



AUDIT COMMITTEE

Committee Report

Public

Date of Meeting: 25th September 2006

Title: Internal Audit Services Progress Report

Report of: Head of Audit Services

Report reference: Financial Memo FS42/06

Summary:

This report summarises the work carried out by Audit Services since the previous report to Committee.

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.

1.2 The following are attached at Appendix **A** -

City Centre Management and Tourism Marketing

2 Actions taken on Recommendations

2.1 At the meeting of this Committee on 7th July 2006, Minute reference AUC.06/06(e) refers, Members asked that the date on which a recommendation had been actioned be included in future reports.

2.2 As already agreed, Members' attention will be drawn specifically to any recommendations which have not been actioned as agreed, and for which there is no acceptable reason.

2.3 The following follow-up reviews have been undertaken since the previous meeting

Performance Indicators – responses at Appendices **B** and **C**. (Will members please note that this follow-up was initiated before the revised format noted at 2.1 above was implemented.)

Grounds Maintenance – responses at Appendices **D** and **E**.

Car Parking and Patrol - responses at Appendix **F**. Will Members please note that there are still some issues that need to be addressed. Audit Services will continue to monitor any progress on these issues, and will keep Members informed of developments.

CCTV – responses at Appendix **G**. Will Members please note that there are still

some issues that need to be addressed. Audit Services will continue to monitor any progress on these issues, and will keep Members informed of developments.

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 issues to which I wish to draw Members' attention.

5 IPF Audit Benchmarking Club

5.1 At the meeting of this Committee on 12th June 2006, Members were informed that the Authority had decided to join the IPF Audit Benchmarking Club, and that further information would be provided once all of the information from the Club had been collected and analysed.

The results of the Benchmarking exercise have now been received.

In all, 39 District Councils – including Carlisle – took part in this exercise.

The results for two “groups” of Authorities have been provided, and the following information relates to the year 2005/06.

The first group covers all of the 39 Authorities referred to above – referred to below as the “national” group.

For the second group, we were asked to choose a number (no more than 18) of other Authorities against whom to compare our results – this is referred to below as the “comparator” group.

For the comparator group, we selected all other Authorities that have a population within 10% (plus or minus) of Carlisle, and which provide 100% of their Internal Audit service in-house.

This gave a group of 17 Authorities including Carlisle.

5.2 Results of Analysis

For “days per auditor” – i.e. the total time spent actually carrying out audit work - the figure for Carlisle was 171 days, as against 176 days for the national group and 174 days for the comparator group. This minor difference is wholly explained by

sick-leave, as we had 4.2 days above average for the national group, and 3.6 above average for the comparator group.

For “staff cost per auditor”, Carlisle’s result was £28,261 against the comparator figure of £32,811 and the national figure of £34,363. N.B. This is salary and salary on-costs only, and does **not** include central recharges.

Including overheads – which in fact are the lowest of all 39 Authorities – the cost per “audit day” was £191, compared to the comparator cost of £257 and the national cost of £272.

In terms of “cost per £m gross turnover”, our cost was £2,285, which was below both the comparator figure £2,574 and the national £2,709. For 2006/07 our forecast cost per £m gross turnover is £2,495, which again is significantly lower than either the national cost at £2,886 or the comparator at £2,792.

Overall, we provided 11.94 audit days per £m gross turnover as against the comparator figure of 10.05 and the national figure of 10.16.

In terms of audit days per £m turnover, we are significantly above average for the coverage of fundamental systems, assurance work on other systems, and consultancy/advice.

For 2006/07, for assurance work and consultancy, we are planning to provide the highest number of days per £m in the comparator group, and second and third respectively in the national group.

For “fundamental systems” (i.e. the material reviews which are required to be undertaken every year to ensure that the Audit Commission can place reliance on our work), we spend on average 179 days per year against the comparator figure of 158 days and the national of 157 days.

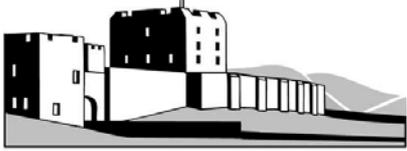
In terms of professional qualifications, our audit staff are more highly qualified than the average for either the comparator or the national groups – 100% of our staff are fully or partly qualified, against 91% for the comparator group and 86% nationally.

For the AAT, we have 50% qualified against both other groups at 28%, and at CCAB/MIIA we have 39% qualified against the comparator figure of 29% and the national of 23%.

6 Conclusion

With the exception of “days per auditor”, which is wholly explained by our above-average sick-leave, we are providing an above-average service, with well-qualified staff, at considerably below average cost.

I. Beckett
Head of Audit Services
September 2006



Final Report

25th July 2006

Document Ref:	PN/2005-6/TMK0001
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Recipient of Report	Action Required	Mgmt Summary	Applicable Sections of Matters Arising	Appendix B to note
Head of Development Services	-Note action required for follow up in approx. 6 months	Full Summary	All Sections	B
Head of Economic Development & Tourism	-Note action required for follow up in approx. 6 months	Full Summary	All Sections	B
Tourism & City Centre Manager	-Note action required for follow up in approx. 6 months	Full Summary	All Sections	B
Director of Corporate Services	Final report – for info only	Full Summary	All Sections	B
Deputy Chief Executive	Final report – for info only	Full Summary	All Sections	B
Audit Committee	Final report – for info only	Full Summary	None	B

1. Reason for the Audit

- 1.1. The audit was undertaken as part of the agreed Audit Plan. This is the first occasion that this particular area has been reviewed.

