in-house Revenues Recovery Team to determine whether local payment arrangements could be agreed, set up, monitored and pursued more effectively.	D	There are only 20 payments agreements in force, this represents only a tiny fraction of the active PCN's for which payments is being pursued. Due to the limitations on how parking debts can be recovered it is considered that using our in-house recovery staff would have minimal benefit. It would however be highly advantageous if parking staff could have assistance to identify addresses on cases where DVLA is lacking.	Highways Services Manager	30 th November 2012
R5	The effectiveness of the Representation Panel should be closely monitored.	Management should closely monitor the operation of the Representation Panel to ensure that meetings continue to be held more regularly, cases for appeal are dealt with within the required timescale. .	B	The Highways Services Manager will establish a system to monitor that Formal Representation are considered within 56 days deadline and will be monitored by the Director of Local Environment.	Highways Services Manager & Director of Local Environment	Ongoing – review 3rd March 2013



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Housing and Council Tax Benefits

Draft Report Issued: 14th March 2012

Final Report Issued: 28th May 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of this final report at the meeting to be held on 12th July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.2 The audit of Housing and Council Tax Benefits forms part of the annual programme of material reviews, which focus on the fundamental systems of the Authority. These systems have a high impact on the Main Accounting System and therefore on the Authority's accounts. The Audit Commission place reliance on the material reviews undertaken by Audit Services as part of their work on the Statement of Accounts.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Community Engagement.	Report to be noted.
Shared Services Partnership Manager (Revenues and Benefits).	Report to be noted.
Director of Resources.	Report to be noted.
Financial Services Manager.	Report to be noted.
Benefits Manager. Revenues and Benefits Shared Service.	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan
Performance Manager, Revenues and Benefits Shared Service.	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan

3. BACKGROUND INFORMATION

- 3.1. The Housing and Council Tax Benefit Service is delivered through a Shared Service which is hosted by Carlisle City Council working alongside Copeland Borough Council and Allerdale Borough Councils.
- 3.2. Whilst the Shared Service intends to align systems and procedures across all three sites, authorities are still working on their existing arrangements. A considerable amount of work has already been carried out by managers between the three sites to identify anomalies and establish the best methods of working. This is still a work-in-progress, but it is hoped that the alignment process will be completed by April 2012. This review therefore concentrates upon the key controls and system procedures in place for Carlisle City Council throughout 2011/12 to date.
- 3.3. The latest statistics from the Department of Works and Pensions (DWP) state that as November 2011 across Britain -
- the total number of people claiming Housing Benefit was 4.94 million, with 5.87 million claiming Council Tax Benefit.
 - The total number of people claiming either Housing Benefit or Council Tax Benefit was 6.44 million, with 4.36 million claiming both benefits.

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3.4. The introduction of the Local Housing Allowance in 2008 and the imminent reforms regarding Universal Credits and the localisation of Council Tax Benefit have, or are due to have, a fundamental impact on the work performed and the systems in place.

- **Local Housing Allowance – (LHA).** The LHA rules came into effect nationally from 7 April 2008. The majority of customers living in the deregulated Privately Rented Sector (PRS) who made a new claim or who changed address after that date are entitled to Housing Benefit assessed according to the LHA rules.

Local authorities (LAs) use published LHA rates to calculate the maximum HB entitlement for the tenant.

The radical feature of the LHA is that, unlike the previous Housing Benefit scheme, entitlement was based on the tenant's rent whereas the LHA introduces a flat rate allowance for privately rented properties, which varies only by household size and composition.

The Government does not currently plan to extend the LHA to social housing, but it does hope to encourage the payment of Housing Benefit to claimants instead of landlords in that sector and clause 37 of the Welfare Reform Bill makes this possible. The Government hopes that paying Housing Benefit to claimants will promote personal responsibility and empower them to budget for themselves; that it will help workless tenants to develop the skills they will need when they move into paid work; and that it will encourage them to open bank accounts and pay their rent by standing order or direct debit, thereby helping to promote financial inclusion and payment modernisation.

- **Universal Credits.** The current complex system of working-age benefits and Tax Credits is to be gradually replaced by a new benefit called Universal Credit from 2013.

The Government White Paper 'Universal Credit: Welfare that Works' was published by the Government in November 2010 and set out plans to introduce Universal Credit in 2013/14. Following on from this, the Welfare Reform Bill outlines provision for the introduction of Universal Credit.

Universal Credit is a means-tested credit for people of working age. The upper limit is the age at which people qualify for Pension Credit. Universal Credit is not specifically an 'in work' or 'out of work' benefit. It is one credit for people whatever their employment status. Because of this, the thinking behind it is that it should ease the transition into and out of work as people won't need to transfer to a different benefit as their situation changes.

The structure is intended to be much simpler than that of the current system where separate benefits, which often overlap, are administered by different agencies, with different premiums and different ways of taking earnings into account.

From 2013/14 Universal Credit will replace:

- Income Support.
- Income Based Jobseekers Allowance.
- Income-related Employment Support Allowance.
- Housing Benefit (HB England, Scotland and Wales) or (HB) Northern Ireland.
- Child Tax Credit.
- Working Tax Credit.

Section 1 – Management Summary

The transition to Universal Credit will take place in three phases over four years, between 2013 and 2017.

- **Council Tax Benefit.** – Under the new system, local authorities will play a greater role in deciding how they help people on low incomes pay their Council Tax (at the moment they just administer it by following rules set centrally). The exact details of how this is to be done are still under discussion. A more cost-effective system is expected to account for the previously announced 10% reduction in Council Tax expenditure from 2013/14.

4. SCOPE

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a detailed findings are shown in Section 2 of this report - Matters Arising:

Section	Area Examined
1.	Post Opening.
2.	Assessment.
3.	Payments & Reconciliations.

Note the arrangements for the following areas:

- Fraud – this area is to be considered separately as part of an annual fraud review.
 - Overpayments – a detailed review of overpayments was completed during 2011/12. This will be followed up in early 2012/13.
 - Performance – this area is not scheduled for completion in 2011/12 and should be an examination of Shared Service performance as a whole.
- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Housing and Council Tax Benefits which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of Housing and Council Tax Benefits was previously carried out in March 2011.
- 5.2. It is concluded that sufficient action, using the available resources, has been taken to effectively implement all previous audit recommendations made.

Section 1 – Management Summary

6. RECOMMENDATIONS

6.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

6.2. There are 12 recommendations arising from this review :

- 6 at grade B
- 5 at grade C
- 1 at grade D

7. STATEMENT OF ASSURANCE

7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

7.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.

Section 1 – Management Summary

- 7.3. From the areas examined and tested as part of this audit review, we consider the current controls operating within Housing and Council Tax Benefits provide **REASONABLE** assurance.
- 7.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations /Action Plan is attached as Appendix C (i).

8. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 8.1. A number of opportunities to further enhance controls have been identified and these are shown the attached Summary of Audit Recommendations and Action Plan.
- 8.2. Whilst part of a wider Shared Service arrangement, the audit review concentrated on the policies, procedures and controls in place at Carlisle City, of which sound arrangements were generally found to be in place.
- 8.3. As part of the Shared Service alignment process, they will be changes which will directly affect Carlisle City operations during 2012/13 as improvements to working practices based on best practice methods across the 3 sites are implemented. Management is encouraged to keep the Audit Shared Service aware of progress made on the alignment process, particularly any proposed changes to existing internal control measures.
- 8.4. The key issues arising from this review are summarised below:
- (1) Several opportunities have been highlighted to strengthen existing procedures involving post opening duties and physical security arrangements:
 - (2) Document management arrangements could be enhanced in two areas:
 - The 3 month retention policy for physical documents should be reviewed by management in times when there is an assessment backlog to ensure that information is not permanently lost.
 - A summary deletion report should be introduced to monitor the deletion activity on Civica. This would act as an additional aid to management.
 - (3) The Shared Service is supporting two document imaging processing (DIP) systems which is costly, and impractical. As such, the problem regarding the transfer of data between Academy (Images) and Civica must be resolved as soon as possible.
 - (4) There continues to be issues associated with the 4% daily accuracy check. Currently there are insufficient resources available to carry out the expected level of checks and whilst there are other accuracy tests performed, these need to be tied in to the process in order to achieve tangible results for the Shared Service

The method of accuracy checking should also be reviewed to both achieve the target expected and also bring the most benefit to the Shared Service. High risk areas should be identified and existing methods of checking should be considered for their value and included in the checking to make the 4% target both achievable and glean the most benefit from for the Shared Service.

COMMUNITY ENGAGEMENT DIRECTORATE
Audit of Housing and Council Tax Benefits

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	There is no daily record maintained showing which staff members were responsible for opening the mail on each day.	A daily log should be maintained to identify who was responsible for post opening duties on each day and held electronically.	C	I don't feel this justifies the time spend to do this as there are dedicated admin staff to open mail. However I do note in my Diary any changes.	Revenues Team Leader	18/05/12
R2	The current method of logging valuables is not totally secure as the loose leaves can be easily removed.	It is recommended that 'valuables' are noted and scanned with the date of when it is returned to sender. This will eliminate the need to retain a separate manual file.	C	Valuables are now being photocopied and noted on the copy when returned and who by and to where if a different address.	Revenues Team Leader	14/05/12
R3	The Revenues and Benefits office was not a 'secure' environment.	That access to the Revenues and Benefits office is restricted to authorised staff only.	C	This recommendation was actioned during the course of the review.	Benefits Manager.	Jan/Feb 2012.
R4	There is no structured training framework across the Shared Service.	A central record of individual staff training should be maintained to inform the formal staff appraisal process by identifying strengths and weaknesses of individual members of staff across the Shared Service.	C	This may be highlighted during any group appraisal carried out in 2012/13.	Benefits Manager	31/03/13

