

AUDIT COMMITTEE

Committee Report

Public

Date of Meeting: 26th September 2012

Title: INTERNAL AUDIT PROGRESS REPORT

Report of: Director of Resources

Report reference: RD37/12

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee on 12th July 2012 and details the progress made on delivery of the approved Audit Plan in the second monitoring period 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
26th September 2012

RD37/12

Audit Services Progress Report No. 2

1 Introduction

- 1.1 Management is responsible for the system of internal control and should put in place policies and procedures to ensure that systems are functioning correctly. Internal Audit examine, appraise and report on the effectiveness of financial and other management controls to enable it to provide an opinion on the adequacy of the control environment and report any significant control issues.
- 1.2 This report summarises the work carried out by Internal Audit since the previous report to Committee on 12th July 2012.

2 Audit Performance Against the 2012/13 Audit Plan

- 2.1 The 2012-13 Strategic and Annual Risk Based Audit Plans were 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 position up to the end of August 2012.
- 2.3 Key points are:
 - The plan calls for 540 direct audit days to be delivered in 2012/13. Members will note that good progress has been made – up to w/e 31st August 2012, 268 direct audit days (47.9%) had been delivered, which is ahead of target for this position in the year.
 - The issue of audit reports tends to be back loaded into the final six months of the year due to the timescales required to bring audit reports to final stage and because the main financial system reviews are not commenced until quarters 3 and 4.
 - Investigatory work in the first half of the year has had some impact on planned work.
 - Contingency includes time spent finalising ongoing work carried forward from 2011/12 and other audit time provided to meet unplanned work involving 'hot assurance' and other guidance and support as required.

- There are changes to planned audits which members are asked to consider / approve. These are outlined in section 3 below.

3 Amendments to the 2012/13 Audit Plan

- 3.1 The Audit Plan should be able to demonstrate a degree of flexibility to accommodate unplanned audit requirements which may arise during the course of the year. It is important that any necessary changes are reported to and approved by the Audit Committee, to ensure the ongoing accuracy and consistency of performance monitoring information presented in Appendix A. There are 3 proposed changes to the Audit Plan - the overall audit days remains at 540 days:
- 3.1.1 Planned audit time in Community Engagement totalling 20 days has been redirected to accommodate some unplanned work which has arisen.
- 3.1.2 The audit of Recycling is ongoing - 10 days was originally allocated to this review, however additional work has been required to conclude this audit. To accommodate this additional work, the 10 days scheduled for Refuse Collection has been reallocated to Recycling. Refuse Collection will be rescheduled for review in the 2013/14 Audit Plan.
- 3.1.3 The audits of Asset Management and Fixed Assets are to be consolidated into one review. This creates a small surplus of 8 audit days which has been added to contingency. The contingency allocation is used to help meet ad-hoc time requirement for small scale unplanned work outlined at paragraph 2.3. (4th bullet point).
- 3.2 Members are asked to note these changes to the Audit Plan.

4 Performance Measurement - Client Satisfaction

- 4.1 Arrangements to measure Carlisle City's client satisfaction with the Shared Internal Audit Service have now been introduced. A copy of the Audit Evaluation Form is attached as **Appendix B**. This form is being sent out with all final audit reports.
- 4.2 The evaluation of client satisfaction results will be an important measure to support the annual assessment on the effectiveness of Internal Audit. The feedback received will be closely monitored by the Audit Manager and reported to the Audit Committee accordingly.
- 4.3 Members are asked to note the use of the new Audit Evaluation Form.

5 Audit Assurance Levels

- 5.1 There is a requirement under the Accounts and Audit Regulations (England) 2011 to maintain an adequate and effective system of internal audit of the Council's accounting records and of its system of internal control. The Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice for Internal Audit in Local Government in the UK 2006 requires that Head of Internal Audit provides a formal annual report to support the Annual Governance Statement. To assist with these requirements, each audit review is provided with an assurance rating on its conclusion.
- 5.2 The assurance levels are currently categorised as follows:

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.

- 5.3 Further clarification is required regarding the assurance levels categorised as "restricted" and "none". There are no proposed changes to "reasonable" and "substantial" assurance levels.
- 5.4 It is proposed that these are changed to read as follows:

Level	Evaluation
Restricted	Significant weakness/es have been identified in parts of the system of internal control which put the system objectives at risk.
Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and expose the system objectives to a high degree of risk.

- 5.5 These changes will enable Internal Audit to provide more accurate opinions on the systems of internal control for each audit review undertaken.
- 5.6 Members are asked to consider / approve these changes to the audit assurance levels.

6 Follow-up of Previous Audit Recommendations

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

7 Review of Completed Audit Work

7.1 Guidance on the grading of audit recommendations, the audit follow up procedure and audit assurance ratings is attached as **Appendix C**.

7.2 An abbreviated Management Summary and a copy of the Summary of Recommendations / Action Plan are attached to this report for each completed audit listed below. There are 6 audit reports to be considered by Members at this time:

<u>Year</u>	<u>Audit of:</u>	<u>Assurance</u>	
2011/12	*IT Strategy	Reasonable	Appendix D
2012/13	CCTV	Reasonable	Appendix E
2012/13	Management Development	Reasonable	Appendix F
2012/13	Data Quality and Records Management	Reasonable / Restricted	Appendix G
2012/13	Early Retirement and Redundancy	Reasonable	Appendix H
2012/13	Gifts and Hospitality	Reasonable	Appendix I

**Commenced in late 2011/12, concluded in 2012/13*

8 Recommendations

8.1 It is recommended that Members:

- Note the progress made towards completion of the 2012/13 Audit Plan, for the second quarter period, as illustrated in **Appendix A**.
- Approve the changes to the 2012/13 Audit Plan as detailed in section 3.
- Note the new Audit Evaluation Form attached as **Appendix B**.
- Approve the changes to the audit assurance levels detailed in section 5.
- Receive the completed audit reports which are attached as **Appendices D to I**.

