



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 24 JANUARY 2007
Venue: MORECAMBE TOWN HALL
Time: 6.00 P.M.

A G E N D A

1. **Apologies for Absence**
2. **Minutes**
Minutes of the Meeting held on 20th September, 2006 (previously circulated).
3. **Items of urgent business authorised by the Chairman**
4. **Local Government Ombudsman - Annual Letter 2005/06** (Pages 1 - 6)
Report of the Head of Democratic Services.
5. **Appointment of External Auditors** (Pages 7 - 8)
Report of the Corporate Director (Finance and Performance).
6. **Audit Commission Work Programme and Fees 2007/08** (Pages 9 - 30)
Report of the Corporate Director (Finance and Performance).
7. **Audit Committee Terms of Reference** (Pages 31 - 34)
Report of the Internal Audit Manager.
8. **Risk Management Progress and Proposed Work Plan** (Pages 35 - 70)
Report of the Head of Financial Services.
9. **2006/07 Review of Internal Control and Corporate Governance** (Pages 71 - 82)
Report of the Internal Audit Manager.
10. **Results of Internal Audit Work** (Pages 83 - 92)
Report of the Internal Audit Manager.

11. **Internal Audit Monitoring** (Pages 93 - 100)

Report of the Internal Audit Manager.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Malcolm Thomas (Chairman), Ian Barker, Jon Barry, Keith Budden, David Whitaker and Geoff Wilson.

(ii) Substitute Membership

Councillors Susan Bray, Shirley Burns, Chris Coates, John Gilbert, Janice Hanson, Ron Sands and Joyce Taylor.

(iii) Queries regarding this Agenda

Please contact Sharon Marsh, Democratic Services - telephone (01524) 582096 or email smarsh@lancaster.gov.uk.

(iv) Changes to Membership, substitutions or apologies

Please contact Members' Secretary, telephone 582170, or alternatively email memberservices@lancaster.gov.uk.

MARK CULLINAN,
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Published on Monday, 15th January, 2007.

AUDIT COMMITTEE

Local Government Ombudsman – Annual Letter 2005/06

24th January 2007 Report of Head of Democratic Services

PURPOSE OF REPORT

The Commission for Local Administration in England has recently published its Annual Letter and Report for 2005/06, which gives an overview of the work undertaken by the Ombudsmen, along with detailed statistics of complaints received and investigations carried out. This report highlights particular matters in the report, which may be of interest to Members and sets out the content of the Annual Letter for this District.

This report is public

1. RECOMMENDATION

- (1) That the Ombudsman's Annual Letter for 2005/06 be noted.
- (2) That it be noted that a link to the Ombudsman's website has been included on the Council's website as suggested.
- (3) That Members consider whether any comments should be submitted to the Ombudsman on the form of the Annual Letter.
- (4) That Members consider whether it would be helpful to invite the Ombudsman to make a presentation to Members and/or officers on how complaints are investigated and/or to discuss complaint handling in general.

2. REPORT

2.1 Background

The Local Government Ombudsmen's stated purpose is to provide independent, impartial and prompt investigation and resolution of complaints of injustice caused through maladministration by Local Authorities and to offer guidance in intending to promote fair and effective administration in Local Government.

2.2 Key Issues in 2005/2006

The Local Government Ombudsmen have included in the Annual Report the following main issues, which are summarised for Members' information: -

(a) Performance

In 2005/06 the Ombudsman received a total of 18,626 complaints, compared with 18,698 in the previous year – an increase of 0.4 per cent. Housing benefit complaints have continued to fall as a result of improved council administration systems. Other areas of housing have also resulted in fewer complaints last year, particularly council housing repair complaints. Planning complaints have increased however particularly in the area of consideration and neighbour amenity. The total number of complaints where redress was obtained was 2,932 – 27 per cent of all complaints determined. Reports on completed investigations where there was a finding of maladministration were issued on 129 complaints. The remaining 2842 were the subject of a local settlement.