R5	Documents can be altered or prematurely deleted off the Civica DIP system.	A summary deletion report should be produced monthly to monitor the deletion activity on the Civica Document Imaging System.	B	We will look to “pilot” this recommendation over a 3 month period to try to gauge the size of the problem	Benefits Manager	30/09/12
R6	Scanned documents may be unreadable with no opportunity to rescan as the hard copies are disposed of after 3 months storage.	The 3 month retention policy for physical documents should be reviewed by management in times when there is an assessment backlog to ensure that information is not permanently lost.	B	This recommendation is automatically considered by Service Managers in times of back log.	Service Managers	Ongoing
R7	The transfer of information between Images and Civica DIP systems was incomplete.	The problem regarding the transfer of data between Anite Images and Civica Document Imaging Systems must be resolved as soon as possible.	C	This is part of a larger on-going dispute with Civica which is unlikely to be resolved. Whilst not perfect, the vast majority of information has been back-scanned and control sheets note chronological actions. Not many conversions would have such a significant amount of historical information/evidence imported. Anite view licence is held in perpetuity.	Performance Manager	No further action required unless ICT Connect resolve dispute with provider.
R8	The SLA's between Revenues and Benefits Shared Services and other Government Agencies are out of date.	If Revenues Management identify any benefits of doing so, the SLAs between the Shared Service and the Pension Service could be renewed to reflect the working relationship and	D	SLA's have been entered into with both the Pension Service and the JC+, however, attempts by the LA to try to resolve areas that were not working have been unable to be	Benefits Manager	Ongoing

		performance requirements with the Revenues and Benefits Shared Service.		resolved satisfactorily.		
R9	Accuracy checking methods are not consistent throughout the Shared Service.	The accuracy checking function should be aligned and centralised to compare performance across the Shared Service sites to provide consistency of checking expertise.	B	The alignment of accuracy checking was already in the Performance Team's schedule but subject to resource allocation. A part-time Senior Quality Officer was recently appointed and the roll-out of QA will go live, across the three sites, wef 1 st June 2012.	Senior Quality Officer	Complete by 31/08/2012.
R10	The daily 4% accuracy check is not being achieved.	The method of accuracy checking should be reviewed to achieve the target but also be tailored in such a way as to bring the most benefit to the Shared Service. Claims could be stratified by the type of risk, allowing high risk areas to be identified and appropriately represented in the samples selected. Consideration should also be given to claim values.	B	The current accuracy checking method is already supplemented by data integrity and subsidy cell checking/sampling routines. The results of these additional checks cannot be structured through QA and are held separately.	Senior Quality Officer	No further work required.
R11	The daily 4% accuracy check is not being achieved.	The current vacancies in the Performance Team should be filled as soon as possible to ensure that there are adequate resources devoted to accuracy and subsidy cell checking	B	Accuracy Officer Post (Carlisle) was initially advertised (internally) on 04/01/2012. Advertised again (externally after all redeployment	Partnership Manager / Performance Manager	Ongoing

		and analysis of the results.		<p>rules) on 23/03/12</p> <p>(closing date 06/04/12), interviewed 24/04/12 and re-advertised (externally) on 04/05/12 with a closing date of 18/05/12. New interviews are arranged for Friday 1st June 2012.</p> <p>However, a promotion, wef 1st June 2012, leave a Senior Accuracy Officer vacancy at 0.4 FTE to be filled.</p>		
R12	All systems will be reviewed and aligned.	Management must keep Internal Audit Shared Service aware of progress on the changes made to systems as part of any system improvement reviews.	B		All Service managers	Ongoing



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of National Non Domestic Rates (NNDR)

Draft Report Issued: 10th May 2012

Final Report Issued: 17th May 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of this report at its meeting to be held on 12th July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1. The audit of NNDR forms part of the annual programme of material reviews, which focus on the fundamental systems of the Council. These systems have a high impact on the Main Accounting System and therefore on the Financial Statements. The Audit Commission place reliance on the material reviews undertaken by Audit Services as part of their work on the Statement of Accounts.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Revenues Manager (RBS Shared Service, Community Engagement)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Director of Community Engagement.	Report to be noted.
Shared RBS Partnership Manager (RBS Shared Service, Community Engagement)	Report to be noted.
Financial Service Manager (Resources Directorate)	Report to be noted

3. BACKGROUND INFORMATION

- 3.1. Business Rates is the commonly used name of National Non-Domestic Rates (NNDR) which 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. The act also introduced business rates in Scotland, but as an amendment to the existing system which had evolved separately to the rest of that in Great Britain.
- 3.2. 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.
- 3.3. A number of reliefs are available, such as those for charities and small businesses.
- 3.4. Rating lists can be altered either to reflect changes in properties, or as valuations are appealed against. New valuation lists are created every five years.
- 3.5. Billing and collection is the responsibility of the local collecting authorities who receive funding from the government through the national 'pool' and are then redistributed by Government according to a variety of factors including population size. The rateable value is multiplied by a centrally set fraction to produce the annual bill.

Section 1 – Management Summary

- 3.6. The NNDR function operates as part of the Shared Revenues and Benefits Service, and is a component of the Community Engagement Directorate at Carlisle City Council.

4. SCOPE

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Detailed findings are contained within Section 2 - Matters Arising: The key areas for review are:

Section	Area Examined
1.	Valuation.
2.	Liability.
3.	Billing.
4.	Collections.
5.	Recovery & Enforcement.
6.	Data Security.

- 4.2. The scope and testing undertaken as part of this review reflects inherent risks specific to NNDR and any specific risks which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any key risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of NNDR was previously carried out in 2010/11. Sufficient action has been taken to effectively implement all previous audit recommendations made.

6. RECOMMENDATIONS

- 6.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

Section 1 – Management Summary

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Council as a whole (e.g. reputation, financial etc).*

6.2. There are 8 recommendations arising from this review :

- 3 at grade B
- 3 at grade C
- 2 at grade D

7. STATEMENT OF ASSURANCE

7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

7.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.

7.3. From the areas examined and tested as part of this audit review, we consider the current controls operating within National Non Domestic Rates provide **REASONABLE** assurance.

7.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations /Action Plan is attached as Appendix B.

8. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

8.1. The **reasonable** assurance level provided by this audit has been influenced by a number of factors: including stability of systems audited, adherence to procedures and that the level and number of recommendations which have been made.

8.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix D(i) – Summary of Audit Recommendations and Action Plan.

Section 1 – Management Summary

8.3. As part of the Shared Services alignment process, there will be changes that will directly affect Carlisle City operations during 2012/13, as improvements to working practices, based on best practice methods across the three sites are implemented. Management is encouraged to keep the Audit Shared Service aware of progress made on the alignment process, particularly any proposed changes to existing control measures.

8.4. The key issues arising from this review are summarised below:

1) Valuation

There are sound administrative controls in place and extensive expertise in this area. When resources permit, it would be beneficial to automate the systems in place over changes to new and amended properties.

2) Liability

The implementation of independent check on liability amendments would be an additional control, providing resources can be located to undertake this work.

Documentation to support certain types of reliefs and exemptions needs to be improved upon – this concerned documentation for ‘pre-flood’ applications and applications for small business rate relief which were found to have been allowed to lapse in some instances.

3) Recovery and Enforcement

The Recovery Team took on the recovery of NNDR approximately three years ago. Performance is only marginally down from the previous years figures, which is commendable especially due to the current economic climate.

Some improvements have been recommended with regards to aged debts and the writing off relating to unrecoverable debts, which enhance existing controls surrounding the reconciliation of write - offs and should also assist to improve the recovery performance statistics.

4) Resources.

A number of recommendations were made to implement new, or improve the existing systems in place, i.e. additional checks, verification of amendments and automation of manual records. Although these recommendations were well received, it was appreciated that due to lack of resources within this section, it is unlikely that they will be implemented in the immediate future.

COMMUNITY ENGAGEMENT DIRECTORATE
Audit of NNDR.

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The property completion monitoring information from Building Control is maintained manually and is not formally recorded until liability is confirmed and the system updated.	The opportunity to provide additional enhancements to the rolling review process to enable the monitoring of to be more proactive in advance of confirmed liability (on Academy) should be considered. This could involve the use of indicators on the proposed monitoring spreadsheet against relevant properties to highlight when reviews are due and enhanced progress reporting.	D	Management agree that possibilities may be discussed at a future date but this may not be feasible at present due to resource implications.	Revenues Team Leader	Review again 31 st March 2013
R2	There is no independent checking of liability amendments.	To strengthen controls, ideally an independent liability amendment check should be implemented.	C	Agreed in principle, however there are resource issues which may delay the implementation of this recommendation.	Revenues Team Leader	Review again 31 st March 2013
R3	There is no documentary evidence to support some pre 2005 rate relief cases as this information was destroyed in the flood.	Management should implement a rolling review to 'update' the supporting documentation records for pre 2005 rate relief cases. Getting the ratepayer to resubmit this information will ensure that the apportioned relief	B	Subsequent discussions between Audit Services and the Revenues Manager established and agreed the following: Discretionary relief cases were reviewed in 2011 as part of the	Revenues Team Leader	31 st March 2013

SUMMARY OF RECOMMENDATIONS & AGREED ACTION PLAN

APPENDIX D (i)

		continues to apply.		introduction of the new policy. Application forms were completed as part of this process. Mandatory relief cases will be reviewed by checking on the register which is contained on the Charity Commissioners website to verify charitable status and evidence of this maintained on the system. Those that cannot be found on the website will then be written to in order to provide evidence.		
R4	A recurring payment keeps posting to suspense.	The NNDR Section contact the HMCS (Her Majesty's Court Service) informing them of the correct payment reference details so that they can amend their records and prevent this recurring payment from being rejected.	C	Arrangements to rectify this issue are underway. Financial Services and ICT will liaise on this matter.	Financial Services Manager/ICT Shared Service	31 st August 2012
R5	An alternative ratepayer recovery notification has been implemented.	Users of the 'Gloversure' text messaging system should be issued with their own individual passwords so to ensure controlled use and a secure audit trail.	C	Gloversure have been contacted and it is agreed that individual passwords will be issued for Carlisle City users.	Senior Recovery Officer	31 st August 2012
R6	There are a number of aged debts that appear unrecoverable and remain on the system.	There are a number of cases relating to earlier billing years. These require revisiting to see if these can be written off, or recovery re-opened. Those	B	Recommendation agreed. Work to commence to re-examine whether these aged debts can still be recovered or need to be written off.	Senior Recovery Officer	31 st December 2012

SUMMARY OF RECOMMENDATIONS & AGREED ACTION PLAN

APPENDIX D (i)

		<p>cases listed on the previous years outstanding arrears report should be addressed as soon as resources allow.</p> <p>Unrecoverable debts should be written off the system with more regularity.</p>				
R7	<p>The six year contractual debt legislation outlined in under the Limitation Act 1980 could be breached.</p>	<p>The 'NNDR Financial Year Balance Analysis – By Status' report should be ran periodically, especially when main billing is approaching, so that the six year contractual debt legislation is not compromised.</p>	B	<p>Under the Limitation Act, the six year period runs not from the year the debt relates to, but from when the first bill for it was issued. Therefore it is unlikely that a breach would occur, due to the regular nature of the recovery cycle which is in place. A report will be run periodically to check this.</p>	Revenues Manager	30 th June 2012.
R8	<p>The write-off process is not robust.</p>	<p>The agreed arrangements regarding the writing off of Council Tax debts be applied throughout the Revenues & Benefits Shared Services whereby write offs in the system be undertaken prior to formal approval by the Director of Resources on the basis that:</p> <ul style="list-style-type: none"> • The actions taken are within the Council's Financial Procedure Rules. • The quarterly list of suggested 	B	<p>Unlikely that full alignment can be achieved in this area across the three sites, as the write off reporting arrangements differ so widely.</p> <p>Recommendation agreed as in Council Tax audit, so will be replicated for NNDR as follows:</p> <ul style="list-style-type: none"> • The quarterly list of suggested write-off cases is reconciled back to the 	Revenues Team Leader	30 th June 2012

SUMMARY OF RECOMMENDATIONS & AGREED ACTION PLAN

APPENDIX D (i)

		<p>write-off cases is reconciled back to the system.</p> <ul style="list-style-type: none"> • The extracted report is saved to the appropriate folder. • Debts written off up to the 31st March are formally approved by the Director of Resources as part of the year-end process. 		<p>system.</p> <ul style="list-style-type: none"> • The extracted report is saved to the appropriate folder. • Debts written off up to the 31st March are formally approved by the Director of Resources as part of the year-end process. 	<p>Revenues Team Leader</p> <p>Revenues Team Leader</p>	<p>30th June 2012</p> <p>31st March 2012</p>
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AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council
and Copeland Borough Council*

FINAL REPORT

Audit of Payroll

Draft Report Issued: 28th March 2012

Final Report Issued: 8th May 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of this final report at the meeting to be held on 12th July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1. The audit of Payroll forms part of the annual programme of material reviews, which focus on the fundamental systems of the Council. These systems have a high impact on the Main Accounting System and therefore on the Council's financial accounts. The Audit Commission place reliance on the material reviews undertaken by Audit Services as part of their work on the Statement of Accounts.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Resources (Resources)	Report to be noted.
Financial Services Manager (Resources)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Service Support Team Leader (People, Policy & Performance)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Personnel Manager (People, Policy & Performance)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.