P. Mason
Director of Resources

CARLISLE CITY COUNCIL
AUDIT PLAN 2012/13 – Q2 Monitoring Report

Directorate	Section	Audit Area	Planned Audit Days	Actual Audit Days	Status (at 17.09.12)	Assurance	Audit Committee
		<i>Risk Based Audit Reviews:</i>					
Chief Executive's Office	Policy & Performance	Data Quality & Records Management	12	18	Completed	Reasonable Restricted	26 Sept 2012
<i>Community Engagement</i>	<i>Community, Housing & Health</i>	<i>Well Being - Sports Development</i>					
<i>Community Engagement</i>	<i>Community, Housing & Health</i>	<i>Well Being - Children and Young People</i>					
Community Engagement	Community, Housing & Health	Supporting People	15	14	Ongoing		
Community Engagement	Community, Housing & Health	HB Overpayments	10	17	Draft stage		
Community Engagement	Community, Housing & Health	Leisure Time Client	10	8	Ongoing		
Community Engagement	Customer Services	Customer Services	12	3	Draft Issued		
Community Engagement	Museums and Gallery	Tullie House	5	2	Draft Issued		
Economic Development	Planning	Management Development	15	16	Completed	Reasonable	26 Sept 2012
Governance	Democratic Services	Electoral Registration & Administration	10	0			
Governance	Governance	Gifts & Hospitality	5	8	Completed	Reasonable	26 Sept 2012
Local Environment	Bereavement Services	Cemeteries & Crematorium	12	0	Ongoing		
Local Environment	Highways	Highways - Contract & Claimed Rights	15	6	Draft stage		
Local Environment	Highways	Street Cleaning	10	0			
Local Environment	Highways	CCTV	10	15	Completed	Reasonable	26 Sept 2012
Local Environment	Waste Services	Recycling	20	16	Draft stage		
<i>Local Environment</i>	<i>Waste Services</i>	<i>Refuse Collection</i>					
Resources	Corporate	Grants Protocol / Procedures	10	14	Draft Issued		
Resources	Corporate	Transformation	15	0			
Resources	Corporate	Early Retirement & Redundancy	10	15	Completed	Reasonable	26 Sept 2012
Resources	Corporate	Systems Administration	10	8	Ongoing		
Resources	Corporate	Market Rents	5	2	Ongoing		
Resources	Financial Service	Procurement	15	7	Ongoing		
<i>Resources</i>	<i>Property & Facilities Mgmt</i>	<i>Asset Management</i>					
Resources	Corporate	Tendering & Contracting	10	0			
			Planned Audit Days	Actual Audit Days	Status (at 17.09.12)	Assurance	Audit Committee

		<i>Material Reviews:</i>			
Community Engagement	Revenues & Benefits	Council Tax	12	0	
Community Engagement	Revenues & Benefits	Housing and Council Tax Benefits	16	0	
Community Engagement	Revenues & Benefits	National Non Domestic Rates (NNDR)	12	0	Ongoing
Community Engagement	Community, Housing & Health	Improvement Grants	8	3	
Local Environment	Highways	Car Parking Income	10	0	Ongoing
Resources	Financial Services	Asset Management / Fixed Assets	15	2	
Resources	Financial Services	Income Management	12	0	
Resources	Financial Services	Main Accounting System	14	0	
Resources	Financial Services	Treasury Management	10	0	
Resources	Service Support	Creditors	10	0	
Resources	Service Support	Debtors	10	0	
Resources	Service Support	Payroll	12	0	

ICT Reviews:

Service Continuity,	10	4	Ongoing
Project Management	10	0	
Service Desk, Incident & Problem Management	10	0	

Other:

Audit Management, Committee, Planning & Reporting	45	23
Follow Ups	10	5
Contingency	48	41
Other unplanned work	30	23
	540	268

Up to week 22 (31st August 2012)

Target days	237	42.3%
Actual days	268	47.9%

Audit of: XXX

Date of XX
final report:

Client: XXX

For each element listed below, please select the rating which best describes your perception of the Audit service provide.

For any element rated as ‘just adequate’ (2) or ‘unsatisfactory’ (1), please provide a brief explanation to support this feedback within section 4.

Very Satisfied	Satisfied	Just Adequate	Unsatisfactory
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1. AUDIT PLANNING AND DELIVERY

Timing of the Audit met with your section’s work commitments.	4	3	2	1
Appropriateness of scope and objectives of audit	4	3	2	1
On-going updates provided on progress of the audit including consultation on findings/recommendations arising during the course of the review.	4	3	2	1
Reasonable requests received from audit staff for information which you felt your service was able to provide within the required timescales.	4	3	2	1
Audit performed with minimum disruptions to your operation	4	3	2	1

2. AUDIT REPORTING

Clarity and presentation of the audit report	4	3	2	1
Significance and fair presentation of findings	4	3	2	1
Usefulness of recommendations	4	3	2	1

3. GENERAL

How would you rate the overall usefulness of the audit	4	3	2	1
General helpfulness/attitude of the audit staff	4	3	2	1

4. OTHER COMMENTS

This may include suggestions for improvement to our service and further details to support your feedback provided to sections 1- 4 above:

Please email your completed evaluation form to Gill Martin, Audit Manager gillm@carlisle.gov.uk

Completed by:

Date:

Position held:

Understanding Grading of Audit Recommendations and Assurance Levels

(1) Audit Recommendations

Each audit recommendation arising from an audit review is 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. and /or non-compliance to statutory requirements and/or unnecessary exposure of risk to the Authority as a whole (e.g. reputation, financial etc).
B	Lack of or failure to comply with a system 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.

Where audit recommendations are arising from an audit review, a Summary of Audit Recommendations is attached to the audit report in the form of an Action Plan. This Action Plan is required to be completed by the lead client officer and provide details of proposed action to be taken to address the recommendation, the timescales for implementation and name of the responsible officer.

Internal Audit follow up all audit recommendations 6 months after the issue of the final report, with the exception of the material system reviews which are followed up as part of the next annual audit. When it is considered that insufficient or no action taken has been taken to address audit recommendations and there is no good reason to support the lack of action, the matter is reported to the Audit Committee.

(2) Audit Assurance Levels

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. Internal Audit's assessment of internal control forms part of the annual assessment of the system of control, which is now a statutory requirement. 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 and impact of not applying audit recommendations, non adherence to procedures etc.

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 parts of the system of internal control which put the system objectives at risk.
*Limited / None	Fundamental weaknesses have been identified in the system of internal control resulting in the control environment being unacceptably weak and expose the system objectives to a high degree of risk.

**updated to reflect the changes discussed in section 5 of the Progress Report RD37/12.*

1 REASON FOR THE AUDIT

- 1.1 In accordance with the agreed Audit Plan (2011/12) an audit of ICT Strategy carried out. This follows on from the audit of ICT Shared Service Governance Arrangements which was undertaken as a joint audit review with Allerdale Internal Audit Services in 2011/12
- 1.2 The objective of the audit is to determine whether the ICT Strategy is properly established and jointly meets the needs of both Councils

2. AUDIT CONTACT & REPORT DISTRIBUTION

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

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

3. BACKGROUND INFORMATION

- 3.1. Carlisle City Council (CCC) and Allerdale Borough Council (ABC) share the responsibility of providing IT services through a shared service, ictCONNECT, which has 31 FTEs.
- 3.2. In May 2009, the first ictCONNECT Strategic Plan (SP) was compiled that covered the period 2009 to 2012. Its purpose was to drive and direct the service to support and underpin the transformational requirements for both Councils. The plan is due to be replaced in December 2012.
- 3.3. ictCONNECT reports to the Strategic Board (SB) and the Joint Operational Board (JOB). The SB includes the Chief Executive (CCC), Director of Resources (ABC), a Member from each Council and the ICT Manager; its responsibilities include approving the SP. The JOB includes the SB personnel but excludes the two Members; it is primary responsibility for monitoring performance.
- 3.4. For 2012/13 ictCONNECT's budgeted expenditure is £3.05 million (Revenue) and £0.24 million (Capital). In 2010/11, its first full year of operation, cashable savings of £0.50 million were achieved with a target of an additional £0.12 million over the following two years.