2. Background Information / Summary of the Audit Area

- 2.1. Tourism and City Centre Management is potentially a major source of revenue for Carlisle and its economic welfare. It was to be evident that the floods of Jan 2005 would have a major impact on the tourism element of the Authority's services, however, through working in partnership with various agencies, efforts were made to ensure that Carlisle's tourism base was maintained, if not improved. Reactive action was taken and as a result there was no major impact on the tourism industry. To raise the spirits of the residents of Carlisle, special efforts were also made to ensure that Christmas in Carlisle 2005 was one of the best ever seen.

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:

Section of Report	Area Examined
1.	External Funding.
2.	Marketing Approach.
3.	Financial Systems.
4.	Performance.

4. Associated Risks of Providing this Service/Function

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

Strategic Risks

Ref	Risk Description	Risk Rating
22	<p><i>Failure to ensure that external communications are consistent across the Authority and on-message, leading to:-</i></p> <ul style="list-style-type: none"> • <i>Reputational damage caused by mixed/inaccurate messages. Christmas in Carlisle.</i> • <i>Loss of established relationships.</i> • <i>Negative perception of the Council.</i> 	6

Operational Risks:

<i>Ref</i>	<i>Risk Description</i>	<i>Risk Score</i>
9	<i>Christmas in Carlisle.</i>	4.

4.2. Other risks identified by Internal Audit as part of this review are considered to be:

- *That external funds are not spent as specified.*
- *That marketing approach is not in line with established procedure.*
- *That ineffective performance measures exist.*
- *That ineffective financial procedures are in place.*

Please note that on conclusion of the audit, any critical risks outlined at 4.2. should be assessed by the relevant Director for incorporation into the Directorate's Risk Register or, if considered to be a strategic risk, for discussion at the Risk Management Group.

5. Overall Conclusion of the Audit Review

5.1. It is to be appreciated that Tourism Marketing is a complex area in which to perform a systems review as it is difficult to balance the positive effects of public perception against spend.

Media coverage and public feedback resulting from events that took place during the year of review was extremely positive. As well as being shown to have increased tourism to the area, there was an evident morale boosting effect on the citizens of Carlisle after the floods of January 2005. Projects such as Carlisle the Christmas City are imperative for the promotion of Carlisle and the development of partnerships which go towards the overall aim of the Tourism Marketing Section.

There were a few minor issues with regard to financial administration that, now highlighted, can be easily resolved.

From the testing conducted it is concluded that the systems *currently* in place are being operated well. The recommendations set out in Appendix B are intended to ensure that all of the Authority's regulations both financial and contractual are applied.

There are 11 recommendations contained within this report. Please refer to appendix B for details.

Development Services Directorate

The Head of Economic Development & Tourism is the Officer responsible for the implementation of the following agreed actions.

This action plan will be followed up in 6 months time from the issue of the final report. Please note that the outcome of the follow up will be reported to the Audit Committee.

<u>Ref</u>	<u>Issue</u>	<u>Recommendation</u>	<u>Grade</u>	<u>Action to be Taken</u> <i>(including responsible officer for overseeing the implementation)</i>	<u>Level of Risk</u> <i>(H, M or L)</i>	<u>Target Date</u>
1a.	A number of coding discrepancies were identified. Future decisions could be taken on incorrect financial information therefore these should be rectified (analysis at Appendix C)	The financial coding discrepancies highlighted during the report should be amended appropriately.	B	<u>Action.</u> Discrepancies to be amended. <u>Responsible Officers.</u> Unit Admin to implement and monitor.	L	Complete
1b	Funding for schemes is 'pledged'. Although income is normally received, it may not be within the financial year.	When funding is pledged, a reasonable timescale for payment should be agreed. (IMPORTANT This is to be at the discretion of the Tourism & City Centre Manager to ensure that the request does not deter future donations)	C	<u>Action.</u> A timescale for payment will accompany any initial agreement <u>Responsible Officer.</u> Tourism & CC Manager.	L	Complete

2a	There is no official contract between the Carlisle City Council and the Print & Design Company.	A formal agreement should be arranged between Carlisle City Council and Hunter Johnstone to clarify the levels of service expected. This contract should be renewed annually and agreed with the supplier.	B	<p>Action. Formal agreements will be arranged with future Suppliers of Carlisle Holiday Guide</p> <p>Responsible Officer. Tourism Marketing Officer</p>	L	Complete
2b.	A supply was close to the limit for tender procedures to apply.	In order to ensure that expenditure can be shown to produce "best value". In those cases where a quote is expected to be marginally under any of the three thresholds outlined in the in the Contract Procedure Rules, it would be good practice to adhere to the appropriate tendering conditions and limits.	B	<p>Action. Tendering conditions and limits to be adhered to.</p> <p>Responsible Officer. Tourism & CC Manager</p>	L	Complete
4a.	The salary honoraria expenditure in the General Ledger does not <u>appear</u> to reflect the true spend.	<p>The post in question has been awarded a permanent 'enhancement' to salary, which in a normal scenario would be addressed via a regrade of the post and the subsequent amendments made in the General Ledger budgets to reflect this. However, due to the circumstances surrounding the Job Evaluation Process, and the temporary deferment of regrading proposals, the current accounting scenario, although not ideal will have to remain.</p> <p>The Headof Economic Development & Tourism must ensure that when the Job Evaluation Process is complete that the regrading proposal be actioned.</p>	C	<p>Action. Review the position once Job Evaluation procedures are complete.</p> <p>Responsible Officer. Head of Economic Development & Tourism.</p>	L	Post Job Evaluation.