3. BACKGROUND INFORMATION

- 3.1. Risks identified by Internal Audit from the Council's Personnel & Payroll Operational Risk Register identified the following risk relating to payroll:
- 3.2. The Council's Payroll is administered in-house by the Service Support Team (Resources Directorate). Payroll currently employs 2.2 FTE staff members that are responsible for the operational duties associated with the production of payroll. In addition, Personnel and ICT staff provide technical support to the production of Payroll.
- 3.3. There are inherent risks associated with operating the in-house payroll service. These are appropriately reflected upon in the operational risk register and appropriate control strategies are in place to reduce these risks.
- Loss of key people during a time of difficulty/change / Inadequate resources to deliver our full range of services
 - Payment to 'bogus individuals'
 - Information Systems' dysfunction / Payroll not paid in the event of failure of IT systems.
- 3.4. The service manages the payroll for all contracted and casual Carlisle City based staff, and member expenses. External payroll services are also provided for Community Centres and Tullie House.

Section 1 – Management Summary

- 3.5. The IT payroll system 'Trent' provides a direct interface with the Council's Main Accounting System. The Trent payroll system has been in place since April 2007.

4. SCOPE

- 4.1. Audit testing and verification has been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a detailed findings are shown in Section 2 of this report - Matters Arising:

Section	Area Examined
1..	General Controls
2.	Starters
3.	Deductions
4.	Variations
5.	Leavers & Transfers
6.	Payments
7.	Reconciliations
8.	Data Security

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Payroll which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of Payroll was previously carried out for 2010/11.
- 5.2. The previous audit report contained 7 recommendations/ agreed actions, of which 4 agreed actions have been satisfactorily implemented and the remaining 3 are still awaiting action. These outstanding recommendations have been incorporated into the 2011-12 Summary of Recommendations/Action Plan attached as Appendix E (i).

6. RECOMMENDATIONS

- 6.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.

Section 1 – Management Summary

B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

6.2. There are 6 recommendations arising from this review:

- 3 at grade B
- 1 at grade C
- 2 at grade D.

7. STATEMENT OF ASSURANCE

7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

7.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within payroll provide **REASONABLE** assurance.

8. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

8.1. Overall, from the areas reviewed and tested as part of the audit there were no major problems identified with the systems and procedures in place. The Payroll section has experienced, dedicated and knowledgeable staff in place to deal with all aspects of the payroll function.

8.2. The payroll arrangements are well established and good internal controls are in place. A good level of assurance can be given regarding payroll adjustments (starters, leavers and other variations to standard pay). Sound arrangements are also in place for payments and reconciliation procedures.

Section 1 – Management Summary

- 8.3. As part of the testing on payroll deductions, the matter regarding the timely payment of pension contributions to Cumbria County Council by the 19th of the following month to the payroll was examined. The Council pays well in advance of this date and this action has cash flow management implications in terms of lost interest which need to be addressed.
- 8.4. Cyclical arrangements to undertake full independent verification of the main payroll remains to be carried out by Personnel. Established procedures will be implemented once transformation is complete. It is recognised, however, that in – year service restructures as part of the Transformation programme, has meant that the payroll for each service area is under full scrutiny by senior management and this process is supported by Personnel.
- 8.5. Work pressures placed upon such a small team have meant that there was slippage in meeting the deadlines. Whilst staff do their utmost to ensure key submission dates are achieved, it is evident that resources in the Team have been and continues to be stretched and this point is brought the attention of management.

RESOURCES DIRECTORATE
Audit of PAYROLL

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The New Entrant Documentation form is not being completed.	Thought should be given to disposing / amending the New Entrant Documentation form.	D	Agreed to review the use of this form.	Service Support Team Leader	September 2012
R2	Pension contributions are paid to Cumbria County Council by the 19 th of the following but the Council pays well in advance of the 1s date. This action has cash flow management implications which need to be addressed.	The monthly payment of pension contributions paid to Cumbria County Council – Pension Fund should be examined to ensure that cash management opportunities are exploited.	B	Agreed – the billhead for pension contributions can be held in Financial Services (Systems & Controls) and paid by BACS on the due date using HSBCnet.	Financial Services Manager	May 2012
R3	Employee sickness and maternity records are being maintained manually rather than being calculated by Trent.	The viability of automating the sickness and maternity employee calculations via the Trent system should be fully explored.	D	Agreed – will be reviewed.	Service Support Team Leader	September 2012
R4	The SF3 Honorarium form is being processed although the form is incomplete.	Ensure that form SF3 Honorarium requests are complete in all areas i.e. cost code, signed by payroll and that	B	Agreed – no honorarium will be paid without a signed SF3 form.	Service Support Team Leader	Immediately

		the form is signed by a Director or Service Manager before processing.			and Personnel Manager	
R5	The full establishment verification has not yet been carried out due to transformation.	Verification of the main payroll should be carried out as soon as the transformation is completed. Once in place it is suggested that the verification exercise is completed every 6 months. The completion of the verification of casual staff should also (eventually) be aligned with the completion of the main payroll verification process.	B	As per outstanding recommendation Appendix A – A4. Personnel and Finance are still marrying up their records. Transformation is still underway and it will confuse managers to do it at this stage. HR is heavily involved in all transformation so if there were any errors in contracts or people on payroll that do not exist so it is unnecessary work at this stage.	Personnel Manager	31/12/12
R6	An advance brought forward from 2009/10 remains outstanding.	The outstanding advance from 2009/10 should be cleared. Payroll should contact the employee immediately (by registered post for receipt of letter) to obtain written permission.	C	Agreed – a recorded delivery letter will be issued.	Service Support Team Leader	Immediately



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Creditors

Draft Report Issued: 30th March 2012

Final Report Issued: 26th June 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of the final report at its meeting to be held on 12 July 2012.

Section 1 – Management Summary

1 REASON FOR THE AUDIT

- 1.1. The audit of Creditors forms part of the annual programme of material reviews, which focus on the fundamental systems of the Authority. These systems have a high impact on the Main Accounting System and therefore on the Authority's accounts. The Audit Commission place reliance on the material reviews undertaken by Audit Services as part of their work on the Final Accounts.

2 AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Resources	Report to be noted.
Director of Local Environment	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Financial Services Manager (Resources)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan.
Development & Support Manager (Resources)	Action required. Please refer to Appendix B - Summary of Recommendations / Action Plan
Principal Finance/Systems Officer (Resources)	Report to be noted.
Service Support Team Leader (Resources)	Report to be noted.
Finance Assistant	Report to be noted.

3 BACKGROUND INFORMATION

- 3.1. The overall objective of the Creditors system is to ensure that the right amount is paid to the right creditor at the right time.
- 3.2. Key aims of the service are:
- To ensure creditors are paid on time (performance targets for payment times exist to monitor this requirement);
 - To ensure that goods ordered are received in full and are acceptable quality;
 - To ensure that all authorised suppliers are treated fairly and responsibility; and
 - To ensure that cost effective procedures exist over the management and processing of payments – including payments are not made earlier than necessary and all applicable cost effective discounts are claimed.
- 3.3. The Council processes approximately 12,000 invoices through the Civica creditor payment system each year, about half of which are input locally (i.e. by officers in directorates). This involves the raising of purchase orders, goods received/recorded and receiving/checking

Section 1 – Management Summary

and matching invoices and the invoice certification process. There are authorised system users in each directorate who are responsible for these tasks.

- 3.4. The Creditor's team consists of 3 part time staff whose main responsibilities involve overseeing the checking and authorisation of payments.
- 3.5. The move to electronic purchase ordering and automated invoice matching is slowly being progressed. System implementation of the Civica Purchasing System still remains at the pilot phase, which involves the use of a limited number of "catalogue" suppliers along with the limited use of "free text" ordering. There has been no further implementation during 2011/12 to roll this system out further. Whilst the E purchasing system roll out is outside the scope of the Creditor's audit, creditors testing has incorporated orders placed and authorised electronically within Civica Purchasing System and electronically matched by the Creditor's system.
- 3.6. The invoice authorisation processes for electronic purchase orders is the same as all other invoices i.e. blue certification slip completed prior to invoice registration and payment.
- 3.7. Key services within Local Environment are slowly migrating on to corporate purchasing procedures and direct input into the Creditor's system. During the migration phase, there were some concerns/understanding of expected corporate creditor practices so this area has been included within the audit review. For those services which are continuing to use Contractor Plus as a means of raising purchase orders, the central Creditor team supports service managers by overseeing the receipt of invoices and the manual invoice matching arrangements for orders placed. There is a payments (interface) between Contractor Plus and Creditor's system for this element of the process. Examination of the processes in place particularly around the accuracy of raising purchasing orders (in Contractor Plus), GRN receipt/recording, invoice matching arrangements and the certification /authorisation process.

4 SCOPE

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a detailed findings are shown in Section 2 - Matters Arising. The key areas for review are:

Section	Area Examined
1.	General Controls
2.	Ordering
3.	Receipt of Goods
4.	Invoice Checks
5.	Payments
6.	Security of Data

- 4.2. The scope and testing undertaken as part of this review reflects the inherent risks specific to Creditors and those which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.

Section 1 – Management Summary

- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5 FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. An audit of Creditors was previously carried out in 2010/11. Appendix A lists the recommendations made and the actions which have been taken to address these.
- 5.2. It is concluded that insufficient action has been taken to effectively implement all previous audit recommendations made. However, this is as a result of system changes occurring which when implemented will increase the robustness of the creditor system overall.
- 5.3. Further action is required – details can be seen in Appendix F(i).

6 RECOMMENDATIONS

- 6.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

- 6.2. There are 4 recommendations arising from this review :
- 3 at grade B
 - 1 at grade C

7 STATEMENT OF ASSURANCE

- 7.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Section 1 – Management Summary

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

- 7.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.
- 7.3. From the areas examined and tested as part of this audit review, we consider the current controls operating within Creditors provide **reasonable** assurance.
- 7.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations /Action Plan is attached as Appendix B.

8 KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 8.1. The Creditor Payments Section has experienced, dedicated and knowledgeable staff in place to deal with all aspects of the creditor payments function. Finance also provides valuable ongoing technical support to this function.
- 8.2. A number of opportunities to further enhance controls have been identified as part of this audit review. These are show in Appendix F(ii) and have been brought to the attention of the relevant service manager.
- 8.3. The key findings raised by this audit review are similar to those raised by the previous audit review:
- The matter of system access for users and the respective permission levels is once again highlighted as an area for further address.
 - General overall compliance to Financial Procedure Rules in regards to the responsibilities and controls around raising purchase orders and checking and authorising creditor invoices has also been raised again.
 - Payment of invoices within 30 days – a recent increase in the number of late payments in the Local Environment Directorate has had an adverse affect on the Council's overall performance target.