4. SCOPE

- 4.1. The audit assessed whether the SP included the following:
- Alignment of the Councils' and ictCONNECT's objectives
 - Reporting and monitoring arrangements
 - Consultation with customers within the Councils and Council residents
 - Rationalisation of hardware and applications
 - New technological developments

Audit of IT Strategy
Section 1 – Management Summary

- 4.2 The audit reviewed other Council strategic plans to identify best practice and discussions were held with the ICT Manager who is responsible for compiling the strategy.

5. RECOMMENDATIONS

- 5.1. The audit raised one recommendation (Grade B) to further strengthen the control environment.

6. STATEMENT OF ASSURANCE

- 6.1. The audit concluded **Reasonable assurance** was appropriate.

7. KEY FINDINGS ARISING FROM THE AUDIT

- 7.1 The new Strategic Plan could be enhanced by including and/or placing greater emphasis on the alignment of objectives with those of each Council and their Services, statistics on importance of ICT, potential savings and clear route maps to achieve targets and objectives.

Audit of IT Strategy (ICT Connect)
Summary of Recommendations / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	ACTION BY DATE										
R1	The new ICT Strategy should place greater emphasis on the benefits ictCONNECT can offer. This can be achieved by alignment of ictCONNECT and each Council's objectives, knowing customer requirements and harnessing new technologies to improve customer experience and enhance effectiveness.	<p>The details below provide a checklist for compiling the next SP. A one line statement (to provide an initial focus)</p> <p>INDEX</p> <ol style="list-style-type: none"> 1. Executive Summary 2. Introduction <ul style="list-style-type: none"> • Statistics on importance of ICT • Roles of SB and JOB • Potential savings including those from organisational changes and rationalising information systems • Progress/Awards received during previous SP • Current Status including targets achieved at end date of previous SP 3. Objectives / Performance Measures <ul style="list-style-type: none"> • Alignment of Objectives with those of each Council and their Services • Performance measures at SP start and targets for end date. 4. Methodology to achieve Objectives <ul style="list-style-type: none"> • Route Map - Staff development • Route Map - Customers (internal & residents) • Route Map - Technology and Green IT • Route Map - Partners/Suppliers <p>Appendices</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 5%;">A to D</td> <td>Route Maps - details of above Route Maps</td> </tr> <tr> <td>E</td> <td>Funding, Resourcing and TCO</td> </tr> <tr> <td>F</td> <td>Reporting / Monitoring arrangements</td> </tr> <tr> <td>G</td> <td>Management Information and Data Security</td> </tr> <tr> <td>H</td> <td>Risk Management and dependencies</td> </tr> </table>	A to D	Route Maps - details of above Route Maps	E	Funding, Resourcing and TCO	F	Reporting / Monitoring arrangements	G	Management Information and Data Security	H	Risk Management and dependencies	B	A new three year ICT Strategy will be produced by December 2012 and its contents will be based on this checklist.	ICT Manager - ictCONNECT	Review of the ICT Strategy to start in July 2012 with completion of the new strategy, with approval by both Councils, before Christmas 2012.
A to D	Route Maps - details of above Route Maps															
E	Funding, Resourcing and TCO															
F	Reporting / Monitoring arrangements															
G	Management Information and Data Security															
H	Risk Management and dependencies															

1. REASON FOR THE AUDIT

1.1 The audit of CCTV 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 Local Environment	Report to be noted.
Highways Services Manager Highways Services Local Environment	Report to be noted.
Environmental Health Manager Environmental Health Local Environment	Action required. Please refer to Summary of Recommendations / Action Plan

2.2 Other recipients of the final report:

Chief Executive Deputy Chief Executive	Report to be noted.
Audit Committee	Meeting on 26 th September 2012

3. BACKGROUND INFORMATION

3.1 The previous audit review of CCTV was undertaken during 2004/05 which resulted in 12 recommendations (2 at Grade A, 7 at Grade B, 6 at Grade C and 2 at Grade D), contained within the final audit report dated August 2004. Had assurance ratings been applied to this audit review it is likely that a '*restricted*' level of assurance would have been assigned.

3.2 Since the last audit review there have been significant changes to the CCTV service. The most recent changes resulting from the ongoing directorate service review of CCTV, as the Council looks to make ongoing savings. On commencement of this audit review, the CCTV Manager was in post but left the employment of the Council (the position was made redundant 25 May 2012) before this review was concluded. This audit review has covered what are considered to be 'key areas' of risk regarding the CCTV service whilst being mindful of future changes.

3.3 The CCTV service continues to be positioned within the Local Environment Directorate but has recently been transferred from the Highways Services Team to the Environmental Health Team. As a result of the ongoing directorate service review, the CCTV Manager post was removed from the establishment and the duties and responsibilities have been split and incorporated between two other remaining posts - the CCTV Shift Supervisor and the Enforcement and Education Team Leader - within the Environmental Health Team structure.

Audit of CCTV

Section 1 – Management Summary

- 3.4 The CCTV control room remains on the 10th Floor of the Civic Centre with secure and restricted access, however there has already been significant changes to the level of staffing arrangements resulting in there no longer being a 24/7 staff presence in the control room.
- 3.5 CCTV is a non statutory function with a net expenditure for 2012/13 of £221,300 – that is approximately a 25% reduction based upon the previous year budget (2011/12 budget was £294,900).
- 3.6 Budget savings are expected on a recurring basis which consist of:
- 2011/12 - Employee budget saving (Code 999) £30K
2012/13 –Budget savings (Code 3999) £30K.

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.	Strategic Fit
2.	Staffing Arrangements
3.	CCTV Users and Contribution to Service Costs
4.	Approved Budget v Actual Costs
5.	Legislation
6.	Room Access and Security of Records
7.	Service Performance

- 4.2 The scope and testing undertaken as part of this review reflects identified risks specific to CCTV 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 reviewed by the Corporate Risk Management Group.

5 RECOMMENDATIONS

- 5.1 There are 5 recommendations arising from this review :
- 4 at grade B
 - 1 at grade C

Audit of CCTV
Section 1 – Management Summary

6 STATEMENT OF ASSURANCE

6.1 From the areas examined and tested as part of this audit review, we consider the current controls operating within CCTV provide **Reasonable** assurance.