4b.	Hospitality is not logged.	Due to the nature of the service, the requirement to provide hospitality is expected. It is also a 'delicate' area that can incur the need for justification. To prevent any problems of this kind, and to provide a good point of reference for those officers concerned, a log of hospitality given throughout the year should be established and maintained within the section. This will also be proof on behalf of the officers concerned that all expenditure was valid and justified.	B	<p>Action. Hospitality Log to be set up within Tourism Section and monitored by Unit Admin</p> <p>Responsible Officers. Unit Admin</p>	L	Complete
4c.	There were a number of discrepancies regarding the completion of official orders.	All official orders should be completed accurately and in full.	B	<p>Action. Official Orders to be completed in full</p> <p>Responsible Officers. Unit Admin to Monitor</p>	L	Complete
4d.	Petty Cash imprests have been submitted totalling over £25 per individual transaction.	Officers should abide by the £25 limit on individual petty cash transactions as outlined by Financial Procedure Rule C124. Customer Services have recently been reminded of this rule and will be strictly reinforcing it. Any payments above this amount must be justified and agreed by the Director of Corporate Services or their delegated officer (Head of Audit Services).	B	<p>Action. Limit for individual petty cash transactions to be £25</p> <p>Responsible Officers. Unit Admin to control</p>	L	Complete

4e.	Expenditure is not been allocated to the correct General Ledger code.	Officers should be more accurate when issuing General Ledger expenditure codes to invoices. For management control purposes, the expenditure code used should reflect the nature of the expenditure incurred.	B	<p>Action. Expenditure code to reflect nature of expenditure</p> <p>Responsible Officers. Tourism Staff with Admin monitoring.</p>	L	Complete
4f.	The current General Ledger coding structure does not correlate with the Tourism and City Centre Marketing initiatives.	The current financial control and monitoring arrangements are not satisfactory. They do not represent the true cost of areas of activity and the manual monitoring exercise is a use of admin resources which would not be required if the General Ledger coding structure was organised adequately. The Tourism & City Centre Manager should liaise with the relevant Accountancy Staff to arrange for the current accountancy structure to be reviewed as soon as possible.	B	<p>Action. Review of Accountancy structure to be undertaken</p> <p>Responsible Officers. Tourism &CC Manager Accountancy Staff and Unit Admin</p>	L	September 2006
4g.	Invoices are being paid on a net basis.	Under CIPFA Best Value Accounting Code of Practice, Income and Expenditure should be accounted for separately. Invoices should not be paid on a net basis, especially when the supplier is recouping income on behalf of the Authority as part of the service. This should cease immediately.	B	<p>Action. Invoices not to be paid on a net basis</p> <p>Responsible Officers. Unit Admin to Implement</p>	L	Complete

Key Officer responsible for implementing Agreed Actions : Head of Environmental Services

Ref	Agreed Audit Action to be Implemented	Grade	Details (including timescale) of action taken to implement this Agreed Audit Action	Is the responsible key officer satisfied that the Agreed Audit Action has been fully implemented? – <i>include any matters outstanding / concerns arising</i>	<u>FOR OFFICE USE:</u> AUDITOR'S COMMENTS
4.4.1	Clarification is required as to whose responsibility it is to maintain the relevant records, and to complete the Performance Indicator Self Assessment as required.	C	The new directorate has agreed responsible officers. A copy of which is attached.	Yes – though it may change if the directorate integrates further.	Satisfactory

To be completed by the Head of Business Unit

Please review and sign to indicate that the Action Points arising from this audit review have been fully addressed and implemented.

Reviewed By:.....

Date:.....

Key Officer responsible for implementing Agreed Actions : Head of Property Services

Ref	Agreed Audit Action to be Implemented	Grade	Details (including timescale) of action taken to implement this Agreed Audit Action	Is the responsible key officer satisfied that the Agreed Audit Action has been fully implemented? – <i>include any matters outstanding / concerns arising</i>	<u>FOR OFFICE USE:</u> AUDITOR'S COMMENTS
11.4.1	The correct 'Vacant' figure should be entered into Indicata+	C	The correct figure for void units was inserted into Indicator as soon as the error became known.	Yes – procedures are in place through checking to ensure arithmetical and typing errors do not arise.	Satisfactory

To be completed by the Head of Business Unit

Please review and sign to indicate that the Action Points arising from this audit review have been fully addressed and implemented.

Reviewed By:.....

Date:.....

FOLLOW UP SCHEDULE OF AGREED ACTIONS

Community Services

Key Officer responsible for implementing Agreed Actions : Grounds Maintenance Manager

Ref	Issue Raised	Agreed Audit Action to be Implemented	Grade	Target Date			
1.4.1	Dispute with client in to whether the client cancelled the job and CCC still carried out the job. (All disputes with clients should be settled as quickly as possible).	Ensure better monitoring and programmed response to debt recovery. Grounds Maintenance Manager to advise the Operational Support Assistant.	C	February 2006	Discussed with admin assistant in team meeting	Feb 06	Yes, working at the moment Action has been fully implemented? – include any matters outstanding / concerns arising

FOLLOW UP SCHEDULE OF AGREED ACTIONS

Community Services

Date Follow up Audit completed

Key Officer responsible for implementing Agreed Actions : Street Scene Operations Manager

Ref	Issue Raised	Agreed Audit Action to be Implemented	Grade	Target Date			
1.4.2	There was evidence of jobs being issued to staff and being completed prior to being allocated a job number. (Where possible all jobs should be entered on to the system and allocated job numbers prior to being issued to staff).	Integration of roles as part of restructure will enable C+ system to be used. This will solve the problem.	B	February 2006	Some training has taken place with this and how that all staff are together in the Green Space Team. Contractor plus is used for all order placing prior to work being undertaken.	May 06	Yes Action has been fully implemented? – include any matters outstanding / concerns arising

FOLLOW UP SCHEDULE OF AGREED ACTIONS

Environmental Services, Community Services

Date Follow up Completed:- 13th September 2006

Key Officer responsible for implementing Agreed Actions : Head of Environmental Services.