Section 1 – Management Summary

- 8.4. The system roll out of the corporate e-purchasing system will, in many respects, address these compliance issues raised by this audit, but this has been an area of development which has been outstanding for a number of years. The corporate implementation of this system offers real benefits in terms of enhanced processes and controls and as such, management are strongly encouraged to support and progress the roll out of the e-purchasing system during 2012.

RESOURCES DIRECTORATE
AUDIT FOLLOW UP OF CREDITORS
(Final report issued 28/03/11)

REF	RECOMMENDATION	GRADE	ACTION TAKEN	SUCCESSFULLY IMPLEMENTED <i>(Completed by Audit Services)</i>
R1	<p><i>Issue: Staff names were shown within the Purchase Ledger Procedure Manual.</i></p> <p>Thought should be given to inserting 'job titles' instead of naming individual staff within the manual thus eliminating the requirement to amend the manual if staff members change jobs or leave the authority.</p>	D	Completed – latest version on Intranet June 2011.	Yes.
R2	<p><i>Issue: The Principal Finance/Systems Officer & Creditors section are not being notified of all amendments relating to name changes and leavers with regards to the Creditors Authorised User List.</i></p> <p>Service Managers from all directorates should ensure that a memorandum or e-mail is sent to the Principal Finance/Systems Officer to notify them of all amendments to records relating to staff name changes and leavers</p>	C	In the process of formalising requests for access to systems and regular monitoring will be incorporated into this process.	<p>No - Testing identified that the corporate creditors system was still found to have leavers with live system access and access levels.</p> <p>A recommendation has been included in the Detailed Findings & Recommendations section 9.1 General Controls of this report and Appendix B. The recommendation has been amended to put the onus on the system administrators to take control (rather than reliance upon</p>

				service managers to provide the information) which would allow the system administrators to be more proactive in ensuring the completeness, accuracy and timeliness of information is received with regard to user access and access levels.
R3	<p><i>Issue: There is evidence that the Financial Procedure Rules are not always adhered to when placing an order as funding is not always available against the cost code used.</i></p> <p>Authorising staff must ensure that the following of Financial Procedure Rules are always adhered to:</p> <ul style="list-style-type: none"> - Funds are available prior to placing an order; - Best value is sought when placing an order; and - Goods are received and appropriate for their use, prior to authorising payment of the invoice. 	B	<p>This forms part of the annual Budgetary Control training and a further reminder was issued to all staff in November 2011.</p> <p>This will also be rectified with the forthcoming wider implementation of the e-purchasing system in mid – 2012. The Council is moving to the latest release of software to ensure optimum performance and wider integration is obtained.</p>	Yes – testing during current review did not reveal to the contrary.
R4	<p><i>Issue: Corporate orders are not always being completed as accurately and completely as required.</i></p> <p>Authorising officers should be reminded of their obligations under the financial procedure rules to ensure all relevant information and details are sought and entered onto the corporate order form.</p>	B	See R2 and R3.	No – testing revealed that the issue continues and recommendation remains relevant. Recommendation included within Detailed Findings & Recommendations section 9.2 Ordering of this report and Appendix B.

SUMMARY OF PREVIOUS RECOMMENDATIONS

APPENDIX F(i)

<p>R5</p>	<p><i>Issue: Failure to submit the Construction Industry Scheme monthly returns to the HM Revenue & Customs leading to penalty charges.</i></p> <p>It would be beneficial to upgrade the Creditors system to enable the Construction Industry Scheme monthly returns file to be submitted electronically via the Government Gateway.</p>	<p>C</p>	<p>This will form is part of the ongoing development of the system and will be implemented following the live Financials system upgrade. The upgrade to the latest version is currently (March 2012) being tested.</p> <p>WIP. The delay in implementation is due to server migration issues but the recommendation will be acted upon once the upgrade is complete. This is expected to be May 2012 and therefore electronic submissions will follow this completion date.</p>	<p>No. This area was not included within this audit review for specific coverage. Recommendation included within Appendix B.</p>
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RESOURCES DIRECTORATE

Audit of Creditors

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The administration of users and user access levels over the corporate creditor system should be improved to ensure a robust and holistic system is in operation.	<p>System administrators should implement a robust and holistic approach to ensure system users and user accesses are appropriate. It is suggested that the following be actioned:</p> <ul style="list-style-type: none"> - Every six months a system administrator should circulate a list of users and associated access levels (with an explanation of what each access level enables a user to do) to service managers requesting them to confirm that the access and access level granted to each of their staff is appropriate (and not excessive) to allow them to undertake their duties and responsibilities. I.e. this should pick up leavers, staff transferred to another post within the Council, pool staff, name changes and maternity leave etc; - Access to the system should 	B	In the process of formalising requests for access to all systems and regular monitoring will be incorporated into this process and these recommendations will be considered as part of this.	Financial Services Manager	September 2012

		<p>be granted through service manager request and not the request of the member of staff wishing to have access. In the absence of the service manager a deputy manager or senior employee to request the access on the individuals behalf;</p> <ul style="list-style-type: none"> - There should be a review of the number of staff designated as system administrators. Ideally there should be the minimum number possible assigned to this role but sufficient to ensure that there are appropriate cover arrangements in case of any absence; and - On receipt of service manager confirmation or request appropriate amendments to users/user access levels are made by the system administrator and the documentation is retained as evidence to reflect the system accesses/access levels applied to and within the system. 				
R2	Issue: Corporate orders are not always being completed as accurately and completely as required.	Authorising officers should be reminded of their obligations under the financial procedure rules to ensure all relevant information and details are sought and entered onto the corporate	B	This forms part of the annual Budgetary Control training and a further reminder was issued to all staff in November 2011.	Financial Services Manager	On-going

SUMMARY OF RECOMMENDATIONS & ACTION PLAN

APPENDIX F(ii)

		order form.		This will also be rectified with the forthcoming wider implementation of the e-purchasing system in mid – 2012. The Council is moving to the latest release of software to ensure optimum performance and wider integration is obtained.		September 2012
R3	A recent increase in the number of late invoice payments in Local Environment Directorate has had an adverse effect on the Council's overall performance target.	Section managers within Local Environment should improve the timeliness of invoice payments in their respective services areas as the existing volume of late payments adversely affects the Council's overall performance target.	B	Raised with managers in Highways, Street Scene and Waste. Contractor Plus no longer being used.	Director of Local Environment	No longer applicable
R4	Issue: Failure to submit the Construction Industry Scheme monthly returns to the HM Revenue & Customs leading to penalty charges.	It would be beneficial to upgrade the Creditors system to enable the Construction Industry Scheme monthly returns file to be submitted electronically via the Government Gateway.	C	The Council is moving to the latest release of the live Financials software to ensure optimum performance and wider integration is obtained. The upgrade to the latest version is currently being tested but the recommendation will be acted upon once the upgrade is complete. This is expected to be May 2012 and therefore electronic submissions will follow this completion date.	Financial Services Manager	June/July 2012



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council
and Copeland Borough Council*

FINAL REPORT

Audit of Network Controls

Draft Report Issued: 24th April 2012

Final Report Issued: 29th May 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of the final report at its meeting to be held on 12 July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1 The audit of Network Controls was agreed in the Audit Plan (2011/12).
- 1.2 The Network is managed by ictCONNECT, a service shared by Carlisle City Council (CCC) and Allerdale Borough Council (ABC); the Shared ICT Services Manager reports to the Joint Operational Board (JOB).

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Shared ICT Services Manager ictCONNECT	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.
Infrastructure Support Manager	For information
Director of Resources	For information

3. BACKGROUND INFORMATION

- 3.1 The CCC Corporate Plan (2011/12) identified three key actions; this audit contributed mainly to the action concerning Corporate Governance because Network Controls help prevent unlawful access to data whilst enabling those that require the information.

The ABC Council Plan 2011/15 identified seven strategic objectives that included environment, housing, health/wellbeing, supporting business and communities. To achieve these goals it recognised the importance of reliable information, this data is provided mainly by IT applications that are attached to the Network.

- 3.2 The importance of the Network is summarised below:

- It provides users with access to a variety of applications, email, intranet and internet.
- It helps control access to data and applications. In 2011/12, the Network stopped users receiving 500,000 spam emails and 60,000 emails with potential viruses.
- It is used to receive and transfer data to the required locations; data can be backed up at different locations thus providing resilience should the original information be destroyed.

4. SCOPE

- 4.1. Audit testing and verification has been carried out to form an opinion on the effectiveness of the control environment. Key areas reviewed are tabulated below and detailed findings are recorded in Section 2 - Matters Arising.

Section 1 – Management Summary

	Area Examined
1.	Network Management and Controls
2.	Network Hardware and Software
3.	Network Access Control
4	Network Contingency Planning
5	Network Auditing and Reporting

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Network Controls which have been raised through the Council's corporate risk management arrangements. Where applicable, other risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the JOB and the necessary updates made to the Council's Risk Register.

5. RECOMMENDATIONS

- 5.1. Each recommendation has been allocated a grade in line with the level of risk, see below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

- 5.2. There are nine recommendations (Grade B) arising from this audit.

6. STATEMENT OF ASSURANCE

- 6.1. Audit assurance levels are applied to each review to assist Members and Officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.

Section 1 – Management Summary

Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

- 6.2. From the areas examined and tested as part of this audit, the current controls operating provides **Reasonable** assurance.

7. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 7.1. The **Reasonable** assurance level has been influenced by a number of factor including stability of systems audited, non adherence to procedures and the number of significant recommendations made.
- 7.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix G(i) - Summary of Audit Recommendations and Action Plan.
- 7.3. The key issues arising from this review are:

- **Disaster Recovery**

The IT equipment at ABC (Allerdale House) is located on the ground floor in an area that is prone to flooding. Should flooding occur it would be costly to replace the equipment and it may have a server impact on service delivery. It is recommended a full risk assessment is carried out to determine whether the IT equipment should be moved to a safe location.

ictCONNECT does not have its own Disaster Recovery Plan; reliance is placed on the details held within each Council's Business Continuity Plan.

- **Control and Attestation Protocol**

The control environment is weakened because there is no formal protocol for identifying the main risks in the Network operations or the controls for their mitigation. In addition, management do not receive regular formal confirmation that these controls are operating effectively.

Routine testing on unused ports and external penetration should be fully established and the outcomes reported to ICT management.

- **Change Control Process**

Formal Change Control procedures are required to help prevent system and security failures. No formal Change Control protocol is operating, with the three ICT teams managing their own processes. In some cases changes are not documented and amendments are carried out on verbal instructions.

Section 1 – Management Summary

Whilst ICT management approve major changes, there is no delegated authority schedule relating to the amount of expenditure and technical input required or a register of the major changes carried out.

- **Training Records**

ictCONNECT staff skills may not be utilised fully because details of their qualification / attendance on training courses was not readily retrievable as a central record of these details is not maintained.