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 the attached Summary of Audit Recommendations and Action Plan.

7.2 The key issues arising from this review are:

- Policies and procedures should be reviewed to ensure that there is full coverage over the activities of the CCTV service and appropriate guidance is available for relevant officers.
- There should be a review and clearing out of documents that are currently being held to ensure that only essential information is retained for current service requirements and to meet legislative requirements.
- A complete and accurate register of all CCTV cameras and their location details should be maintained.
- Consideration should be given to whether there are better ways or arrangements to deliver the recording and monitoring of the Brampton & Longtown camera images.
- Performance monitoring should be undertaken to establish what measures are important to the service in order to evidence decision making, aid continuous CCTV service improvement and ensure the effective deployment of human resources.

Audit of CCTV
Section 1 – Management Summary

LOCAL ENVIRONMENT DIRECTORATE
Audit of CCTV
Summary of Recommendations / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GR ADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	<p>Staff are not aware of and do not have access to relevant policies and procedures thereby the intended CCTV service processes and controls are not known and operated as intended.</p> <p>New starters do not have awareness and access to expected processes and controls impacting upon service continuity and potential for increased errors and mistakes.</p>	<p>Policies and procedures should be reviewed and up dated where necessary to ensure there is full coverage over the activities of the CCTV service and appropriate guidance for relevant officers.</p> <p>Policies and procedures should:</p> <ul style="list-style-type: none"> - Be electronic to aid review and update; - Record details of review and update to include date undertaken and why whom; - Be brought to the attention of relevant staff, who should sign and date that they have been read and understood; and <p>Be accessible to all relevant staff – either hard copy (CCTV Operators etc) or electronic (e.g. management or those with access to a pc).</p>	B	Agreed.	Environmental Health Manager	<p>Action ongoing</p> <p>Completion Date 31/12/2012</p>
R2	<p>Data Protection issues of documents which may refer to incidents involving persons.</p> <p>Irrelevant information is being retained and taking up valuable storage space.</p>	<p>A review of all records and documents relating to the CCTV service should be undertaken so that only those are retained that are in current use and required by statute.</p>	B	Agreed.	Environmental Health Manager	<p>Action ongoing</p> <p>Completion Date 31/12/2012</p>

LOCAL ENVIRONMENT DIRECTORATE

Audit of CCTV

Summary of Recommendations / Action Plan

R3	A list of all CCTV cameras was requested but internal cameras (for example, in the Civic Centre) were not included within the list indicating that there is not complete and accurate register being maintained.	A complete and accurate register of all CCTV cameras and their location details should be maintained.	B		Environmental Health Manager	Completed 4/9/2012
R4	Missed opportunity to reduce service costs.	Consideration should be given to whether there are better ways or arrangements, to deliver the recording and monitoring of the Brampton & Longtown camera images.	C	This will be very dependent on the savings identified to be achieved in the latest savings round. It's also likely to be political not just economic.	Environmental Health Manager	Report to Executive 29/10/2012 on CCTV Service
R5	Without appropriate and relevant performance monitoring opportunities are missed to continuously improve the service, there is no evidence that human resources are appropriately deployed and decisions are not based upon timely and relevant information.	A review of performance monitoring requirements should be undertaken to establish what measures are important to the service in order to evidence decision making, aid continuous CCTV service improvement and ensure the effective deployment of human resources.	B	Agree.	Environmental Health Manager	Action ongoing Completion Date 31/12/2012

LOCAL ENVIRONMENT DIRECTORATE
Audit of CCTV
Summary of Recommendations / Action Plan

Audit of Management Development

Section 1 – Management Summary

APPENDIX F

1. REASON FOR THE AUDIT

- 1.1. As part of the audit planning process, Development Control was identified as a medium risk service area and has been selected for review as part of the agreed Audit Plan for 2012/13.

2. AUDIT CONTACT & REPORT DISTRIBUTION

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

Recipient	Action Required
Christopher Hardman, Planning Manager Debbie Kavanagh, Economic Development Senior Administrator/Performance Manager	Action required. Please refer to the Summary of Recommendations / Action Plan.
Jane Meek, Director of Economic Development	Please note the report
Peter Mason, Director of Resources	
Alison Taylor, Financial Services Manager	

3. BACKGROUND INFORMATION

- 3.1. Development Control became known as Development Management with effect from the 1st April 2011.
- 3.2. Development Management is responsible for:
- Determining applications for planning permission, listed building consent, conservation area consent and consent for display advertisements.
 - Responding to consultations on such matters from Cumbria County Council, neighbouring local authorities, Government and Statutory Agencies.
 - Responding to enquiries from the public and other City Council services.
 - Negotiating with developers about prospective development proposals to ensure a high quality design and a net benefit to the district.
 - Preparing evidence to support the City Council's case in respect of appeals relating to refusals of permission or enforcement actions.
 - Providing witnesses to present evidence at public inquiries and legal actions.
- 3.3. The most recent internal audit of Development Management was carried out in November 2008 and is followed up in section 5.

4. SCOPE

- 4.1. The scope of the audit is to review:

Section	Area Examined
1.	Policies & procedures
2.	Fees and charges.
3.	Financial process.

Audit of Management Development

Section 1 – Management Summary

4.	The controls and management information maintained by the Acolaid system
5.	Member training.
6.	Codes of conduct.
7.	Data protection.

Specific areas of audit are reported within Section 2 of this report.

- 4.2. The scope and testing undertaken as part of this review reflects identified risks specific to planning 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 reviewed by the Corporate Risk Management Group.

5. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

- 5.1. The most recent internal audit of Development Management was carried out in November 2008 and focussed on the income from planning and building control fees. The report gave the service "Reasonable" assurance with 4 recommendations, 3 of which related to Building Control and one was generic to all areas of Planning and Building control, as follows:

"That the procedure notes in each section are reviewed and updated to ensure that they are complete and cover all the processes involved in the collection and banking of all fees."

- 5.2. The process notes supplied during the audit were found to be up to date. The application of roles and responsibilities forms part of the findings in this report, see section 9 and the appendices.

6. RECOMMENDATIONS

- 6.1. There are 5 recommendations arising from this review :
 - 1 at grade A
 - 1 at grade B
 - 3 at grade C

7. STATEMENT OF ASSURANCE

- 7.1. From the areas examined and tested as part of this audit review, we consider the current controls operating within the system for managing external grants provide **Reasonable Assurance**.

Audit of Management Development

Section 1 – Management Summary

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 respective grading of the recommendations made.
- 8.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix A – Summary of Audit Recommendations and Action Plan. The key issues arising from this review are:
 - The process for recording and banking of fees is not being followed by all Service Support staff.
 - Lack of documentation retained following (significant) dialogue with applicants.
 - A lack of correspondence to accompany refunds.
 - Authorisation of creditor requests.