Ref	Issue Raised	Agreed Audit Action to be Implemented	Grade	Level of Risk (H,M or L)	Target Date	Details of action taken to implement this Agreed Audit Action	Actual date	Is the responsible key officer satisfied that the Agreed Audit Action has been fully implemented? – include any matters outstanding / concerns arising
1.6.1	The Car Parking Section receives cash, cheques, postal orders and Contract Parking Permits through the post. There is no mechanism in place for the control of these.	All cheques/postal orders/cash must be accounted for when they are received into the office. All 'valuables' should be logged into a book of some description, which is bound and numbered sequentially.	B	H	May 2005	Valuables book was implemented immediately. – No further action is required.	May 2005	Completed
1.6.2	Returned Contract Parking permits have a substantial face value. (At the time of the review £420-£528) and are also not controlled.	As Contract Parking Permits are of a certain value and incur a risk of fraud, these should also be logged in the same way as cheques/postal orders and cash.	B	M	July 2005	All items of value are now logged into the valuables book.	May 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

1.6.3	There are no records kept that show what valuables have been received and receipted into the Customer Contact Centre that would enable reconciliation if the receipt were to be disputed.	For consistency, Income Management staff should be requested to keep a log of permits or cheques received that will be sent to the Car Parking Section via internal mail. This will help to prove to a member of public if a permit or cheque has indeed been submitted and is not just 'lost in the post'.	B	M	Nov 2005	All cheques are logged. Customer Contact Centre staff have been instructed to establish a receipting system for any valuables that are handed in that will be forwarded to Car Parking via the internal mail.	Nov 2005	Completed
1.6.4	Lack of division of duties. Staff who have access to create, amend and delete PCN's also have access to the un-receipted cash payments	A designated member of staff should be made solely responsible for the mail opening operation (Back up should be made available) and the logging of valuables. This member of staff should have no access to the PCN cancellation module in Compex to ensure division of duties.	B	H	Nov 2005	This recommendation was originally deemed as unworkable due to staff resources. However, the process of Car Parking receiving and sorting their own mail as opposed to it being dealt with by a central Community Service (CS) resource has now been challenged. An e-mail was sent to the Head of Environmental Services to this effect. He responded that he had arranged with the central CS admin source to receive and split the mail like all other CS mail and record cheques at that point to provide a management trail. Logging of mail however will continue to take place within the Car Parking Section.	Nov 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

						Internal mail will be transported through the corporate system as opposed to being collected by the Car Park Staff.		
1.6.5	Lack of division of duties. There are no restrictions on the level of access to the cancellation module, this meant that there were no controls in place to prevent fraudulent cancellation of PCN's.	Division of duties is essential. It would be advised that the Car Parking Team Leaders make the ultimate decision to cancel PCN's then authorise all cancellations prior to the system being updated by the Car Park Technical Assistants.	B	H	May 2005	This recommendation was not initially agreed. A compromise was reached where a sample of cancellations, a number from each member of staff, would be verified monthly by the Team Leader. The size of the sample is to be decided by the section itself, taking into consideration the meaningfulness of the sample and the resources realistically allowed.	June 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

1.6.6	Customer Contact staff do not have access to the PCN IT system, Compex. If a query is posed, CCC staff have to contact Car Parking staff to get an answer which they then have to relay back to the customer. This practice is not ideal for the customer and is not consistent with the rest of the services provided by the CCC.	The Car Parking Section should obtain costings of additional Compex licenses for installation on the Customer Contact Centre P.C's and evaluate the benefits of doing so.	B	M	Dec 2005	The Head of Environmental Services has contacted Compex and is awaiting a response.		<u>Internal Audit have yet to be informed of any further developments.</u>
1.6.7	The Compex reporting system is not operating effectively resulting in a lack of management information.	The Car Parking Section should aim to resolve all problems with reporting in conjunction with Compex as soon as possible.	C	M	Jan 2006	The system does automatically produce every day management reports. If any bespoke reports are required, then the 'Crystal' Reporting package is required to produce these. The Car Parking staff have not been trained in the use of this package and have therefore requested the assistance of staff at Compex to produce these reports.		<u>Internal Audit have yet to be informed of any further developments.</u> <u>The potential of using in-house IT resources should be pursued as soon as possible.</u>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

					<p>As at November 05, despite perseverance from the Car Parking staff, Compex are still to produce these reports. This issue is causing serious delays</p> <p>in the recovery of aged debts as staff are reliant on these reports to extract the required information from the system.</p> <p>It is understood that there is in-house expertise available in IT. If available, it would be more resourceful to utilise this expertise as there is a possibility of a cost in requesting Compex to produce the necessary reports. In addition, it would be of benefit to train the relevant car park staff in the use of the system so that they are able to produce any bespoke report from the system that is required.</p> <p>The Head of Environmental Services has agreed to contact the IT Infrastructure and Network Manager to discuss possible IT assistance and support for Crystal Reporting. This matter should be progressed as soon as possible.</p>		
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FOLLOW UP SCHEDULE OF AGREED ACTIONS