- **Physical Security - Computer Room at Carlisle City Council**

An insecure Computer Room could result in malicious damage to expensive equipment and severe disruption to service delivery. The Service Help Desk team is responsible for ensuring the room is locked but there is no formal record to confirm this was completed.

- **Wide Area Network (WAN) - Testing**

The WAN routes data flexibly between locations. This is fundamental to Network resilience but no formal programme to test this flexibility is currently in place.

RESOURCES DIRECTORATE – ictCONNECT
Audit of Network Controls

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The IT equipment at ABC (Allerdale House) is located on the ground floor in an area that is prone to flooding. Should flooding occur it would be costly to replace the equipment and may have a server impact on service delivery.	<p>A formal risk assessment should be carried out to determine whether the IT equipment located at ABC (Allerdale House) should be relocated to a location safe from flooding. The assessment should include:</p> <ul style="list-style-type: none"> • The costs and disruption involved in moving the ICT equipment. • The probability and impact of another major incident occurring. • The enhanced resilience of the Service achieved through the shared service and use of virtual servers. <p>A timescale should be set for completing the evaluation. The Shared ICT Services Manager should submit a paper to the JOB with a recommendation on the action to be taken.</p>	B	Recommendation will be complied with as noted.	Support and Infrastructure Manager and Allerdale Property Services Manager	End October 2012

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R2	ictCONNECT did not have their own Disaster Recovery Plan.	Management should ensure a Disaster Recover Plan is compiled wholly for ictCONNECT.	B	This recommendation has been included in the new Virtual Infrastructure Backup Solution Project.	Support and Infrastructure Manager	End October 2012
R3	There was no formal protocol for identifying the main risks in the Network operations and the controls to mitigate these risks. In addition management did not receive regular formal confirmation that these controls were operating effectively.	<p>Management should:</p> <ol style="list-style-type: none"> 1. Ensure the risks in the ictCONNECT processes have been identified and the level of acceptable risk determined. 2. Design control processes to mitigate the risks and formally allocate these tasks to line managers. 3. Require these employees to provide monthly written feedback to confirm the key controls are operating effectively; where exceptions occur reasons should be recorded with proposed recovery action. 4. A formal timescale for the completion of the above tasks should be set and progress monitored. 	B	A Lead ICT Officer from ictCONNECT is participating in Risk Management tasks at both Carlisle City and Allerdale. The outcomes from this involvement will address these recommendations.	Support and Infrastructure Manager	End December 2012

SUMMARY OF RECOMMENDATIONS & ACTION PLAN

APPENDIX G(i)

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R4	There is no checks on unused ports.	A programme to identify and check all unused ports should be compiled. The check should be completed regularly, recorded in a register that is subject to a periodic, say monthly, evidenced managerial review.	B	A planned software upgrade will eliminate any future occurrences of noncompliance with this issue that has been raised.	Support and Infrastructure Manager	End June 2012
R5	The outcome of Penetration testing is not formally reported to ICT management.	The responses to the Penetration Testing reports should be recorded with the Shared ICT Services Manager completing evidenced reviews.	B	This will become a standing item for IT Management Team Meetings.	Support and Infrastructure Manager	End June 2012
R6	No formal Change Control protocol was operating, reliance was placed on the three ICT teams to manage their own processes.	ICT management should compile a Change Control policy that includes: <ol style="list-style-type: none"> 1. Categorisation of the change based on technical input and costs. 2. A delegated authority schedule based on category. 3. A requirement to formally record all change details on standard documentation that includes the person making the change, details of the change, other system(s) affected, date and time of the proposed change and any test results. 	B	The requirement for formal Change Management is noted on the ictCONNECT Service Plan.	Support and Infrastructure Manager	End Mach 2013
R7	To utilise staff strengths	ictCONNECT staff qualifications / training	B	Recommendation will be complied	ictCONNECT	End June

SUMMARY OF RECOMMENDATIONS & ACTION PLAN

APPENDIX G(i)

	fully, management must know their qualifications / training courses attended; these details were not readily retrievable because the information was not held centrally.	records should be maintained in a register that enables the information to be readily retrievable. The register should also include staff within services where ictCONNECT was responsible for their training.		with as noted.	Management Team	2012
R8	An insecure Computer Room could result in malicious damage to expensive ICT equipment and severe disruption to service delivery. The Service Help Desk team was responsible for ensuring the room was locked but there was not formal record to confirm this was completed.	ICT management should ensure a formal protocol is put in place to ensure the Computer Room is made secure each night. It is recommended that: <ul style="list-style-type: none"> • The Service Help Desk staff record in a register the date, time and who locked the room. • Arrangements are made with Building Services to report formally, on an exception basis, when it found the doors unlocked. Management should investigate and record any incident that arises and the report should be reviewed and authorised by the Shared ICT Services Manager.	B	Recommendation will be complied with as noted.	Support and Infrastructure Manager	End June 2012
R9	The ability to route data flexibly in the WAN is fundamental to Network resilient but this flexibility was not tested routinely.	ICT management should ensure the flexibility of routing data in the WAN is tested on a regular, say quarterly basis and the results subject to an evidenced review.	B	Recommendation will be complied with as noted.	Support and Infrastructure Manager	End August 2012



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council
and Copeland Borough Council*

FINAL REPORT

Audit of Safeguarding – CRB Checks

Draft Report Issued: 17th May 2012

Revised Draft Issued: 11th June 2012

Final Report Issued: 26th June 2012

The Chief Executive and Deputy Chief Executive both receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of the final report at its meeting to be held on 12 July 2012

Section 1 – Management Summary

1 REASON FOR THE AUDIT

- 1.1 The audit of Safeguarding – Criminal Records Bureau checks was identified for review as part of the agreed Audit Plan for 2011/12.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1 The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Resources	For information
Director of Community Engagement	Action required – please refer to the Action Plan attached as Appendix A.
Personnel Manager	Action required – please refer to the Action Plan attached as Appendix A.

3. BACKGROUND INFORMATION

- 3.1. The Council has a system in place for identifying and processing CRB checks for applicable permanent, temporary, casual or voluntary positions. Separate arrangements are in place for agency staff through alternative procurement arrangements.
- 3.2. The Council also acts as an umbrella organisation for Tullie House to carry out CRB checks; the Council does not assist any other 'external' services in this way.
- 3.3. The Council is a registered body with the Criminal Record Bureau (CRB) and the Personnel Manager is the lead signatory for the Council; the Personnel Systems Support Officer, the Licensing Manager and the three Licensing Officers for taxis are counter signatories.
- 3.4. In recent years the number of CRB requests submitted by the Council for employees has fallen to below this minimum level (100 applications) required for CRB registration.

2011	55
2010	104*
2009	74
2008	59

** additional checks in 2010 arising from the employment of Summer Play Scheme Workers and a safeguarding awareness exercise undertaken involving volunteers.*

- 3.5. This registration has continued as the Licensing Service also requires the completion of CRBs; CRB checks undertaken by Licensing have *not* been examined as part of this review.
- 3.6. A review of the criminal records regime has been completed by Government but has yet to be implemented. Anticipated changes include amendments to the registration process and how

Section 1 – Management Summary

information is accessed and challenged. Proposals also include changes around the availability of online status checks, which will enable certificates to be more portable between employers in the same sector.

- 3.7. The Council is a member of the Cumbria Local Safeguarding Children Board, a statutory arrangement which oversees how relevant organisations in each of the local area will cooperate to safeguard and promote the welfare of children.

4. SCOPE

- 4.1. Audit testing and verification has been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified.
- 4.2. The scope and testing undertaken as part of this review reflects the inherent risks specific to establishing the need for and coordinating CRB checks and any risks raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Key areas for review and a detailed findings are shown in Section 2 of this report - Matters Arising:

Section	Area Examined
1.	Registration and Management of Information
2.	Identity Checks
3.	Eligibility of Roles
4.	Reporting Arrangements
5.	Payment of Fees

- 4.4. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to operational risk registers should be made. If risks are of a strategic nature, these will be reviewed by the Corporate Risk Management Group.

5. RECOMMENDATIONS

- 5.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

Section 1 – Management Summary

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

5.2. There are 8 recommendations arising from this review :

- 7 at Grade B
- 1 at Grade D

6. STATEMENT OF ASSURANCE

6.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

6.2. From the areas examined and tested as part of this audit review, we consider the current controls operating within Safeguarding – CRB Checks provide **reasonable** assurance.

7. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 7.1. The **reasonable** assurance level provided by this audit has been influenced by a number of factors; including stability of systems audited, non adherence to procedures and the number of significant recommendations made.
- 7.2. Opportunities to further enhance controls have been identified and these are shown in Appendix H(i) – Summary of Audit Recommendations and Action Plan.
- 7.3. The procedures in place to identify applicable posts requiring CRBs and identity checking arrangements appear satisfactory and well managed, but there are several key issues concerning service managers' roles and responsibilities in this process which need to be addressed:
- Control over CRB checks for volunteers is a key matter for address. Improved arrangements are needed to ensure that service managers liaise more effectively with Personnel on the use of volunteers in their respective service areas. This will allow

Section 1 – Management Summary

Personnel to maintain more accurate records and ensure that CRBs are undertaken when applicable. Testing found potential instances whereby volunteers are working in applicable roles without CRB checks.

- CRB applications forms are managed as controlled items of stationery and logged in and out. One occasion was noted whereby a manager was issued with a number of blank forms for a specific purpose (appointment of volunteers). In these circumstances, the central monitoring arrangements require strengthening to ensure that Human Resources are then updated with specific details relating to whom the forms have been passed to for completion.
- Insufficient arrangements are in place to prevent new and/or transferring employees starting their employment in posts which require CRB checks; two employees were found to have been identified for CRB checks but had commenced their employment, therefore working at the Council without the necessary CRB clearance.

Volunteers and casual staff should not commence any duties until CRBs have been completed. In *exceptional* cases involving contracted staff, it was agreed that a manager may, if they deem it necessary, request a starting date for a new member of staff before the CRB Disclosure is received, on the condition that additional temporary measures are in place, the request authorised by their Director and that progress is closely monitored by Human Resources.

- The Trent HR system has the capacity to flag which posts require CRB checks, but is not used at present. Instead this information is maintained and managed separately on monitoring spreadsheets. Also, there is no check to confirm whether a required CRB has been successfully completed before an individual is attached to the payroll.
- The Safeguarding Policy requires updating.
- Attendance at the relevant training courses by key members of staff involved in the CRB process is centrally managed by Organisational Development but not regularly monitored by Personnel.