Audit of Management Development
Section 1 – Management Summary

ECONOMIC DEVELOPMENT
Audit of Management Development
Summary of Audit Recommendation / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	Assurance over the accuracy and completeness of planning fees cannot be provided.	The Development Management Service Support Staff should all be following the same procedures relating to the receipt, banking and reconciliation of Planning Fees.	A	Protocol guidance to be prepared and implemented by EDAdmin team	Chris Hardman/ Debbie Kavanagh	1/10/12
R2	The council is open to criticism regarding not tracking applications from employees.	Applications from City Council employees should be formally recorded in Acolaid under a specific reference for statistical and transparency purposes.	C	New City Council Employee field to be set up in Acolaid and employees recorded	Chris Hardman/ Irene Maleney	1/10/12
R3	Loss of audit trail in the applicant files, lack of detail explaining why money is being refunded and is a basic level of courtesy.	Refunded Planning Application fees should have a letter accompanying the cheque to the applicant stating why the refund has been made and a copy put on file. The actual process of how the letter accompanies the cheque will need to be agreed between the Planning Office and Creditors Section.	B	Letter to be set up in Acolaid to be completed and issued with refund request to EDAdmin and dispatched with refund cheque	Chris Hardman/ Irene Maleney/ Michelle Sowerby/ Karen Greig	1/10/12
R4	The Council's financial regulations are not complied with.	Creditor requests should be copied to file following authorisation.	C	Change in procedure to be implemented	Chris Hardman/ Debbie Kavanagh	1/10/12
R5	Key information is not recorded which could be crucial in the event of a query or appeal.	Hard copy file information should be completed in full where appropriate.	C	Letter referred to in R3 will be stored in Acolaid and filed alongside PW5 file notes to be prepared	Michelle Sowerby/ Karen Greig	1/10/12

ECONOMIC DEVELOPMENT
Audit of Management Development
Summary of Audit Recommendation / Action Plan

Audit of Data Quality and Records Management

Section 1- Management Summary

APPENDIX G

1. REASON FOR THE AUDIT

- 1.1. The audit of Data Quality and Records Management was identified for review as part of the agreed Audit Plan for 2012/13.
- 1.2. This is the first time that these areas have been cohesively examined by Internal Audit.

2. AUDIT CONTACT & REPORT DISTRIBUTION

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

Recipient	Action Required
Policy and Communications Manager (Chief Executives Team).	Action required. Please refer to the Summary of Recommendations / Action Plan.
Policy and Performance Officer (Chief Executives Team).	Action required. Please refer to the Summary of Recommendations / Action Plan.
Development and Support Manager. (Resources Directorate).	Action required. Please refer to the Summary of Recommendations / Action Plan

- 2.1. Other recipients of the final report:

Chief Executive	Report to be noted.
Deputy Chief Executive	Report to be noted.
Audit Committee	Meeting on 26 th September 2012

3. BACKGROUND INFORMATION

- 3.1. Good quality data is the essential ingredient for reliable performance and financial information. Data Quality is the creation, processing and management of information belonging to the Council in such a way that assurance is given to its accuracy, validity, reliability, timeliness, relevance, completeness and security.
- 3.2. Whether data is collected, used and retained in the short and longer term, it is essential that it is fit for purpose and presented in an accurate and timely manner. At the same time,

Audit of Data Quality and Records Management

Section 1- Management Summary

however, a balance must be achieved between the importance of the information need and the cost of collecting the supporting data with the necessary accuracy, detail and timeliness. To achieve this balance, the Council need to determine their information priorities and put in place arrangements to secure the quality of the data to satisfy these needs.

- 3.3. In May 2010, the Government outlined its commitment to the transparency agenda in the document 'The Coalition: our programme for Government'. Nationally, the aim is to increase the choice and diversity through the shifting of power and responsibility away from Central Government to Local Government and Communities and thus provides further emphasis around the need for ensuring local decision making is delivered using quality information through processes which are robust and evidence based.
- 3.4. There is a recommended Code of Practice for Local Government which sets out the minimum data which should be published – examples include expenditure of items over £500, key performance indicators, senior officer's salaries and Member payments. This is also in support of the above Government policy on transparency data.
- 3.5. It is the responsibility of all staff that input, store, retrieve and manage data to ensure that it is of the highest quality and complies with the best practice data quality principles.
- 3.6. There are a number of legislative requirements which affect the creation and processing of data – the key areas being:
 - Data Protection Act 1998.
 - Freedom of Information Act 2000.
 - Human Rights Act 1998.
 - Computer Misuse Act 1990.
- 3.7. Local policies include the Information Security Policy and the Documentation Retention Guidelines. The Information Strategy also refers.

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.	Localism Act – Statutory Responsibilities.
2.	Local Strategy, Policies and Procedures.
3.	Staff and Assigned Data Quality Responsibilities.
4.	Performance Management Reports and Performance Indicators.
5.	Records Management.

Audit of Data Quality and Records Management

Section 1- Management Summary

- 4.2. The scope and testing undertaken as part of this review makes reference to any identified risks specific to Data Quality and Information 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 Directorates Operational Risk Registers should be made. If risks are of a strategic nature, these should be reviewed by the Corporate Risk Management Group.

5. RECOMMENDATIONS

5.1. There are 15 recommendations arising from this review :

- 13 at grade B,
- 2 at grade D.

6. STATEMENT OF ASSURANCE

- 6.1. From the areas examined and tested as part of this audit review, we consider the current controls operating in relation to **Data Quality** to provide **reasonable** assurance, and the controls relating to **Records Management** providing **restricted** assurance.
- 6.2. 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 A.

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 A – Summary of Audit Recommendations and Action Plan.

7.2 The key issues arising from this review are:

7.3 Data Quality Arrangements

7.3.1 Transparency Agenda/Localism Act

There are a number of issues that are outstanding in order for Carlisle City Council to comply fully with the requirements of both the localism Act and the Transparency Code.

7.3.2 Strategy, Policies and Procedures

Although there is a Data Quality policy in place that encompasses the majority of the recommended standards set out in the document 'Improving information to support decision

Audit of Data Quality and Records Management

Section 1- Management Summary

making standards for better quality data', there are a number of areas of the current policy which require updating to reflect the Authority's current arrangements.

7.3.3 Staff and Assigned Data Quality Responsibilities

There is no evidence to prove that data quality standards are being communicated or embedded within the Authority. There is no independent accuracy verification of the information being entered into Covalent, the Corporate Performance Management System, and no central monitoring to assure that the information has been verified and agreed by the Senior Management who, in line with best practice measures, has overall responsibility for ensuring a high degree of data quality.