The monitoring of the Ombudsman's performance in deciding cases indicates that the percentage of complaints determined within 13 and 26 weeks has reduced slightly each year and the number of outstanding cases more than 52 weeks old has increased. The Ombudsman has stated that this was due to the number of incoming complaints exceeding their capacity to make decision, partly as a result of staff turnover and the need to recruit and train new investigators. It is also due to the improvement in local authorities' handling of complaints which means that a higher proportion of the cases referred to the Ombudsman are now more complex and contentious and take more staff time to resolve.

(b) Promoting Awareness and Providing Advice

The Ombudsman has continued to work on widening access to their service through improved awareness among the advisory and voluntary sector. Holding a joint seminar with the Parliamentary and Health Service Ombudsman during 2005/06 for the second time.

Guidance notes and training courses are also provided for council officers involved in co-ordinating complaints responses and the initiative of providing an Annual Letter offering an analysis of complaints statistics to all Councils has been continued. Details of this Council's Annual Letter are set out under paragraph 2.3 below.

A digest of cases is also published each year illustrating the nature of the work and type of complaints most commonly received.

(c) Website

Further information regarding the Annual Report and other publications can be found on the Ombudsman's Website. The address is: <http://www.lgo.org.uk>.

2.3 Complaints against Lancaster City Council

The Ombudsman first issued Annual Letters for individual authorities 2 years ago. The purpose of the Annual Letter is to give the Ombudsman's reflections on the complaints received against this Council and dealt with by the Ombudsman's Office over the last year. It is intended that the letter will provide a useful addition to other information held by the Council and highlight how people experience or perceive the services offered and in particular will: -

- Help the Council learn from the outcome of complaints;
- Underpin effective working relations between the Council and the Ombudsman's Office;

- Identify opportunities for the Ombudsman and his staff to provide assistance that a Council may wish to seek in bringing improvements to its internal complaint handling;
- Provide complaint-based information that the Council might find useful in assessing and reviewing the Council's performance.

This year for the first time Annual Letters have been published on the Ombudsman's website and shared with the Audit Commission.

(a) Complaints received

The Ombudsman advises he has **received** 17 complaints from residents of the City, two fewer than the previous 2 years. These fluctuations over time are as expected. Six were about housing issues. The number of complaints is small in relation to the many decisions taken by the Council behalf of its citizens each year.

(b) Decisions on complaints

During the year there were **decisions** on 14 complaints. Two of these were premature and were referred them back to the Council for investigation. Two complaints were outside the Ombudsman's jurisdiction, in both cases because the complainants had a right to appeal to another body. Two complaints were settled locally by the Council and these cases are detailed later. The remaining eight complaints were not pursued because no evidence of maladministration was seen, or because it was decided for other reasons not to pursue them. That was mainly because the Ombudsman considered the fault alleged had not caused the complainants injustice

(c) Reports and local settlements

When the Ombudsman completes an investigation he issues a report. But there is a significant proportion of investigations that do not need to be completed because a 'local settlement' is reached during the course of the investigation and it is therefore discontinued.

No reports were issued during the last year but two complaints were settled by the Council.

A complaint was made by a Council tenant about a senior housing officer's refusal to meet to discuss his complaint about anti-social behaviour arising outside his home. The tenant also complained that the Council did not adequately investigate an incident concerning a neighbour and that the Council refused to put his complaint through all stages of the Housing Complaints Procedure and so allow his complaint to be heard by a Housing Review Panel.

The Ombudsman saw no fault in the majority of issues complained about. However, he did consider that the Council's refusal of a Housing Review Panel was unreasonable and contrary to its policy. He recommended therefore that the complainant's request for a Panel should be accepted and the Council agreed to this course of action.

Another complaint also concerned the Council's response to neighbour nuisance, on this occasion caused by local youths in the communal areas of the flats where the complainant lived. Complaints had been made over a number of years and it was felt that the Council had been slow to respond. A door entry system had now been

installed which the Council felt had reduced problems. The complainant considered, however, that the nuisance had continued.