Audit of Safeguarding – CRBs Checks

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The Safeguarding policy and relevant guidance documents require updating by the safeguarding lead officer in Community Engagement.	The Safeguarding Policy and relevant guidance documents are available on the Intranet although some may these require updating.	B	Policy documents to be checked and where necessary updated versions posted in the Intranet	Director of Community Engagement for Overall Policy; Personnel Manager for HR docs.	September 2012
R2	Service managers do not actively provide Personnel with up to date details of volunteers assisting/working in their respective service areas.	Improved arrangements are needed to ensure that service managers liaise more effectively with Personnel on the use of volunteers in their respective service areas. This will allow Personnel to maintain more accurate records and ensure that CRBs are undertaken when applicable.	B	Trent HR/Personnel database to record CRB status required; Form to be created to allow Managers to advise Personnel in advance of being in Council for Casuals and Volunteers	Service Support Team Leader in liaison with Personnel Manager	September 2012
R3	On occasions blank CRB forms are given to managers to use in the recruitment process; the manager's names are noted next to the unique reference numbers on all CRB forms recorded on the main spreadsheet	Where there is a valid, practical reason, which requires blank application forms to be issued to managers to pass on to successful individuals, the names of the individuals to whom they are passed to must be reported to the Personnel	B		Personnel Manager	June 2012

Audit of Safeguarding – CRBs Checks

		Systems Support Officer as soon as possible to enable the completion of the application forms and status to be monitored.				
R4	The Personnel Systems Support Officer has noted volunteers at Tullie House whose names were not recorded in the CRB records for Tullie House.	The CRB status of volunteers at Tullie House should be established and CRB checks should be carried out on staff identified as not having the required completed CRB checks.	B	Director of Tullie House has been asked again to provide information; escalation procedures used if not provided	Personnel Manager in first instance and Director of Community Engagement if escalation required	Ongoing
R5	Current procedures around ensuring that CRBs are completed before an employee starts work or changes to their role are implemented, are not effective.	Managers should be reminded that Casuals and Volunteers selected for roles requiring CRB checks should not commence work/volunteering without completed CRB checks if the roles they undertake require them to be carried out. In <i>exceptional</i> cases involving contracted staff, the manager may, if they deem it necessary, request a starting date for a new member of staff before the CRB Disclosure is received, <i>but</i> this must be	B	Casuals and Volunteers must have CRB checks completed before being doing Council tasks; normally contracted staff to have CRB checks completed before starting work. In exceptional circumstances, managers can assess risks, put measures in place to mitigate them and authorise an earlier start	Personnel Manager	June 2012

Audit of Safeguarding – CRBs Checks

		requested in writing to their Director (copied to Human Resources) and include supporting details regarding the additional safe guards they intend to put in place in the interim period. The Director must authorise such cases and Human Resources must closely monitor the progress made on the application to ensure that it is processed without unnecessary delay.				
R6	Data field on Trent to indicate whether a CRB is applicable to the post not currently used	Trent should hold details of those posts which require a CRB check.	B	CRB requirements to be recorded against the post on Trent	Personnel Manager	September 2012
R7	Use of a third party to coordinate the processing of on line CRB applications should be explored in more detail.	The Council should reconsider using a third party to provide an online CRB service whereby successful candidates and other individuals requiring a CRB to complete the application electronically. Additional costs attached to this option should be assessed against the benefits achieved.	D	This option to be investigated and a report to relevant senior managers for a decision	Personnel Manager	October 2012
R8	Personnel should monitor which key members of staff have attended relevant safeguarding and	Personnel should request regular reports of training in Safeguarding matters to ensure key staff have	B	Organisational Development to provide regular exception reports on	Organisational Development Manager and	December 2012

Audit of Safeguarding – CRBs Checks

	CRB training.	attended the relevant training courses in regards to CRB checks and safeguarding responsibilities. Personnel to follow up those not undergoing the training.		participation in Safeguarding related training	Personnel Manager	
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AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Tendering and Contracting Arrangements

Draft Report Issued: 21st December 2011.

Final Report Issued: 3rd April 2012.

*The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.
The Audit Committee will be presented with a copy of the relevant Teams of this final report at the meeting to be held on
12th July 2012.*

1 REASON FOR THE AUDIT

- 1.1. The audit of Contract and Tendering was identified for review as part of the agreed Audit Plan for 2011/12.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 1.2. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Resources	Report to be noted.
Financial Services Manager (Resources)	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.
Development & Support Manager (Resources)	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan
Resource Planning Manager (Resources)	Action required. Please refer to Appendix A – Summary of Recommendations/Action Plan.
Building & Facilities Manager (Resources)	Action required. Please refer to Appendix A – Summary of Recommendations/Action Plan.
Director of Governance	Report to be noted.
Legal Services Manager	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.

3. BACKGROUND INFORMATION

- 3.1. Local Government procurement practices are under constant scrutiny and as such must be clear, open and concise when it comes to tendering for supplies and service and awarding contracts.
- 3.2. The Council's procedures for this area are outlined in the Contract Procedure Rules (CPR's) which in turn form part of the Constitution. The CPR's are reviewed annually, with the latest revision being presented to Council in late 2011. Specific to procurement, this revision included the means to undertake procurement business electronically – e-purchase orders, e-tendering and e-auctions and to allow the use of Framework Agreements, along with other general housekeeping updates to financial limits (to account for inflationary increases).
- 3.3. In February 2011, the Council implemented Government guidelines on electronic procurement and switched from manual tender processing arrangements to an electronic Tendering and Portal system known as the 'Chest'. This system was procured by the members of Effective Procurement in Cumbria and the Regional Improvement and Efficiency Partnership and a framework contract set up across the North West. The system, supplied by Due North, seeks to focus on improving 'back-end' systems for staff

Section 1 – Management Summary

within the organisation who are responsible for tendering, but also includes a ‘front-end’ for suppliers which allows those who register to be notified of business opportunities.

- 3.4. The system is deployed by over 130 public sector clients and include local authorities, NHS, Central Government, housing associations, higher education and emergency services. It supports the complexities of Government purchasing and provides extensive audit trails that track the progress of acquisitions throughout every stage of the procurement process.
- 3.5. The acquisition cost of the system was paid for (as for all the district councils in Cumbria) from funds acquired by Effective Procurement in Cumbria (EPiC), through the Regional Improvement and Efficiency Partnership. The annual subscription cost in Year 1 was also met through this arrangement, but from Year 2 onwards, councils may have to directly fund the cost of the continued use of the system which amounts to £1,500 pa. Discussion amongst EPiC members have yet to resolve this issue.

4. SCOPE

- 4.1. Audit testing and verification has been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a detailed findings are shown in Section 2 of this report - Matters Arising:

Section	Area Examined
1.	Contracts Register.
2.	Tendering Procedures
3.	Evaluating Processes and Awarding Contracts.
4.	Framework Agreements.

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Contracts and Tendering which have been raised through the Council’s corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate’s Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. RECOMMENDATIONS

- 5.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system

Section 1 – Management Summary

	weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

5.2. There are 14 recommendations arising from this review :

- 9 at grade B
- 4 at grade C
- 1 at grade D.

6. STATEMENT OF ASSURANCE

6.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

6.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.

6.3. This review has provided substantial audit coverage of a wide range of procurement matters. From the areas examined and tested as part of this audit review and given the number and range of recommendations arising, we consider the current controls operating within Tendering and Contracting provide **RESTRICTED** assurance.

6.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations / Action Plan is attached as Appendix I (i).

Section 1 – Management Summary

7. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 7.1. Whilst predominantly focusing around the area of tendering and contracting, Audit Services have subsequently increased the scope of the audit to include a number of other wider procurement matters involving e-procurement and developing the use of framework agreements. It must be recognised that there have been fundamental changes in these areas over the last 12 months and further developments are expected. These changes have had an impact on internal and external service users, particularly concerning the ICT enhancements and more widely, key updates to the Constitution, which accurately prescribes how the Council carries out its business when procuring goods and services.
- 7.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix I (i) – Summary of Audit Recommendations and Action Plan. The key issues arising from this review are:

Professional Advice / Guidance

- 7.2.1. The audit highlighted that professional advice from Legal Services and Procurement is not always sought when arranging and entering into contracts, and where such advice / action is sought, there was some evidence that projects can be delayed due to waiting for contracts to be drafted / finalised. More formalised working arrangements between procurement and legal services have been documented and will be included in a training session with all contact managers in the new year. This includes an acceptable timescale for professional advice / action must be agreed and built into the project management plan.
- 7.3. A recent report to Senior Management regarding progress with Procurement recommended a working group be set up to focus on the further development of contracts and procurement issues across the Authority. Subsequently Audit Services concur that given the broad range of recommendations arising from the audit review and the extent of (internal) interested parties involved in providing an efficient corporate procurement service, it is suggested that a Procurement Working Group should be established to continue to oversee and manage developments in this area and to monitor progress made towards the successful implementation of the recommendations summarised in the action plan attached as appendix A and the Council's procurement and commissioning strategy .

E-Tendering

- 7.3.1. Carlisle City Council's tendering methods have changed considerably over the past year with the manual system being replaced with a fully electronic e-tendering system. The general consensus of the users and the administrators is that the system is comprehensive, manageable and, when fully integrated, will be extremely beneficial to the Council in its use of processing and monitoring all procurement, supply and construction contracts put forward in the market place.
- 7.3.2. The system is still in its relative infancy and time is needed to allow the revised procedures to be fully embedded into the organisation. There have been some operational 'teething' issues with adherence to contract regulations which are in the process of being dealt with. It is to be expected that issues will arise the more the system is utilised and such matters will be identified and dealt with effectively by the Procurement Team in conjunction with the contract managers and Legal Services, as it continues to enhance the system and promote its use.

Section 1 – Management Summary

- 7.3.3. Advertising contracts to the wider marketplace will endeavor to achieve best value for contracts above and below the European threshold. Above threshold contracts are fairly prescriptive and require compliance with a host of regulations whereas below threshold contracts have lighter requirements, however, these include compliance with EU Treaty rules and principles, must ensure appropriate competition, be proportionate and avoid unnecessary bureaucracy, be transparent, make the most efficient use of public money and are seen to be efficient and effective. This matter is being managed by the Procurement Team and individual contract managers.
- 7.3.4. The Procurement Team is often the first point of contact when tenders are published. It does not always have the technical knowledge or resources required to assist the suppliers with direct queries relating to advertised contracts on the 'Chest', so matters have to be referred to specific contract managers to obtain the necessary information, which inevitably causes some delays in responding. Since the implementation of procurement regulations, contract managers have noticed an increase in the number of questions from interested suppliers. More practical solutions surrounding responding to tender enquiries and system usage are therefore being developed for implementation in 2012.

Contracts Register

- 7.3.5. Whilst a central Contracts Register is maintained, it does not fully reflect all contracts awarded by the Council. The Procurement Team is reliant on contract managers to inform it of all tenders issued and contracts in place. This is a work in progress but it is considered that widespread use of the 'Chest' will help to address this issue.
- 7.3.6. Currently there is no financial monitoring information contained in the Contract Register. The audit has confirmed that there are several areas where the Contracts Register could be extended to enhance monitoring and financial accountability of tenders awarded. These improvements are being developed by the Financial Services Team.

Constitution Changes

- 7.3.7. There are many rules and procedures that surround the various elements of Contracting and Tendering and the audit has reflected upon some of the most recent Constitutional changes made in regards to e-procurement and the use of framework agreements. An area still to be addressed is tender opening procedures.
- 7.3.8. Carlisle City Council has chosen to delegate the responsibility of tender opening to the Mayor or his/her Deputy and this has been common practice for a number of years. The review highlighted that the value of contracts placed on 'Chest' system is set to be lowered, therefore the number of contracts will increase and ultimately this may mean that the demands on the Mayor's time may increase to such a level that it becomes unmanageable. Research showed that there was no legal requirement to have a Mayor or Deputy to open tenders, and in fact, updated professional guidance actually recommended that officers be appointed responsibility.
- 7.3.9. The current level of delegation appears to be more historic than based on actual best practice and the opportunity should be taken for the Council to address this issue and evaluate who should be best positioned to conduct this duty and the subsequent amendments made to the Constitution.