It was evident that the general level of staff awareness of data quality within the Authority is low. 73% of returns declared that the staff were neither aware of the data quality policy or of their responsibilities as an employee regarding ensuring the quality of data. This is clearly a training issue that should be addressed.

7.3.4 Performance Management Reporting and Performance Indicator Assurance Testing

Examination of the 2011/02 end of year performance report ensured that the level of reporting confirms that performance is reported in such a way that it is incorporated into the decision making process. There were two 2011/12 performance indicators tested, number of households living in temporary accommodation and absence monitoring. Arrangements leading to the accuracy of calculation were generally satisfactory.

7.4. **Records Management./Document Retention.**

7.4.1 Records Management Arrangements.

There are no overall records management arrangements at corporate level. There are no overarching strategies or policies to govern the management of records, and systems of records management are localised. The guidance provided in the Constitution is not considered sufficient for purpose. This is no longer acceptable and should be addressed as a matter of some urgency.

Compliance to the two major regulatory frameworks for the management of records and also the requirements of the Data Protection Acts should be considered in detail and appropriate resources and guidance made available on a corporate basis, this is a necessary investment.

CHIEF EXECUTIVE'S TEAM
Audit of Data Quality and Records Management
Summary of Recommendations / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	Not all of the requirements of the Transparency Code and the Localism Act are complete.	<p>The outstanding Transparency Code and the Localism Act requirements should be actioned as soon as possible.</p> <p>Specific attention be given to the adding the Authority's policy relating to the publication of and access to information relating to remuneration to chief officers within the actual Pay Policy Statement in accordance with section 38 of the Localism Act.</p> <p>This statement should then be published on the Transparency page of the Authority's website in accordance with this statement.</p>	B	Information relating to the remuneration of chief officers will be included in the Pay Policy Statement and published on the Council's website on the Transparency pages.	Policy and Communications Manager	30 Nov 2012
R2	The information held on the Transparency pages of the Authority website is not as current as it could be.	The Transparency pages on the Authority Website should be updated on a more timely basis.	B	Review of the content of the Transparency pages will be conducted quarterly.	Policy and Communications Manager	30 Nov 2012 and on going
R3	Elements of the Data Quality Policy no longer apply.	The Data Quality Policy for Carlisle City Council requires updating to reflect current requirements and revised working practices.	B	Data Quality Policy will be updated.	Policy and Communications Manager	31 Dec 2012

CHIEF EXECUTIVE'S TEAM
Audit of Data Quality and Records Management
Summary of Recommendations / Action Plan

R4	The Authority is not wholly complying with the terms of the Cumbria Strategic Partnership Protocols.	The Policy and Communications Manager should consider the merits (or otherwise) of internal audit verifying a number of performance indicators. If decided not necessary, the partnership should also be made aware of this decision. Any decision should be made in conjunction with the Audit Services Manager.	B	Benefits of internal audit verifying PIs to be considered and fed back to Audit Services Manager.	Policy and Communications Manager	30 Nov 2012
R5	Data Quality is only assessed by managers at Covalent transfer stage; it is not stipulated in any policy or procedure of the necessity of assuring accuracy and quality of information at source document stage.	The quality of data should be assessed at source document stage in addition to the data transfer to Covalent stage to assure accuracy of information. The requirement of this should be included in the revised Data Quality Policy.	B	Requirement of data quality to be assessed at source document stage to be incorporated into revised Data Quality Policy.	Policy and Communications Manager	31 Dec 2012
R6	Data Quality requirements regarding partnerships require strengthening.	All partners should be required to sign a 'data quality statement' to ensure that they comply with the same quality standards as the Authority. This requirement should be incorporated into both the revised Data Quality Policy and the Partnership Protocols in detail.	B	Partners will sign a data quality statement and this requirement will be incorporated into the Data Quality Policy and strengthened within the Partnership Protocols.	Policy and Communications Manager/ Development & Support Manager	31 Mar 2013

CHIEF EXECUTIVE'S TEAM
Audit of Data Quality and Records Management
Summary of Recommendations / Action Plan

R7	There is no data quality risks formally identified in the current Authority Risk Registers.	The risks associated with the availability of Authority data should be considered carefully and suitable mitigating actions applied to each. These should then be included within the relevant risk register(s) where appropriate.	B	Consider forming a data quality risk register or incorporating risks into existing registers.	Policy and Communications Manager	31 Dec 2012
R8	Roles and responsibilities relating to data quality are not clearly defined.	Consideration should be given to include responsibility for data quality within the senior officers and Performance staff job descriptions.	D	Consideration will be given to include responsibility for data quality within the senior officers and Performance staff job descriptions.	Policy and Communications Manager	31 Mar 2013
R9	There are no defined requirements for monitoring data quality, therefore actual monitoring is not measurable.	On updating the Policy, the opportunity should be taken to enhance the existing Policy by including more specific roles and responsibilities that are measurable so these too can be monitored to ensure compliance and assist in embedding data quality standards throughout the Authority.	B	The Data Quality Policy update will include specific roles and responsibilities that can be measured and monitored.	Policy and Communications Manager	31 Dec 2012
R10	Data Quality standards are not defined and ownership is not recognised.	The data quality checking measures should be centrally monitored via the completion of assurance statements from a senior officer, that declares that they are satisfied that the data quality is of the highest level achievable and also take ownership for data quality in accordance with the policy.	B	Assurance statements will be produced by a senior officer (TBC) stating their satisfaction with data quality.	Policy and Communications Manager	31 Dec 2012

CHIEF EXECUTIVE'S TEAM
Audit of Data Quality and Records Management
Summary of Recommendations / Action Plan

R11	<p>Data Quality requirements are not embedded throughout the Authority.</p> <p>The accuracy of core data is one of the most fundamental parts of assuring the quality of the output. Staff are not wholly aware of the Authority's requirements in relation to Data Quality or their personal responsibilities.</p>	<p>It is important that after the revision of the Data Quality Policy, that staff are made aware of its existence and location, so that they are aware of their responsibilities regarding data quality from the outset and the importance of compliance.</p> <p>Staff Training regarding data quality and the importance of such in the day to day working arrangements should be made available.</p>	B	<p>Revised Data Quality Policy will be highlighted to staff.</p> <p>Consideration will be given to producing a learning pool module.</p>	Policy and Communications Manager	31 Mar 2012
R12	<p>There is no final reconciliation between the homelessness statistics input into the Homelessness database and the final CLG P1E return.</p>	<p>The homelessness statistics provided from the hostels and the final CLG P1E return should be reconciled prior to submission to ensure that all information input into the database is correct.</p> <p>Any deletions from the system that may affect any previously reported performance information should be logged separately and include a brief explanation for the deletion so that a report can be ran at anytime and the information will be accurate.</p>	B	<p>Checks will be made to ensure the CLG P1E return matches the current homelessness stats and is correct.</p> <p>Deletions will be recorded with a reason for deletion.</p>	Policy & Communications Manager to instruct Homelessness Co-ordinator	30 Nov 2012 and on going