The Ombudsman considered that the Council should have been more proactive in investigating the claims of nuisance and in having a plan of action to deal with any ongoing nuisance. He thought it appropriate to recommend to the Council that it should canvass other residents about the ongoing problem and possible solutions; it should contact the County Council who owned the land at the rear of the flats to discuss the possibility of improving fencing round the local school to reduce access to the flats; and to consider additional landscaping to the rear of the flats, to which the Council agreed.

The remaining eight complaints raised no particular issues.

The Ombudsman has stated that he very much welcomes the Council's willingness to put things right when mistakes have been made. He did not consider it necessary to recommend any financial compensation last year.

(d) The Council's complaints procedure and handling of complaints

The Ombudsman's view is that that the Council's complaints process appears clear and is readily available on the website. Complaints can be made online, a facility increasingly valued by citizens. No issues arose in the complaints investigated which relate to the complaints process but it has been suggested that the Council could include a link to the Ombudsman's website in the way it already has for the Standards Board.

Neither of the two premature complaints had been resubmitted by the end of the year which the Ombudsman feels indicates that the Council does act to try and resolve complaints referred to it.

(e) Liaison between the Ombudsman's Office and the Council.

Enquiries were made on eleven complaints last year, and the average time for responding was 35 days, as it was in the previous year which is disappointing. The Council should now take steps to return to the good response times of 2003/2004. Only one response, on a housing benefit complaint, was received in the 28 days requested.

(f) Conclusions and general observations

The Ombudsman has made no further specific comments on the Council's performance regarding complaint handling but has again requested any comments on the form and content of the letter. He has also said that he would be happy to consider requests to visit the Council to present and discuss the letter with Councillors or staff.

The Committee is requested to consider whether any comments should be submitted to the Ombudsman on the form of the Annual Letter, or whether it would be useful to request attendance of a representative of the Ombudsman to discuss complaint handling with Councillors and/or staff.

4. Breakdown of Complaints against Lancaster City Council

A total of **17** complaints against this Council were **received** by the Ombudsman during 2005/2006. These can be broken down as follows: -

- 1 Highways
- 6 Housing (not including Housing Benefit issues)
- 3 Housing Benefit
- 4 Other
- 3 Planning issues

The **decisions** of the Ombudsman can be summarised as follows: -

- 4 No evidence of maladministration
- 4 Ombudsman's discretion
- 2 Local Settlement
- 2 Outside Local Government Ombudsman's jurisdiction.
- 2 Premature complaints

5. Officer Comments

The Council's response time has remained at 35 days for 2004/05 and 2005/06. This was an increase of 7 days on the 28 days in 2003/04 when a vast improvement had been made on the previous two years when the average had been 42 days.

There have however been some changes over the past year which should see an improvement in the figures for the current year when the next Annual Letter is received. Firstly, capacity has been increased in the Service by the addition of a further post in Democratic Support. Secondly, as Members will be aware, as part of the roll out of Customer Services the Information Management function is being transferred to Information and Customer Services. In readiness for this, some responsibilities within Democratic Services have been reallocated so that the Information Management Officer will transfer to Customer Services without affecting the remaining Service. To this end she has taken on responsibility for complaint and enquiry handling alongside her Data Protection and Freedom of Information role. With a similar co-ordinating role being required within set timescales, albeit not in the case of the Ombudsman a legislative requirement, she has been able to focus more on the need to chase Service based officers responsible for providing the content of the Council's response and the figures to date this year are showing an improvement. This does seem to prove that the current approach, having a corporate officer based centrally, liaising with the Ombudsman and responsible for co-ordinating replies and ensuring that Service based officers keep to the deadlines, is essential to meet the ombudsman target of replying within 28 calendar days.

The Ombudsman mentions specifically his regret that the Council's link officer was unable to attend the annual link officers' seminar held in November 2005. This was as a result of the officer responsible being off sick at the time.

The Ombudsman has also offered to visit the Council and give a presentation about how complaints are investigated and it is suggested that such a presentation for Service Heads in particular could be beneficial in ensuring an understanding of the process and the benefits which can be obtained from using complaints as a performance management tool.