Audit of Tendering & Contracting

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	The Contracts Register does not fully reflect all contracts awarded.	<p>Enhancements to existing practices are needed to help ensure that the central Contracts Register more accurately reflects all contracts awarded by the Council.</p> <p>Contract Managers/Procurement Team should discuss placing the Contract Register on a system whereby access can be shared so that the information is logged accurately and timely, but with sole responsibility for its maintenance resting with the Procurement Team.</p>	B	<p>Discussion within the Resources and Governance Directorate suggests that all contracts and agreements are best retained by Legal Document Storage system administered by the Service Support Team until the Electronic Document Management System is implemented.</p> <p>The Contracts register will be expanded to include budget and Final project costs and will have restricted access to the appropriate Finance Staff and Project/Contract Managers.</p>	Development & Support Manager/ICT	<p>EDMS 01/12/12</p> <p>Contract Register 01/09/12</p>
R2	There is no financial information contained in the Contract Register.	The Contracts Register should include a final project cost against each scheme so that comparisons can be made between the bid price and the final cost.	C	See R1	Development & Support Manager	<p>EDMS 01/12/12</p> <p>Contract Register 01/09/12</p>

Audit of Tendering & Contracting

R5 (a)	Legal and Procurement advice is not always sought when arranging / entering into a contract.	Revised procedures have been drafted and agreed by Legal and Procurement. These will be developed with managers as part of the 2012 training programme. Any contract entered of more than £10,000, will require appropriate professional advice from Legal Services and Procurement.	B	Revised Procedures have been implemented and will be included in the 2012-13 Governance Training Programme.	Development & Support Manager/Legal Service Manager	01/01/13
(b)		A central point of contact should be established whereby the tendering, financial and legal process is readily available and properly coordinated.	B	The Procurement unit are the recognised point of contact and this is widely known in the Council. Directors are to ensure that a corporate approach is taken to procurement.		
R6	Local businesses can be 'pushed' out of the marketplace due to tender over subscription.	Contract Managers, in conjunction with the Development & Support Manager, should consider each contract tender on an individual basis to evaluate a supplier audience and advertise as such. EU and UK procurement legislation should be the first issue considered in all cases.	B	The Procurement Unit adhere to EU and UK Public Procurement Regulations in all cases. Exceptions only occur where a Framework agreement is available but the relevant Lead Officer requires a broader base or the	Development & Support Manager	01/01/13

Audit of Tendering & Contracting

		Achieving a fine balance between assisting to enhance the local economy and achieving best value should be paramount in each decision.		inclusion of specific local suppliers. In such instances the tender is advertised openly across all suppliers/providers to ensure all interested parties have an equal opportunity to apply.		
R7	The Constitution does not strongly reflect the Councils approach to electronic tendering as the preferred means of future procurement.	The Constitution includes the statement that tendering electronically within financial limits is the Council's corporate approach. Of course, there should be an option to be able to tender manually in exceptional circumstances but this should only be made available when it is impossible to do so electronically.	B	The Constitution enables the Council to carry out the most appropriate method of procurement that suits any particular circumstance. The preferred method of electronic procurement is a management choice and the Constitution enables such procurement to occur in a structured and controlled manner.	Development & Support Manager/Legal Services Manager.	Completed 29/06/12
R8	The documentation on the 'Chest' system is in 'Word' format. There is a possibility that the documents could be altered.	Consideration should be given to presenting all tender documentation in a 'pdf' format as opposed to 'Word'.	C	Most of the Documents are issued in Word to enable suppliers to access and update the relevant forms electronically. To download these forms in pdf would create difficulties for many suppliers who do not have print scanners. They would need to	Development & Support Manager	01/09/12

Audit of Tendering & Contracting

				<p>download the pdf, complete by hand and scan their submission.</p> <p>However, this suggestion has been included in the 2012-14 Action Plan and is being discussed with members of the Cumbria Procurement Collaboration.</p>		
R9	<p>The Procurement Team is often the first point of contact when tenders are published. They do not have the technical knowledge required to assist the suppliers. Queries regarding the tenders may not be answered in the most time effective way.</p>	<p>When Tenders are published on 'Chest', the Procurement Team should be named as the main contact for system queries and the contract manager be named as the main contact for any technical queries. All officers named on the published advertisements should make themselves available to answer queries when the tenders are first published.</p> <p>The Procurement Team will continue to ensure that satisfactory customer responses are monitored via the 'Chest' system.</p>	C	<p>The training of all Contract/Project managers has been included in the 2012-14 Procurement Action Plan.</p>	<p>Development & Support Manager/ICT</p>	<p>01/01/13</p>

Audit of Tendering & Contracting

R10	Projects are delayed due to waiting for contracts to be finalised.	Legal Services should establish / review all contracts over £10,000 prior to any contract being entered into. Contract Managers, together with Legal Services should establish a deadline for the finalisation of contract documents in the initial stages of the project so that the completion of these documents can be factored into the project plan.	B	Contract managers must contact Legal Services to implement the action. The Procurement Team will bring this to managers attention when advising on any particular matter.	All Contract Managers/ Legal Service Manager/ Development & Support Manager	01/01/13
R11	Current tender opening procedures are out of date.	The delegated powers surrounding the opening of tenders be re-examined and any subsequent changes be made to the Contract Procedures within the Constitution.	B	It is suggested that each Director be given access to the Tender verification programme and the Director of Governance amend the Contracts Procedure Rules accordingly	Director of Governance/ Head of Legal Services/ Development & Support Manager	01/01/13
R12	Situations have arose which have meant that the tender process has had to be cancelled and re-advertised, causing additional work for all	Contract Managers should confirm with the Procurement Team that the specification is correct and the works are ready to be carried out prior to advertising the tender to minimise the possibility that changes will be made	B	In most cases the specification is accurate at the time of publication. However, in a good number of instances the urgency of the process necessitates amendment and	All Contract Managers/ Development & Support Manager	01/01/13

Audit of Tendering & Contracting

	<p>officers involved and potentially causing reputational risk.</p>	<p>to the specification in the latter stages. If there are unforeseen circumstances whereby it is necessary to change the specification, the Procurement Team should be informed of the change and the reason thereof so that the decision to re-tender (if applicable) can be taken as soon as possible to the submission date. This should be a decision taken in agreement with both the Procurement Team and the Contract Manager.</p>		<p>clarification at a later date. This is predominantly when suppliers seek clarification or suggest alternative processes.</p> <p>These suggestions and enquiries often lead the Project/Contract Manager to implement changes to the specification.</p>		
R13	<p>The responses to tender advertisements can become unmanageable and detrimental to the contract award process.</p>	<p>The Building Surveying Manager and the Development & Support Manager should discuss and consider the benefits of Framework Agreements for building surveying works.</p>	C	<p>In a number of instances the response to a tender by suppliers is fairly large due to the lack of work available in a number of business sectors. This is not something unique to Carlisle City Council or the County of Cumbria as a whole.</p> <p>The Development & Support Manager has initiated a Framework proposal for Building Maintenance activities with the Facilities Manager</p>	Development & Support Manager	01/10/12

Audit of Tendering & Contracting

				<p>the Economic Development Manager and other Cumbrian Councils.</p> <p>This is included in the 2012-14 Action Plan.</p>		
R14	<p>At the time of the review there was no agreed contract between the Council and the suppliers on the Training Initiative Framework.</p>	<p>The contract for the Training Initiatives Framework should be finalised and signed by all relevant parties without further delay.</p>	B		<p>Development & Support Manager/Legal Services Manager</p>	<p>01/01/13</p>



AUDIT SERVICES

*A Shared Service between Cumbria County Council, Carlisle City Council and
Copeland Borough Council*

FINAL REPORT

Audit of Facilities Management 2011/12

Draft Report Issued: 13th June 2012

Final Report Issued: 29th June 2012

The Chief Executive, Deputy Chief Executive and relevant Directors receive a copy of the final report.

The Audit Committee will be presented with a copy of the relevant sections of the final report at its meeting to be held on 12th July 2012.

Section 1 – Management Summary

1. REASON FOR THE AUDIT

- 1.1 The audit of Facilities Management was identified for review as part of the agreed Audit Plan for 2011/12.

2. AUDIT CONTACT & REPORT DISTRIBUTION

- 2.1. The audit report has been distributed to the following officers.

Recipient	Action Required
Director of Resources	Report to be noted.
Buildings & Facilities Manager -Resources Directorate.	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.
Financial Services Manager -Resources Directorate.	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan
Development & Support Manager -Resources Directorate.	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan
Health, Safety & Environmental Manager. -Governance Directorate.	Report to be noted.

3. BACKGROUND INFORMATION

- 3.1. The Buildings & Facilities Team now forms part of the Resources Directorate which allows for a stronger working relationship with both Property, and Financial Services.
- 3.2. The Buildings & Facilities Team encompasses all aspects of managing the property assets of the Council and covers security, safety, maintenance, cleaning, space allocation and effective use of the Council buildings.
- 3.3. The Team is also responsible for Energy Management. Various Energy Management initiatives are in place to improve energy efficiency in the Council's own buildings and partners such as community centres and village halls. The work involves monitoring consumption, carrying out energy audits, increasing awareness amongst staff and building users, organising efficiency campaigns and managing improvement works. The Team is in close contact with colleagues in the Procurement Team and Health, Safety and Environmental Performance Teams who seek to minimise energy costs and reduce carbon emissions through the purchase, and monitoring of "green" electricity.

4. SCOPE

- 4.1. Audit testing and verification have been carried out to form an opinion over the effectiveness of systems and controls in place relating to the risks identified. Key areas for review and a detailed findings are shown in Section 2 of this report - Matters Arising:

Section 1 – Management Summary

Section	Area Examined
1.	Operational Risk Register.
2.	Planned Maintenance Programmes.
3.	Use of Specialised Equipment.
4.	Asbestos Management.
5.	Energy Management.

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to Facilities Management which have been raised through the Council's corporate risk management arrangements. Where applicable, other emerging risks have also been included in the scope and testing undertaken.
- 4.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the relevant Director and necessary updates to Directorate's Operational Risk Registers should be made. If risks are of a strategic nature, these will be review by the Corporate Risk Management Group.

5. RECOMMENDATIONS

- 5.1. Each recommendation has been allocated a grade in line with the perceived level of risk. The grading system is outlined below:

GRADE	LEVEL OF RISK
A	Lack of, or failure to comply with, a key control leading to a *fundamental weakness.
B	Lack of, or failure to comply with, a key control leading to a significant system weakness.
C	Lack of, or failure to comply with, any other control, leading to system weakness.
D	For consideration only - action at manager's discretion.