CHIEF EXECUTIVE'S TEAM
Audit of Data Quality and Records Management
Summary of Recommendations / Action Plan

R13	A comprehensive records management framework has yet to be established.	Resources permitting, the Authority should consider compliance to either of the best practice frameworks (Code of practice FOI Section 46 and BS ISO 15489-1).	D	Consideration will be given to working towards best practice frameworks (Code of practice FOI Section 46 and BS ISO 15489-1).	Policy and Communications Manager	31 Mar 2012
R14	There is no established Records Management Policy.	Resources should be concentrated on establishing an Authority-wide Records Management Policy. This policy should comply with the requirements of relevant legislation and also embrace recommended practice.	B	A Records Management Policy will be developed.	Policy and Communications Manager	31 Mar 2012
R15	There is no designated responsibility for the corporate administration of Records Management.	A designated trained officer should be given ultimate responsibility for managing records retention and providing guidance within the Authority.	B	A designated officer will be given responsibility for managing records and providing guidance.	Policy and Communications Manager	31 Mar 2012

Audit of Early Retirement and Redundancy

Section 1 – Management Summary

Audit of Early Retirement and Redundancy

Section 1 – Management Summary

APPENDIX H

1. REASON FOR THE AUDIT

- 1.1 As part of the audit planning process, Early & Flexible Retirement & Redundancies was identified for review as part of the agreed Audit Plan for 2012/13.

2. AUDIT CONTACT & REPORT DISTRIBUTION

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

Recipient	Action Required
HR Manager Organisational Development Manager	Action required. Please refer to Appendix A - Summary of Recommendations / Action Plan.
Peter Mason, Director of Resources Alison Taylor, Financial Services Manager	Please note the report

- 2.2. Other recipients of the final report:

Chief Executive Deputy Chief Executive	Report to be noted.
Audit Committee	Meeting on 26 th September 2012

3. BACKGROUND INFORMATION/AUDIT OBJECTIVES

- 3.1. Carlisle City Council, like many other areas of local government, is faced with the challenge of making significant savings. Given that the majority of Council expenditure is on staff, it is necessary to reduce staff numbers in order to make these required savings.
- 3.2. In order to do this the Council has to consider voluntary and compulsory redundancies and consider the options of early and flexible retirement.
- 3.3. In addition the Council looks to redeploy existing staff to fill vacancies, where staff are at risk of redundancy.
- 3.4. In order to ensure that accurate financial information is available to make decisions the Council's HR and payroll system Midland Trent, needs to be routinely reconciled to the financial information maintained including the General Ledger.
- 3.5. **Associated Risks:**
- Inappropriate/ unwarranted approval of early retirement/ voluntary redundancy requests.
 - Failure to make required budget savings.
 - Loss of key staff resulting in below standard service provision or increased costs.
 - Potential adverse publicity arising from redundancy payments made.

Audit of Early Retirement and Redundancy

Section 1 – Management Summary

3.6. Value for Money Considerations:

- Voluntary redundancy payments.
- Posts are refilled after they are made redundant
- Income earning posts.

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 detailed findings are shown in Section 2 of this report – Matters Arising, and are reported by exception.

4.2. The audit can be summarised into the following areas:

Section	Area Examined
1.	Legislation, Policies & Procedures
2.	Managing & Accounting for Financial Savings
3.	Alternative Employment Opportunities
4.	Evaluation of Voluntary Redundancy and Early/Flexible Retirement Applications

4.3. The scope and testing undertaken as part of this review reflects identified risks specific to Early & Flexible Retirements & Redundancies 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.

4.4. 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 Directorate's 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. There are 4 recommendations are arising from this review.

- 3 grade B
- 1 grade D

6. STATEMENT OF ASSURANCE

6.1. From the areas examined and tested as part of this audit review, we consider the current controls operating within the system for managing external grants provide **Reasonable Assurance**.

Audit of Early Retirement and Redundancy

Section 1 – Management Summary

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, adherence to procedures and the grading of the recommendations arising from the review.
- 7.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix A – Summary of Audit Recommendations and Action Plan.
- 7.3. The key issues arising from this review are:
 - Support for employees on the “At Risk” (Re-deployment Register) should be more proactive than at present. Currently action for those at risk of redundancy tends to be reactive.
 - A lack of management skills training on Early & Flexible Retirements & Redundancies.
 - Written estimates of redundancy payments and details given in the formal ‘Notice of Redundancy’ letter do not give a full explanation of how they are calculated and what data has been used.
 - Leaver files not being maintained to the robust format of current files.

Audit of Early Retirement and Redundancy

Section 1 – Management Summary

RESOURCES DIRECTORATE
Audit of Early Retirement and Redundancy
Summary of Recommendations / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	Employees on the Redeployment Register are at risk of not being fully supported, pro-actively, through what is a difficult process for them professionally and personally.	The Organisational Development Manager should be notified by the HR Manager and/or HR Advisor, at the beginning of any re-organisation likely to involve redundancy to enable the OD Section to formulate training plans and, if possible, tailored support packages.	B	The Organisational Development Manager will be notified by the HR Manager and/or HR Advisor, at the beginning of any re-organisation likely to involve redundancy to enable the OD Section to formulate training plans and, if possible, tailored support packages.	HR Manager	End of October 2012
R2	Managers are not sufficiently skilled or equipped to deal with redundancies in their respective areas.	Managers should receive formal training to provide them with skills in managing early retirements and redundancies in addition to the day to day informal ad-hoc working support provided by HR Advisors.	B	Skills based training courses on managing early retirements and redundancies will be included in the corporate training programme, E-learning modules will also be developed	Organisational Development Manager	Course to be included in November 2012 to March 2013 training directory (exact date TBC). E-learning development to start in September 2012.

RESOURCES DIRECTORATE
Audit of Early Retirement and Redundancy
Summary of Recommendations / Action Plan

R3	The standardised format of divided sub-sections in current files is lost when an employee leaves as the documentation is removed from the file and randomly put together wrapped by an elastic band which on retrieval of the information, for any reason, adds unnecessary time – and, potentially, costs.	Leaver files should retain the sequentially dated documentation, divided into sub-sections, they had when they were “current” files.	D	<ul style="list-style-type: none"> • EDMS will hold the information electronically in sub-divided format. • Hard-copy filing process to be reviewed. 	HR Manager & Service Support Team Manager	March 2013
R4	Payments made to staff leaving the Council may be incorrectly calculated.	Details used to calculate estimates/final calculations to support information in communications with staff and payroll should show the following information: <ul style="list-style-type: none"> • The actual salary used. • The grade and salary point. • Whether the salary is affected by a protection period. • Ascertainment of weekly rate. • Date of calculation. 	B	Details used to calculate estimates/final calculations to support information in communications with staff and payroll will show the following information: <ul style="list-style-type: none"> • The actual salary used. • The grade and salary point. • Whether the salary is affected by a protection period. • Ascertainment of weekly rate. • Date of calculation. 	HR Manager	In relation to any redundancies planned for after October 2012

1. REASON FOR THE AUDIT

- 1.1. The audit of Gifts and Hospitality was identified for review as part of the agreed Audit Plan for 2012/13.