1.6.8	Documentation relating to the process of administering and enforcing PCN's was retained indefinitely.	The retention of car parking documents should be reassessed as part of the administration reorganisation. The preferred timescale for retention would be two years in line with the recommendations from 'The Retention Guidelines for Local Authorities' produced by The Records Management Group of Great Britain.	D	L	Nov 2005	This will be addressed as part of the physical restructure of the office.	2006	Completed
1.6.9	There were a number of outstanding PCN's attributable to drivers from Scotland. As is not possible to enforce English bailiff laws in Scotland, recovery of the unpaid PCN's could not be pursued.	The Car Parking Section should pursue the employment of an external debt collection agency to attempt to recover all outstanding debts from Scotland.	B	M	May 2005	Bailiffs firm, G.Walker & Sons, Glasgow were appointed to collect the outstanding debts from Scotland.	May 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

2.12.1	The Car Parking Attendants deposit large bags of coin into the external night safe on the steps of the Civic Centre unprotected. Thereby putting themselves at risk of attack.	It is a recognised Health & Safety issue that Car Park Attendants are required to take bagged monies outside the building to be deposited in the night safe. It has been agreed that the staff should request internal access to the safe from the Cashiering staff. It is recommended that this practice be adopted with immediate effect.	B	H	May 2005	This issue was resolved due to the effects of the floods in Jan 2005 and a temporary cash counting facility was established at Bousteads Grassing. The permanent facility is awaiting for building to commence. No further action is required.	Jan 2005	Completed
2.12.2	Monies are collected from a non secure site where the security vehicle is easily visible and parks each day in the same (and only possible) position.	Consideration should be given to the designated Securitas 'pick-up' site being transferred to Bousteads Grassing where a secure point of entry can be assured, thus minimising risk to staff. This would also release office space in the Civic Centre. Prior to this decision however, a cost benefit analysis should be undertaken to ascertain the merits of this option. The Neighbourhood Services Manager is requested to present a case for the above, including costings to the Director of Community Services and the Director of Corporate Services.	B	H	May 2005	As above. No further action is required.	Jan 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

2.12.3	When the cash collection procedure changed it was identified that it caused problems with delays in the cash being credited to the bank account, resulting in a loss of accrued interest.	Financial Services and Cashiering staff should continue in discussions with HSBC and Securitas to establish the reason for the delays in bankings and to ensure that they cease to occur. An agreement should be met and established in writing to ensure that the monies are banked within an acceptable timescale (i.e. 2 to 3 days)	B	H	May 2005	Information is still being sought from Securitas regarding details of cage numbers and cash centre payments. This issue is being pursued but of late, other issues have taken priority within the section responsible. The intention/agreement has always been that monies should be banked within an acceptable timescale, i.e 2-3 days.	June 2006	Completed
2.12.4	As above.	The Financial Services staff should continue to monitor the deposits to ensure that this agreement is adhered to and that relevant action is taken if it is not.	B	H	May 2005	Payments are being monitored on a daily basis	May 2005	Completed
2.12.6	As above.	The recoupment of the lost interest on the delayed bankings should be pursued from the responsible party.	B	M	May 2005	The HSBC paid over the lost interest. In addition, as a goodwill gesture, yearly banking fees were held at the previous years tariff.	Jun 2006	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

2.12.7	<p>PCN's can be paid via credit card by giving details via the phone directly to the Car Parking Section. Full credit card details are retained and (were) stored inappropriately.</p>	<p>All credit card details that have been supplied for the payment of Eden PCN's should be destroyed immediately after the payment has been received into the Authority's bank account.</p> <p>The advice given on this subject is somewhat confusing.</p> <p>Merchant Services have recommended that we retain credit card details for 3 years. One reason for this being that a payee is entitled to dispute authorising payments up to 8 months after the transaction has been completed. If a dispute does occur, the credit card companies will request that <i>this Authority</i> proves that the payee authorised payment, otherwise, they will reclaim the monies paid.</p> <p>Proof can be provided by means of either a signed credit card slip, or in the case of chip and pin, a receipt that states 'verified by pin'.</p>	B	H	May 2005	<p>AGREED TIMESCALE FOR IMPLEMENTATION – NOV 05.</p>	<p><u>This situation has not been resolved despite intermediary advice provided by Internal Audit. A decision should be taken immediately to reduce the risk to the Authority</u></p> <p><u>Other card processing options could be explored where the existing machines are replaced with more secure models that print out only the last four digits of the credit card number, however, this option will incur financial implications but should be seriously considered to outweigh the risk.</u></p>
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FOLLOW UP SCHEDULE OF AGREED ACTIONS

		<p>It is certainly not clear how the authority stands in the instances where payments are made over the telephone, which is of concern here, as this required proof can not be obtained.</p> <p>This information also conflicts with data protection legislation. It is contravention of these rules to hold any unnecessary information about a person. To retain this information after payment, as is currently the practice, is in breach of the Act.</p> <p>It became apparent that it is not only copies of the credit card details that are kept, but also it appears that they are all input onto the Compex system when closing an account. When posting credit/debit card payments, the system requests all this information.</p>					
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FOLLOW UP SCHEDULE OF AGREED ACTIONS