The Committee is requested to consider whether it would be useful to invite the Ombudsman to give a presentation to the Council on how complaints are investigated.

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability etc)

No direct impact

FINANCIAL IMPLICATIONS

There are no direct financial implications as a result of this report.

SECTION 151 OFFICER'S COMMENTS

The S151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

There are no direct legal implications as a result of this report.

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Local Government Ombudsmen's Annual Letter and Report 2005/2006.

Contact Officer: Caroline Thompson
Telephone: 01524 582192
E-mail: csthompson@lancaster.gov.uk

AUDIT COMMITTEE**24th January 2007****Appointment of External Auditors****Report of Corporate Director (Finance & Performance)****PURPOSE OF REPORT**

To inform the Committee of the Audit Commission's proposal to change the Council's external auditor.

This report is public

RECOMMENDATION

- (1) That the Committee note the proposed change to the Council's external auditor**
- (2) That the Committee note that following discussions with the Chair of the Committee, the Cabinet member with responsibility for Finance, and the Council's Section 151 officer, no objection to the proposal was made under the agreed consultation process.**

1.0 Introduction

- 1.1 The Council has recently been informed by the Audit Commission that it proposes to change the Council's external auditing arrangements. The Audit Commission has a statutory duty to appoint external auditors to local government under section 3 of the Audit Commission Act 1998. It may, after consultation, appoint either an officer from the Commission (District Audit) or a private firm. The Council is currently audited by the District Audit service but it is proposed that this arrangement will come to an end with the completion of the 2006/7 audit of accounts.
- 1.2 The independent appointment of external auditors is one of the fundamental principles of audit in the public sector and is a key feature of the governance and accountability arrangements for public services. The occasional rotation of auditors is seen as fundamental in retaining and demonstrating the independence and objectivity of the relationship.
- 1.3 The current arrangements of using District Audit have now been in place since the City Council was formed in 1974. Normally, auditors would be rotated after ten years. Consequently, it is now proposed to change the existing arrangements and appoint KPMG, a private firm, as the Commission's auditors for Lancaster City Council. The appointment would be for a period of 5 years initially commencing with the audit of the 2007/8 accounts.

- 1.4 The Commission believe that this appointment would provide an opportunity for a different approach and a fresh perspective. The commission are also proposing to appoint KPMG to Blackpool, Fylde, and Wyre councils. KPMG are already the appointed auditors for the Blackpool and North Lancashire PCTs.
- 1.5 As part of the proposed change, the Audit Commission must formally consult with the council prior to agreeing any changes. This consultation process ended in December. As a consequence of the timetable for the consultation exercise, the Chairman of the Committee, Cabinet member with responsibility for Finance, and the Section 151 officer, were all consulted. All agreed that whilst the current arrangements were working well and a good relationship had been established between the council and its auditors, there were no substantial grounds to formally object although the transition would need to be carefully managed and should add value to the current arrangements. The Audit Commission are also obligated to assist in the successful transition where the change of auditors is proposed and already have guidance arrangements in place for the formal handover of audits.
- 1.6 The outcome of the consultation will not be known until 22nd March 2007 with formal confirmation being given on 30th March.
- 1.7 The Committee is asked to note the proposed changeover.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None arising from this report</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>Not known at this stage but it unlikely that the change in auditors will result in any significant change to the current level of audit fees.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no comments to add</p>	
<p>LEGAL IMPLICATIONS</p> <p>Legal Services have been consulted and have no comments to add.</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no comments to add</p>	
<p>BACKGROUND PAPERS</p> <p>None</p>	<p>Contact Officer: R Muckle Telephone: 01524 582022 E-mail: rmuckle@lancaster.gov.uk Ref: rcm/jeb</p>

AUDIT COMMITTEE**Audit Commission Proposed Work
Programme and Fees 2007/08****24 January 2007****Report of Corporate Director (Finance & Performance)****PURPOSE OF REPORT**

To advise Members of the Audit Commission's recently issued proposals for their 2007/08 work programme and scale of fees and ask Members if they wish to comment on those proposals to the Commission.

