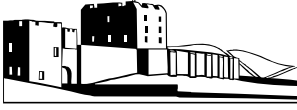


**CARLISLE
CITY COUNCIL**



AUDIT COMMITTEE

Committee Report

Public

Date of Meeting: 22nd June 2007

Title: Audit Services Progress Report

Report of: Head of Audit Services

Report reference: CORP 26/07

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee on 18th April 2007.

Recommendations:

Members are requested to receive the report.

Contact Officer: Ian Beckett, Head of Audit Services **Ext:** 7292

Audit Services Progress Report

1 Summary of Audit Work

- 1.1 As previously agreed by Members of this Committee, Members will be supplied, at each meeting, with the Management Summary and the Summary of Recommendations and Action Plan for each audit which has been completed since the previous meeting.

The following is attached

Appendix A - Land Charges

2 Actions taken on Recommendations ("Follow-up Reviews")

- 2.1 The follow-up reviews for Carlisle Leisure (Client), Communications and Performance Indicators have been undertaken
- 2.2 There are no outstanding issues, from any of the follow-up reviews referred to above, to which I need to draw Members' attention.

3 Issues Relevant to the Statement on Internal Control (SIC)

- 3.1 No issues relevant to the SIC have arisen during the period covered by this report to which I need to draw Members' attention.

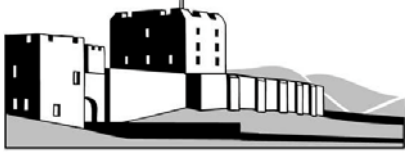
4 Other Emerging Issues

- 4.1 There are no further emerging issues to which I wish to draw Members' attention.

5 Recommendation

- 5.1 Members are requested to receive the report.

I. Beckett
Head of Audit Services
June 2007



Corporate Services

Internal Audit Services

06/07 Audit of Land Charges

Systems Review

Final Report

16th May 2007

Lead Auditor	
Document Ref:	C:\DOCUME~1\moragd\LOCALS~1\Temp\06-07 Land Charges Final Report.doc

Recipient of Report	Action Required	Mgmt Summary	Applicable Section(s) of Matters Arising	Appendix B to note
Head of Legal Services	Note action required for follow up in approx. 6 months.	Full Summary	All Sections	B(i)
Head of Financial Services	Note action required for follow up in approx. 6 months.	Full Summary	Section 2	B(ii)
Director of Legal and Democratic Services	Final report – for info only	Full Summary	All Sections	All
Chief Executive	Final report – for info only	Full Summary	All Sections	All
Deputy Chief Executive	Final report – for info only	Full Summary	All Sections	All
Audit Committee	Final report – for info only	Full Summary	None	All

1. Reason for the Audit

1.1. The audit was undertaken as part of the agreed Audit Plan for 2006/07.

2. Background Information / Summary of the Audit Area

- 2.1. Carlisle City Council provides a Land Charges service turning round approximately 4,000 searches per year with a current (gross) revenue of £316,000.
- 2.2. Searches are facilitated through postal application, personal searches, and more recently, via electronic application. It should also be noted that applications are received through the private DX system which is similar to the standard postal systems but is utilised by Solicitors and other associated practices.
- 2.3. As Carlisle City Council is liable for the information it discloses, the Register is maintained and updated in two ways providing duplicated assurance that responses to applications are accurate. The Register is updated on an ad-hoc basis via notification from Planning, Building Control and Environmental Services and these services are also contacted every time an application is processed to reiterate any applicable information.
- 2.4. In addition to the above, information is also required concerning Highways. This information is provided by, and is paid for, on a 'per search' basis by Capita (who manage Highways on behalf of Cumbria County Council).
- 2.5. There are various updates originating from external sources such as notifications of listed building updates received from English Heritage / Department for Culture Media and Sport.
- 2.6. The Register is currently subject to Data Capture onto an electronic database which will at some stage take over entirely from the manual system. At present, and until such time as the database is fully reliable, all applications are cross-checked against both systems. The G.I.S. system is also being utilised to ensure that a land parcel reference is being assigned to each item on the electronic Register. The estimated time scale for completion is currently December 2006.
- 2.7. Land Charges utilise a software system called Acolaid to process applications received and to receive data and replies from other internal services. This system has a report suite called ReportSmith which is also utilised.

3. Scope of the Audit

3.1. Audit testing and verification has been carried out to form an opinion over the adequacy of systems and controls in place relating to the risks identified. Key areas for review are:

Matters Arising - Section of Report	Area Examined
1.	Processing Applications
2.	Scale of Charges
3.	Disclosing Information
4.	Income and Banking Arrangements
5.	Controlling the Register
6.	Security of Information and Data

4. Associated Risks of Providing this Service/Function

4.1. Examination of the Risk Registers noted the following identified risks:

4.1.1. Corporate Risk Register:

No entry in the Register.