		<p>Carlisle City Council credit card information is entered in its entirety into Compex. It recently came to light that Eden District Council is taking debit/credit card payments for PCNs in the Town Hall in Penrith.</p> <p>They need to supply Carlisle City Council with the relevant information for these accounts to be closed as they do with the cheque and cash payments they receive on a daily basis. EDC will not provide CCC with this info quoting the Data Protection Act. They do, however, supply the last four digits of the card number. The system accepts this and also fictitious valid from and to dates. If this information is required to complete the case, it is recommended that Carlisle City adopt the same approach.</p> <p>Current practice is that the slips are locked away in an every day 'tambour' unit. Although this is locked, it is not sufficient as all staff have general access to it.</p>						
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FOLLOW UP SCHEDULE OF AGREED ACTIONS

3.6.1	There is no official agreement between Carlisle City Council and Eden District Council for Parking Services.	It is recommended that Carlisle City Council and Eden District Council ensures that the revised Eden Parking Services' agreement be passed through Carlisle City Council's Legal Section prior to full agreement.	B	H	Jan 2006	This was discussed at a meeting held on the 14 th of November. The revised contract will be passed through LDS prior to agreement. The final date for the agreement is the 6 th January 2006.	<p><u>This has not been progressed despite assurance that it would have been completed by January 2006.</u></p> <p><u>It is essential that a legal agreement is completed to bring certainty to the arrangements between the two Local Authorities. Such an agreement will ensure that both parties are aware of their responsibilities and obligations under the arrangement and provide legal authority for the provision of car parking services by Carlisle City Council to Eden District Council.</u></p>
3.6.2	As above.	The two documents that are in circulation that outline each party's expectations from the contract should be incorporated into the body of the main agreement if it is not already included.	C	M	Jan 2006	This was discussed at a meeting held on the 14 th of November. The revised contract will be passed through LDS prior to agreement. The final date for the agreement is the 6 th January 2006.	<p><u>See above.</u></p>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

3.6.3	Eden District Council performed an audit on the Car Parking function that highlighted a number of issues to be addressed.	It is recommended that the Car Park Section issues a follow-up report from the Eden Audit and pass it to Internal Audit for their information when time constraints allow.	C	M	Nov 2006	<p>These actions of the Eden Audit have yet to be collated and presented to Internal Audit, although some action has been taken and reported to the EPS/CCC working group.</p> <p>These actions are not fully implemented. Head of Environmental Services to pursue and findings should be reported to Internal Audit in due course.</p>		<u>These findings have not been reported to Internal Audit.</u>
3.6.4	Eden DC Debtor accounts are not raised in a consistent manner.	The Car Parking Section should ensure that the Eden DC debtor accounts for EPS are raised in a timely manner. A week after month end would be a preferred timescale.	B	M	May 2005	This recommendation has been actioned and accounts are being raised on a monthly basis.	May 2005	Completed
4.7.1	Car Park tickets are stored in the basement of the Civic Centre. The Assistant Neighbourhood Services Manager has to travel to the Civic Centre to replenish the stocks.	It would be recommended that the car park ticket stocks are transferred to a controlled environment at Bousteads Grassing.	C	L	Jan 2005	This issue was resolved due to the floods. The ticket stocks were lost and the machines used were flood damaged. Replacement stocks and tickets have been purchased and are now stored at Bousteads Grassing.	Jan 2005	Completed

FOLLOW UP SCHEDULE OF AGREED ACTIONS

5.10.1	There are serious problems with the recovery procedure within the Compex system. When cases have reached county Court stage, the system has been regularly rejecting the cases.	The system problems with Compex must be addressed as a matter of urgency. If the system is unable to process the PCN's to the next recovery stage, a contingency will have to be developed.	B	M	Sept 2005	This situation has now been resolved and batches of debts can now be transferred to the Traffic Enforcement Centre (TEC) to enable the next stage of recovery.	Sept 2005	Completed
5.10.2	There are an unacceptable number of outstanding cases awaiting recovery.	The Director of Corporate Services and the Head of Revenues & Benefits should evaluate the merits of pursuing any aged debts submitted for write off, taking into account the costs involved taking the case through court and the drain on resources.	B	H	As and when they occur. Effective from May 2005	The Head of Revenues & Benefits will examine all debts presented for write-off.	May 2005	Completed
5.10.3	There is no formal reconciliation performed between number of notices issued and the anticipated income. Therefore the current system cannot be relied upon to reflect the true financial position.	There should be some form of 'global' reconciliation between the number and the value of tickets issued and the number and value either paid in full, paid with the 'prompt discount' and those written off.	B	H	Jan 2006	The global reconciliation has yet to be progressed, however various options were discussed. The Head of Environmental Services will ensure that this practice is established.		<u>This issue has yet to be addressed despite emphasis placed on the importance of being able to identify the true financial position.</u>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

5.10.4	It is not acceptable accountancy practice to simply account for income when it is received. Also see above.	A formal control account should be established to record all the information to ensure that full and complete records exist for income. The current method of accounting is not acceptable accounting practice. Car Parking and Finance staff should liaise on this matter.	B	H	Jan 2006	<p>Again, this issue is yet to be progressed, however it needs to be addressed with some urgency.</p> <p>The Head of Environmental Services is to arrange discussions with Finance staff to install formal controls within the financial framework.</p>		<u>See above</u>
5.10.5	There are insufficient levels of system access control.	A defined division of duties should be established. Car Park Team Leaders should authorise all write offs and maintain more complete records.	B	H	Oct 2005	<p>This recommendation was initially not agreed. A compromise was reached where a sample of write-offs, a number from each member of staff, would be verified monthly by the Team Leader. The size of the sample is to be decided by the section itself, taking into consideration the meaningfulness of the sample and the resources realistically allowed.</p>	May 2005	Completed
5.10.6	There are aged debts that have been in the system since 2003.	Once all the current aged write offs have been dealt with, provision should be made to ensure that debts do not take more time than necessary to progress through the recovery process. A timescale must be established and applied.	B	H	May 2006 to be reviewed.	<p>It is assumed that the current backlog would take at least a year to clear. It was agreed that additional resources were required to concentrate on this area.</p> <p>AGREED TIMESCALE FOR IMPLEMENTATION – ASAP.</p>		<p><u>Additional resources were appointed and the backlog has been cleared, the majority of which by transferring to bailiff stage.</u></p> <p><u>Once the debt has been transferred to bailiff stage, It is impossible to predict income.</u></p>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