This report is public

RECOMMENDATIONS

- (1) That the Audit Commission's proposals are noted.
- (2) That Members consider whether they wish to comment to the Audit Commission on its proposed work programme and scale of fees for 2007/08.

1.0 Introduction

- 1.1 The Audit Commission has recently issued a document setting out its proposed work programme and scale of fees for local government, housing, criminal justice and fire and rescue services.

2.0 Proposal Details

- 2.1 The Audit Commission's document, on which it has invited comments by Friday, 16th February 2007, is attached as Appendix A. The main points relating to the audit of the Council are:

Work Programme

- a) The scale of fees proposed covers all work required of auditors to meet their statutory responsibilities (i.e. meeting the Code of Audit Practice); and

- b) Additional elements of work specified by the Commission. For 2007/08 the Commission is planning to specify the following:
- Auditor input to Comprehensive Performance Assessment (CPA) via the Use of Resources (UoR) judgement.
 - Data quality auditing of specified performance indicators
 - Whole of Government Accounts (WGA) auditing
 - National Fraud Initiative (NFI) – data matching exercise to detect possible fraud within public bodies
- c) Grant claims and returns certification (an additional charge at published hourly rates)
- d) In Spring 2007, the Commission will consult on proposed changes to the CPA framework for district councils and the 2007 framework for single tier councils.
- e) Service inspections will continue to be undertaken on a risk basis where an inspection is considered the most appropriate way to drive improvement. The inspection programme will be confirmed as part of the annual audit and inspection planning process and will be tailored to reflect differing local priorities.
- f) The Commission's planned housing inspection programme will be published on completion of the annual audit and inspection planning process.
- g) A number of other risk-based programmes will be delivered, including corporate assessment activity in district councils.
- Items e) to g) are covered by proposed days and fees for "Inspection Activity".

Fee Scales

- 2.2 The fee scales proposed by the Commission for 2007/08 represent an average increase of 2.75 percent. As the fee scales are indicative, represent a "standard" level of service and will be subject to discussion, it is impossible at this stage to predict the fees that the Commission will ultimately charge. The following table, however, gives an indication of the position for those fees relevant to the Council:

Fee Element	Proposed Scale Fee 2007/08	2006/07 Scale Fee	Comments
Audit Fee (scale mid point)	£67,500 + 0.051% of gross expenditure (+/- 30% depending on risk factors)		No change in fee scale. The charge for 2006/07 is actually set at £107,665 (approx 3% below the scale mid point)
Grant Claim Certification	Hourly Rates		See page 11 of the appendix for hourly rates.
Inspection Activity			In 2006/07, agreed fee includes £2,858 for inspection activity (no charges re Corporate Assessment or Service Inspection)
• Relationship Manager	£2,950	£2,870	
• Direction of Travel	£2,950	£2,870	
• Corporate Assessment	£13,720	£13,360	
• Service Inspection	£6,330	£6,160	

2.3 In addition to this normal activity, the Council has been approved to undergo a CPA reclassification assessment. At this stage the timing for the assessment and the likely cost to the Council are not known.

3.0 Details of Consultation

3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

4.1 The options available to Members are to either comment or decline to comment to the Audit Commission on these proposals.

5.0 Officer Preferred Option

5.1 In overall terms, the proposed average increase in fees of 2.75% is reasonable and within existing budget assumptions. The actual budgetary implications cannot be forecast at this stage until more detailed proposals regarding the audit are submitted and discussions held with the relationship manager. In the light of this, the officer preferred option is not to comment at this stage.

6.0 Conclusion

6.1 The Audit Commission's work programme and fee scale proposals for 2007/08 include some minor changes to the way in which work is categorised as regards fees, but in general the scope of their work is largely unaltered. More detailed proposals regarding audit work for the Council will be the subject of discussion and agreement once the auditor's plans are submitted.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>Not applicable</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising directly from this report. Indications are that the Audit Commission's fee levels fall within existing budget assumptions.</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments</p>	
<p>LEGAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments.</p>	
<p>BACKGROUND PAPERS</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582045 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm/audit/070124</p>

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Local government, housing, criminal justice and fire and rescue services

Proposed work programme and scales of fees 2007/08

The Audit Commission is an independent body responsible for ensuring that public money is spent economically, efficiently and effectively, to achieve high-quality local services for the public. Our remit covers around 11,000 bodies in England, which between them spend more than £180 billion of public money each year. Our work covers local government, health, housing, community safety and fire and rescue services.