2. AUDIT CONTACT & REPORT DISTRIBUTION

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

Recipient	Action Required
Director of Governance	Action required.
Financial Services Manager	Report to be noted.

- 2.2. Other recipients of the final report:

Chief Executive Deputy Chief Executive	Report to be noted.
Audit Committee	Meeting on 26 th September 2012.

3. BACKGROUND INFORMATION

- 3.1. Many companies will give gifts and provide hospitality to build relationships and to market their products. Hospitality would normally include entertaining, meals and tickets to events. If the Authority does not attend the hospitality then it should be considered a gift rather than hospitality.

The Authority should ensure that all staff are made aware of all policies and procedures regarding gifts and hospitality ensuring records are accurately recorded and transparent.

- 3.2. The Council's Gifts & Hospitality is administered in-house by the Democratic Services Committee Section and is overseen by the Director of Governance. The section currently employs 3 FTE members of staff, all of whom are involved in the operational duties associated managing and recording with Gifts & Hospitality for all officers and members.

4. KEY RISKS

- 4.1. The key risks associated with Gifts and Hospitality are:

- The arrangements in place over gifts and hospitality are not sufficient / fit for purpose / appropriately managed by the Council;
- Gifts and hospitality accepted are not appropriate / unreasonable. Leading to the risk of reputational damage and accusations of wrong doing and influence;

Audit of Gifts and Hospitality

Section 1 –Management Summary

- Lack of officer and member awareness to the procedures in place;
- Reputational risk to the Council of officers and members accepting unreasonable / inappropriate gifts and hospitality.

4.2. The operational risk register identifies the following risks / control strategies:

- Completion of Gifts & Hospitality register to Officers - the impact would be failure to comply with the Officer Code of Conduct.

Risk score of 4: Current impact description – Marginal
Current likelihood description – Remote

5. SCOPE

5.1. 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.	Policies & Procedures
2.	Central Register

5.2. The scope and testing undertaken as part of this review reflects identified risks specific to Gifts & Hospitality listed in section 4.

5.3. Please note that on conclusion of the audit, any risks highlighted by the audit review should be assessed by the Director of Governance and necessary updates to the Operational risk register should be made. If risks are of a strategic nature, these should be review by the Corporate Risk Management Group.

6. FOLLOW UP TO THE PREVIOUS AUDIT REVIEW

6.1. An audit of Gifts & Hospitality was previously carried out in September 2005. Appendix A lists the recommendations made and the actions which have been taken to address these.

6.2. It is concluded that sufficient action has been taken to effectively implement all previous audit recommendations made.

6.3. No further action is required.

Audit of Gifts and Hospitality

Section 1 –Management Summary

7. RECOMMENDATIONS

- 7.1. There are 5 recommendations arising from this review :
- 1 at grade B;
 - 3 at grade C;
 - 1 at grade D

8. STATEMENT OF ASSURANCE

- 8.1. From the areas examined and tested as part of this audit review, we consider the current controls operating within Gifts & Hospitality provide **REASONABLE** assurance.

9. KEY FINDINGS ARISING FROM THE AUDIT REVIEW

- 9.1. 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.
- 9.2. A number of opportunities to further enhance controls have been identified and these are shown in Appendix B – Summary of Audit Recommendations and Action Plan.
- 9.3. The arrangements surrounding Gifts & Hospitality are very much reliant on staff and Members compliance with the laid down procedures for making declarations. The procedures are well publicised, accessible and robustly applied by the Committee Clerks. There are, however, several areas which would benefit from being strengthened:
- Wider training opportunities through e-learning and supporting workshop sessions should be provided to staff regarding the Employees and Members Code of Conduct as it was considered that the current arrangements are not sufficient given the number of staff involved and the implications for non compliance;
 - General awareness raised amongst all staff that gifts and/or hospitality which has been declined should also be recorded on the central register;
 - General awareness raised to ensure that Members' Notification (by Members of a Local Authority) of Personal Interests' forms are kept as fully up to date as possible.
 - Enhanced arrangements to record Mayor's gifts.

Audit of Gifts and Hospitality

Section 1 –Management Summary

GOVERNANCE DIRECTORATE
Audit of Gifts and Hospitality
Summary of Recommendations / Action Plan

REF	ISSUE RAISED	RECOMMENDATION	GRADE	AGREED ACTION	RESPONSIBLE OFFICER	DATE ACTIONED BY
R1	It is considered that the current approach to delivering the Employee and Members' Code of Conduct training could be improved upon.	The Employee and Members Code of Conduct training should be mandatory for all. This may be achieved through the use of e-learning module supported by supplementary workshop sessions if appropriate.	B	As many courses as required will be provided; the issue is getting attendance. We do not have the power to compel Members to attend. Action agreed.	Director of Governance	ASAP
R2	Staff are unaware of the requirement to inform Governance of declined gifts and hospitality.	Awareness surrounding the records of declined gifts and hospitality require to be addressed further.	C	Agreed. E-learning may also assist this.	Director of Governance	ASAP
R3	The Chief Executive's pro-forma is being signed by an unauthorised signatory.	The Chief Executive's Gifts and Hospitality pro-forma should only be authorised by the Deputy Chief Executive.	C	Agreed and DoG will action. Not necessarily agreed that DoG is the responsible officer as to the level of delegation given to the CEO's PA.	Director of Governance	Immediately
R4	The 'For Office Use Only' data box on the register form is incomplete at times.	Staff should ensure that all appropriate boxes are completed when checking / scanning the Gifts & Hospitality forms.	C	Agreed.	Lead Committee Clerks	Immediately

GOVERNANCE DIRECTORATE
Audit of Gifts and Hospitality
Summary of Recommendations / Action Plan

R5	Gifts received by the Mayor are not being registered appropriately.	Thought should be given to further developing the Mayors engagements schedule to accommodate space for registering gifts received or submitting an e-mail on a weekly basis to Committee Clerks a daily listing on any gifts or hospitality received when attending functions. This could be filed with the weekly engagements schedule forming a Mayors Gifts & Hospitality register.	D	Agreed.	Director of Governance	Immediately
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