								<u>The loss of revenue to the Authority as a result of the backlog cannot be measured due to the lack of management information available.</u>
5.10.7	As there is a considerable backlog, full resources could not be concentrated on the recovery of more recent PCN's.	Consideration should be given to concentrating resources to recover more recent debts as opposed to those two or more years old as there is more possibility of recovery.	C	M	May 2005	<p>It was established that there is already a three-month backlog of 2005/06 cases. The Car Park Team Leader is concentrating resources on addressing the older debts in addition to the more recent debts and as experienced resources are limited, the majority of this work was being performed on overtime.</p> <p>Again, it was agreed that additional resources were required to concentrate in this area. – See outstanding action for Head of Environmental Services detailed at 5.10.6.</p> <p>AGREED TIMESCALE FOR IMPLEMENTATION – ASAP.</p>		<u>See above.</u>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

5.10.8	Problems with the Compex system has caused severe delays in getting the outstanding debts to County Court stage.	The option of employing Bailiffs prior to Court action should be implemented.	B	M	May 2005	As the system problem with Compex has been addressed, this recommendation has been superseded. -	May 2005	Completed
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FOLLOW UP SCHEDULE OF AGREED ACTIONS

Environmental Services, Community Services Directorate.

Date follow up completed: - 13th Sept 2006.

Key Officer responsible for implementing Agreed Actions : Head of Environmental Services.

Ref	Issue Raised	Agreed Audit Action to be Implemented	Grade	Level of Risk (H,M or L)	Target Date	Details of action taken to implement this Agreed Audit Action	Actual date	Is the responsible key officer satisfied that the Agreed Audit Action has been fully implemented? – <i>include any matters outstanding / concerns arising</i>
1.6.	Carlisle City Council is currently responsible for the overwhelming majority of the contribution to the CCTV function. Although the service assists in achieving the Authority's objectives and supports the City Vision, other organisations that do not contribute to cost, appear to be the main beneficiaries of the service.	See below						<p>All the items detailed under 1.6.1 to 1.10.1 were to be discussed at the next meeting of the CCTV Sub Group planned for 23/08/06.</p> <p>This is the first meeting held for many months and will enable a programme to be agreed to action all these items. (meeting has been postponed several times since May 2006 due to the non availability of key participants)</p> <p><u>The meeting took place but as yet the relevant officers have not forwarded details of any agreed actions, despite requests to receive this information in time to be reported to Audit Committee.</u></p> <p>Until a realistically timetabled agreed action plan is drawn up to address all issues they cannot be viewed as complete.</p>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

1.6.1a	As above	A defined partnership arrangement with the Police Authority should be developed using the Authority's partnership protocol.	B	H	2004	There has been no opportunity to progress this issue.		As above
1.6.1b	As above	Officers should identify and collate examples of other Authorities that receive Police funding.	C	M	2004	There have been attempts to collate this information but they have unfortunately been unsuccessful.		As above
1.6.1c	As above	Officers should determine what the Police Authority and Carlisle City Council specifically want from the scheme, i.e. future improvements to service, quality, effectiveness etc. Scheme improvements are needed but Carlisle City Council is not currently in the position to address these needs alone.	B	H	2004	This has been progressed. Meetings have been held and a CCTV strategy draft plan developed on the 13/12/05. Progress to date is unknown.		As above

FOLLOW UP SCHEDULE OF AGREED ACTIONS

1.6.1d		Officers should consider and pursue ways of financially supporting the scheme. The main focus should be on attracting more contributions towards revenue costs, the Police Authority obviously being the main objective.	B	H	2004	APSE (Association of Public Service Excellence) are currently looking at how Local Authorities fund CCTV. Carlisle City Council will have access to these findings. The Head of Environmental Services is to forward copies of these findings to Internal Audit.		As above
1.8.1	A previous attempt in 2003, to obtain contributions from businesses benefiting from the scheme was unsuccessful. The suggestion was met with an unfortunately adverse reaction from the businesses in question.	Currently there is no absolute obligation for businesses to contribute towards the scheme. Obtaining revenue from 'clients' of CCTV is heavily dependent on an effective consultation exercise and it is important that this takes place prior to any developments. In addition to clearing up any misinterpretations as to the intention of the suggestion,	B	M	2004	This issue is now to be addressed as part of the potential CCTV Strategy. The meeting to be held on the 23/08/06 will enable this to be dealt with.		As above