4.1.2. Operational Risks:

Risk: Failure of Land Charges Register.
Control Strategy: Capture of Land Charges Register by December 2006.
Current Risk Score: 6 (risk movement escalated from previous quarter).

5. Overall Conclusion of the Audit Review

5.1. On conclusion of the audit, it was apparent that in the main part, the service is performing well and that the relevant performance indicators are encouraging.

5.2. The majority of the risks identified and the recommendations made should serve to strengthen the existing procedures in place.

5.3. The significant risks identified are primarily to resolve the procedural weaknesses identified regarding the review areas - 'Controlling the Register' and 'Income and Banking Arrangements'.

Legal & Democratic Services Directorate

The **Head of Legal Services** should complete the shaded areas below.

Please ensure this includes the officer responsible for overseeing the implementation, the perceived level of risk attached to the issue and the target date in order to fully address the recommendation. For further details on how to respond to audit reports please refer to the guidance notes attached as Appendix A.

<u>Ref</u>	<u>Issue</u>	<u>Recommendation</u>	<u>Grade</u>	<u>Action to be Taken (including responsible officer for overseeing the implementation)</u>	<u>Level of Risk (H, M or L)</u>	<u>Target Date</u>
1A	Discrepancies have been noted between Capita invoices for Highway searches and the corresponding Land Charges records.	When the Capita invoices are passed for payment a full reconciliation should be offered as a supporting document. As the only likely (recurring) error is that Capita are charging for LLC1 searches that have been erroneously sent, this should be alleviated by reminding all members of staff of the correct procedures.	C	Already implemented.	L	N/A
2A	The only fees that are listed on the Authority's website are the personal search fees.	The web page should be updated to include the standard postal search fees and the electronic application facility.	C	Recommendation to be implemented.	L	31.05.07
4A	Not all members of staff are aware of the procedures for processing personal applications which results in monies not being banked until the subsequent day. (There is further guidance in	The procedure for processing personal applications is detailed in the current procedures manual so all staff should be reminded of the availability of the manual.	B	Already implemented.	M	N/A

	Appendix D to the FPR – notes 21C, 32 and 42)					
4B	The current income and banking arrangements do not leave an audit trail and there is no clear segregation of duties, which results in a significant control weakness.	A new income / banking and recording system has been devised which should be maintained and reconciled on a weekly basis. (See appendix C for further details).	B	Already implemented	M	N/A
5A	The monthly e-mails received from Planning that are used to update the Register are not kept.	Copies of the e-mails should be retained and filed (electronically).	B	Already implemented	L	N/A
5B	Not all services require confirmation that additions/deletions have been actioned which could lead to failure of registration (prior to 'application specific' updates).	A new system should be introduced so that there is a similar system across all services where all additions/deletions are supported by the appropriate signed and dated documentation and that by utilising the audit trail report function notification is given once actioned.	B	Already implemented.	L	N/A

5C	No system is in place for a third party to reconcile additions/deletions	Consideration should be given to using the audit trail report function to perform reconciliations on 'at risk' areas.	C	Already implemented.	L	N/A
6A	The system user list is out of date.	The system user list should be fully reviewed including any staff members' ability to amend the user list in the first instance.	B	Already implemented	L	N/A
6B	Members of staff are aware and use other members of staff user / log on details.	All members of staff should be reminded that using other members of staff user details is not permitted by the Authority (ideally all passwords should be changed on a cyclical basis)	B	Already implemented	L	N/A

Corporate Services Directorate

The **Head of Financial Services** should complete the shaded areas below.

Please ensure this includes the officer responsible for overseeing the implementation, the perceived level of risk attached to the issue and the target date in order to fully address the recommendation. For further details on how to respond to audit reports please refer to the guidance notes attached as Appendix A.

<u>Ref</u>	<u>Issue</u>	<u>Recommendation</u>	<u>Grade</u>	<u>Action to be Taken (including responsible officer for overseeing the implementation)</u>	<u>Level of Risk (H, M or L)</u>	<u>Target Date</u>
2B	<p>With regards to electronic applications, the agreed differential price reduction is being treated in the Main Accounting System as a transmission fee.</p> <p>It is acknowledged that this treatment is due to the fact that the reduction is stated as transmission fee on NLIS Hub's data provider statement, and therefore, the treatment assumed is in accordance with BVACOP.</p>	Accountancy should review the treatment of differential price reductions for electronic land charges applications.	B	Accountancy will liase with the Head of Legal Services to discuss and agree the accountancy treatment of the differential price reduction. (Responsible Officer – Chief Accountant)	L	31.07.07