**A fundamental weakness includes non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).*

- 5.2. There are 14 recommendations arising from this review :
- 12 at grade B
 - 2 at grade C

6. STATEMENT OF ASSURANCE

- 6.1. Audit assurance levels are applied to each review to assist Members and officers in an assessment of the overall level of control and potential impact of any identified weaknesses. The assurance levels are:

Section 1 – Management Summary

Level	Evaluation
Substantial	Very high level of assurance can be given on the system/s of control in operation, based on the audit findings.
Reasonable	Whilst there is a reasonable system of control in operation, there are weaknesses that may put the system objectives at risk.
Restricted	Significant weakness/es have been identified in the system of internal control, which put the system objectives at risk.
None	Based on the results of the audit undertaken, the controls in operation were found to be weak or non-existent, causing the system to be vulnerable to error and/or abuse.

- 6.2. The assurance level given to an audit area can be influenced by a number of factors: including stability of systems, number of significant recommendations made, impact of not applying audit recommendations, non adherence to procedures etc.
- 6.3. From the areas examined and tested as part of this audit review, we consider the current controls operating within Facilities Management provide ***reasonable with some restricted assurance with regard to the financial management/budgeting against the 5 yr maintenance plan and the completeness of the Asbestos Management Register.***
- 6.4. Areas have been identified where improvements could be made to strengthen controls and these are detailed in Section 2 – Matters Arising. The Summary of Recommendations /Action Plan is attached as Appendix J(i).

7. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

7.1. A number of opportunities to further enhance controls have been identified and these are shown in Appendix J(i) – Summary of Audit Recommendations and Action Plan.

7.2. The key issues arising from this review are:

7.3. Operational Risk Register.

Risk registers should reflect current risk exposures and there should be updated actions to mitigate these.

7.4. Planned Maintenance Programmes.

Although there was no issues surrounding the actual carrying out of the maintenance work, systems require strengthening to improve internal administrative control and present the opportunity to provide financial and operational management information on which future decisions can be based. A key area of address is that budgeting and resourcing should be aligned to the 5yr maintenance plan and be demand driven instead of as now, which is merely historic budgeting practices.

Section 1 – Management Summary

Liaison with Property Services is essential to ensure that all assets are included on both sections records to ensure that those properties that it is the City's obligation to maintain are the only ones on the maintenance schedule and that the property portfolio is accurate and includes all owned assets.

7.5. Use of Specialist Equipment.

Overall, there were no major issues surrounding the use of specialist equipment, however internal administrative controls should be tightened to improve the systems in place to ensure that they are working effectively and highlighting dates when risk assessment updates and renewal of professional memberships are due.

7.6. Asbestos Management.

The management and control of asbestos is the key to ensuring a duty of care and complying with regulation. Currently Carlisle City Council has an asbestos register and a regime where all buildings known to have asbestos are inspected regularly. When completely up to date, this current system is adequate for purpose, but at the time of the audit this was not the case and the information was not up to date.

Because the current system relies on manual methods to update and monitor the programme, automating the process would be extremely beneficial and also act as a reminder to ensure that records are timely and complete. Options to assist in this have been provided.

7.7. Energy Management.

The ethos of Energy Management is firmly embedded in Carlisle City Council with all involved officers both knowledgeable and also involved in making continuous improvements to existing systems to improve energy efficiency. There is scope for the information arising from the monitoring arrangements to be used more widely throughout the Council.

The implementation of the computerised software which is available at no cost should be pursued with the possibility of making both efficiencies and cost savings for the Council.

RESOURCES DIRECTORATE

Audit of Facilities Management.

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	Buildings & Facilities Operational Risk Register has not been updated since July 2011.	That the Buildings & Facilities operational risk register be updated as soon as possible to reflect the true current risk exposures.	B	Covalent will be updated.	Buildings and Facilities Manager	30 th September 2012
R2	There is no complete listing of all undertaken maintenance held centrally.	Key information on all maintenance contracts should be maintained on a central record.	B	Contractorplus will be replaced and the new system should hold this data centrally.	Buildings and Facilities Manager/ Development & Support Manager	31 st March 2013
R3	Facilities Management and Property Services do not liaise over asset listings as a matter of course.	Facilities Management details should be reconciled with Property Services (MASS Database) to ensure that all Council owned properties are included and considered on the maintenance schedule where necessary.	B	It is envisaged that the Contractorplus replacement system will include a database that will be linked to the MASS database.	Buildings and Facilities Manager/ Property Services Manager/ Development & Support Manager	31 st March 2013
R4	Ownership of Carlisle	That Legal advice is sought as to the	B	The Buildings and Facilities Manager	Buildings and	30 th June

	Market bus shelters has not yet been established.	legally recognised position with regard to the bus shelters outside the covered market.		will request this information from Legal Services.	Facilities Manager	2012.
R5	The Corporate Assets 5 Year Repair and Maintenance Programme does not balance.	That the Corporate Assets (5 Year) Repair and Maintenance Programme should be amended to correct the errors contained in the total capital repair cost summary. A reconciliation should be conducted each financial year when the spreadsheet is updated.	B	The spreadsheet will be amended.	Buildings and Facilities Manager	31 st August 2012.
R6	Building maintenance budgets are not allocated on a 'needs' basis, but on historic budgeting practice. Virement rules are not being exercised.	The virement rules will assist in ensuring that financial resources to be allocated and prioritised based on need, as reflected in the 5 year maintenance plan. The production of the illustrative 5 year maintenance plan, complete with budgets should be reinstated and presented to Executive as per previous practice.	B	Agreed.	Buildings and Facilities Manager/ Financial Services Manager	1 st January 2013.
R7	Preferred means of procurement of services require pursuing.	The Buildings and Facilities Manager and the Development & Support Manager should pursue the option of placing facilities management supply onto a framework agreement as a matter of priority.	B	This is in preparation and forms part of the Procurement Action Plan 2012-14	Buildings and Facilities Manager/ Development & Support Manager	Rec complete June 2012. Progress of framework agreements

						ongoing.
R8	The Minor Works Generic Risk Assessment form needs reviewed more regularly.	It would be beneficial to ensure that the minor work generic risk assessments are updated at least annually.	C	Risk Assessments will be updated.	Buildings and Facilities Manager	31 st March 2013
R9	Not all Building Maintenance staff hold full CSCS card membership.	For consistency, management should decide if the CSCS card membership should be a requirement for all relevant staff.	C	It will be decided on an individual basis if this is necessary. Organisational Development will be consulted.	Buildings and Facilities Manager	31 st March 2013.
R10	There is no central record maintained of staffs professional training and memberships.	A central up-to date record of all skilled staff training and qualifications should be maintained. This should also include relevant expiry dates so that re-applications can be made in good time.	B	A record will be developed and maintained.	Buildings and Facilities Manager	31 st March 2013.
R11	The Asbestos Register requires updating.	That the current Asbestos Register be updated as a matter of priority so that the information presented reflects the work undertaken.	B	A software based system will be developed.	Buildings and Facilities Manager	31 st October 2012
R12	There is potential to improve existing Asbestos Monitoring systems.	That the Buildings & Facilities Manager liaise with the Performance Team to discuss the way forward in automating and potentially improving the current Asbestos monitoring using in-house systems and resources.	B	A software based system will be developed.	Buildings and Facilities Manager	31 st October 2012
R13	The Smart-Readers have not been installed by ICT and energy meters have to	That ICT Connect should link the existing Smart Readers to the system. This will assure accuracy of the	B	ICT have so far been unable to do this. – See below.	Buildings and Facilities Manager/ICT	Ongoing.

	be read manually.	readings and free up resources.			Connect	
R14	SystemsLink was provided as part of the County/City Electricity Procurement Contract. It has not been installed and would be beneficial to the City.	That the responsible Procurement Projects Manager at Cumbria County Council is contacted to ensure that Carlisle City Council have access to the SystemsLink Energy Management Software as per electricity procurement contract conditions.	B	This has been progressed and a programme is underway to implement the required system. The matter is with IMSERV the Smart Meter Provider.	Buildings and Facilities Manager/ Financial Services Manager	Ongoing.

**Local Environment Directorate
Connect 2 Cycleway Scheme**

Ref	Issue Raised	Recommendation	Grade	Agreed Action	Responsible Officer	Date to be Actioned by
R1	Members and senior management need to be made aware of the remaining issues around the Scheme.	<p>The position of the remaining project should be formally reported to senior officers and Members.</p> <p>Details to be reported should include the revisions made to the original project plan, proposed amendments and revised timescales, along with the required funding requirements and further / outstanding planning consent required.</p>	B	New action plan to be developed and reported to JMT	Keith Poole	1st September 2012
R2	<p>The establishment of a Steering Group was specified in the Memorandum of Understanding.</p> <p>Unfortunately the Steering</p>	Examine the remaining benefits of establishing a Cycleway steering group to support the completion of the remaining elements of the cycleway.	B	To be considered by the Highways Manager	Keith Poole	1st September 2012

	Group was never established. This was considered a key driver to the success of the cycleway and the City Council should have pursued its creation and ongoing support to the Scheme					
R3	Original adoption proposals may need to be revisited, particularly as now the Scheme is no longer supported by external funding arrangements and the revised cycleway route has changed in some areas and timescales for completion may have changed.	Future adoption of the cycle way (by Cumbria County Council) needs to be formally considered and approved. If accepted, the timescale for this needs to be agreed by both parties and factored into the project plan.	B	The County Council have agreed to adopt the resurfaced section of cycleway. Several sections await adaptation	Keith Poole	Complete
R4	It was suggested that the new bridge would be passed to Cumbria County Council once complete. The County Council was therefore a major stakeholder in the successful delivery of this stage of the project.	Consider alternative works to the Currock Railway Bridge and update all interested parties of the revised proposals, costs and timescale.	B	The Currock Bridge is now top of the list of improvement schemes of the County Council.	No further action. No more involvement with this.	N/A
R5	Insufficient project resources allocated to oversee	Project management resources for the remaining	B			

	remaining areas.	<p>project areas should be clearly ascertained.</p> <p>Consideration may be given to transferring the completion of the remaining areas of the project to the Resource Planning Team (Resources).</p>		Formal Group to be established and would prefer project Manager to come from Resources	Angela Culleton + Peter Mason	1st September 2012
R6	Inadequate project management arrangements for the remaining areas.	<p>Revised project management arrangements should be fully established. This includes:</p> <ul style="list-style-type: none"> • a revised project plan; • up to date project risks; • formal progress reports (issues log and exceptions reports) 	B	Formal Group to be established and would prefer project Manager to come from Resources	Angela Culleton + Peter Mason	1st September 2012
R7	Inadequate project management arrangements for the remaining areas.	<p>Establishment of a project group to oversee the remaining areas of the cycleway for completion.</p> <p>The Project Group should include key officers and members from within the Council and may be extended to include representatives from supporting organisations.</p>	B	Project group will be internal but may consult with external representatives from time to time	Angela Culleton	1st September 2012
R8	Lack of quality assurance /	The Project Assurance Group	B	Not possible to set date as		

	project monitoring.	should assess the remaining project completion within the remit of the revised project plan and monitor progress made.		no funding set aside. Project will progress as funding becomes available. Report to go to PAG.	Keith Poole	1st September 2012
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Angela Cullen

K Poole