FOLLOW UP SCHEDULE OF AGREED ACTIONS

		the tangible benefits of their investment should be explained. A consultation exercise, operated through the CDRP CCTV Sub-Group would be the best forum to extend this message.					
1.10.1	The CCTV system, once improved has potential for expansion.	The future possibility of expanding the current service to cover other areas and commercial properties for a management fee should be considered.	D	M	2004	<p>(Also refer to recommendation 1.6.1d)</p> <p>Officers stated that there was a possibility of further funding from English Heritage and Portland Properties for potential contracts.</p> <p>The system within the CCTV Control room for monitoring the Portland Properties cameras will be finalised during August 2006 and the funding arrangement will commence as part of the Service Level Agreement.</p> <p>In addition to this it is noted that CHA have withdrawn funding. There was no official contract initially agreed so payment cannot be enforced. The removal of the CCTV cameras</p>	As above

FOLLOW UP SCHEDULE OF AGREED ACTIONS

						cannot really be considered either due to the 'politics' surrounding the situation. (i.e risk of increased crime in the community if the cameras are removed) The CCTV Manager will take every opportunity to expand the system subject to funding being available and the work being beneficial to residents of the City.		
3.6.1	The Police Authority, occasionally seize CCTV tapes for evidence purposes. These are not returned and as a consequence, incur a cost to the Authority.	Officers should consider introducing a nominal charge (e.g £2.00 - £3.00 price to be negotiated) per seized tape to attempt to recover costs.	D	L	2004	Digital recording commenced in March 2006 and at the present time DVD's are being used to download images for the Police Authority. A direct computer link to the Police Authority however is being investigated so that they would be able to carry out their own downloads.	March 2006	The introduction of the digital system means that tapes are no longer used. The Police would fund any new systems or software they need to download their systems. <u>Despite audit requests for information, it was not established when the Police Authority would have this system installed and who is currently standing the cost of providing and burning the DVD's.</u>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

4.5.1	Staff resources are stretched with insufficient cover for holidays and sickness, lone working. Ultimately, it is possible that the service could be unmanned.	The introduction of bank staff or increasing the number of operators on duty should be considered subject to financial restraints.	B	H	2004	Staff now have to be fully trained and licensed in the use of CCTV therefore this is an expensive option. The possibility of alternating shift patterns was presented to staff but no agreement was reached. The proposals also required additional funding which currently is unavailable. Therefore, the current shift patterns will continue for the foreseeable future.		<p>This issue will be discussed at the CCTV Sub Group. New sources of funding are being sought to fund the enhanced staffing needed in the control room.</p> <p><u>As stated in response to point 1.6, the details of this meeting and any subsequent decisions have not been made available to Internal Audit.</u></p>
4.5.2	There is no main system back-up. The Emergency Planning generator cannot be used for the 10th floor unless there is an extensive system rewire.	The issue of system failure contingency should be addressed in the near future.	B	H	2004	An additional generator has been installed.	Aug 2004	Recommendation has been actioned.
5.6.1	There is no provision for any new major capital costs. Although there was provision for the replacement of all existing CCTV equipment via the Renewals Fund)	The relevant officers should pursue all possible avenues of government grant funding opportunities.	C	M	2004	<p>The 'APSE' data exercise will assist with this. (see 1.6.1d)</p> <p>The CCTV Manager will pursue possible sources of funding. This issue will be regularly discussed at the meetings with the CCTV Sub Group.</p>		<p><u>As stated in response to point 1.6, the details of this meeting and any subsequent decisions have not been made available to Internal Audit.</u></p>

FOLLOW UP SCHEDULE OF AGREED ACTIONS

7.6.1	<p>There is a possibility that the Data Protection Act 1998 was being contravened as ownership of Police Authority seized tapes was not being established. Carlisle City Council has a duty to ensure that the information contained on the tapes is used appropriately and not retained for an unnecessary length of time. The Authority undertakes a secure exercise to ensure this when the tapes are in their possession, however, when the Police take these tapes, Carlisle City Council has no control over how the information is used or retained. If the correct records are not kept by the Police, this could result in the CCTV images being found inadmissible in court.</p>	<p>A procedure should be established that transfers the ownership of seized tapes for Data Protection purposes. This should transfer the ownership, therefore the responsibility, to the Police whilst they have the tapes in their possession. This should include the insistence that either the tapes are returned to the Authority if not required, or disposed of, or retained along with the other evidence in accordance with Police Authority policy.</p>	A	H	2004	<p>As stated above in 3.6.1, the system is now digitalised.</p> <p>The Police are considering options for a direct link for transferring images, and the protocol to be agreed will be dependant on the system established.</p>	<p><u>Although the data has now been digitalised, the implications of the Data Protection Act for the responsibility of the images will still have to be applied. When any agreement is undertaken with the Police Authority, a disclosure should be signed that the responsibility of any taken documents is the responsibility of the Police Authority from the moment of transfer. This should be agreed and authorised from both a senior member of Carlisle City Council and the Police Authority.</u></p>
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Audit of CCTV.
(Final report issued August 2004).

FOLLOW UP SCHEDULE OF AGREED ACTIONS

7.6.2	An independent report highlighted that the Police Authority were often taking direct control of the CCTV cameras even though they were manned 24 hours a day by Carlisle City Council staff. The recommendations had not been actioned at the time of the review.	That the CCTV Sub Group should be informed of, and action the findings of the report that advised they: <ul style="list-style-type: none"> • “Remove the CCTV controls for the Carlisle City Council CCTV system from the Cumbria Police HQ Control room or at the very least, disconnect these controls.” 	A	H	2004	When the CCTV upgrade and introduction of digital recorders took place in March 2006, the new equipment removed the facility for the Police to be able to control the cameras due to incompatibility of the new equipment with the old system which remains at Cumbria Police HQ.	March 2006.	ACTION COMPLETE
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