As an independent watchdog, we provide important information on the quality of public services. As a driving force for improvement in those services, we provide practical recommendations and spread best practice. As an independent auditor, we ensure that public services are good value for money and that public money is properly spent.

For further information about the Audit Commission, visit our website at www.audit-commission.gov.uk

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First published in January 2007 by the Audit Commission for local authorities and the National Health Service in England, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Preface

- 1 This document sets out the work that the Audit Commission plans to undertake in the local government, housing, criminal justice and fire and rescue sectors during 2007/08, together with the scales of audit and inspection fees that will apply to that work.
- 2 We should be grateful for comments from stakeholders on any aspect of the plan and the proposed scales of fees. Comments should be sent to **lg-0708-programme-consultation@audit-commission.gov.uk** or by post to Gareth Davies, Acting Managing Director Local Government, Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ by **Friday 16 February 2007**.

Background

- 3 Audit and inspection fees constitute some 85 per cent of the Commission's income and cover the costs of:
 - procuring and delivering audits;
 - delivering inspections and related functions (including relationship managers' roles in assessment);
 - the Commission's programme of national studies;
 - the Commission's other statutory functions relating to audit (for example, the appointment of auditors); and
 - other corporate management costs.
- 4 Under Section 7 of the Audit Commission Act 1998 and Sections 8 and 12 of the Local Government Act 1999 the Commission has a statutory duty to prescribe scales of fees in respect of the audit of accounts, which are required to be audited in accordance with the Audit Commission Act 1998, and of inspections. Before prescribing any scales of fees it consults audited and inspected bodies in local government and the NHS and their representative associations, and the accountancy profession.
- 5 Once the Commission has prescribed a scale of fees the applicable fee becomes payable by the body. The Commission sets scales of audit fees on a fee for audit approach, in other words, one that is outcome-focused rather than based on input costs. The scales allow auditors to discuss the programme of audit work with each audited body and to agree a proposed fee on the basis of delivering an agreed range of audit outputs to an agreed timetable. This gives auditors the flexibility to achieve efficiencies through innovation and it is for individual auditors to determine the appropriate skills mix for particular pieces of work.
- 6 In law, fees are payable to the Commission itself. In practice, however, where firms are the appointed auditors, they collect audit fees on our behalf. They keep an agreed sum for carrying out the audit and remit the balance to the Commission.

- 7 The scale of audit fees for individual bodies comprises:
 - a fixed element, which is specified for different types of audited bodies, for example county councils or police authorities;
 - an element related to gross expenditure; and
 - regional premia for audits in London and the South East.
- 8 The Commission has the power to determine the fee above or below the scale fee where it considers that substantially more or less work is required than envisaged by the scale fee. The Commission may therefore adjust the scale fee to reflect the actual work that needs to be carried out to meet the auditor's statutory responsibilities, on the basis of the auditor's assessment of risk and the scale and complexity of the audit at a particular body. The Commission normally expects to vary the scale fee by no more than 30 per cent (upwards or downwards). This fee then becomes payable.
- 9 It is a matter for the auditor to determine the work necessary to complete the audit and, subject to approval by the Commission, to seek to agree an appropriate variation to the scale fee with the audited body. The Commission will normally expect to approve a proposed variation to the scale fee where that is agreed by the auditor and the audited body, and to determine the fee accordingly.
- 10 Fees relating to consideration of objections (from the point at which they have been accepted as valid by the auditor) or special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998, will be charged in addition to any variation to the scale fee for risk and complexity.
- 11 In addition, the Commission may specify fees for specific pieces of work that are carried out only at selected bodies.
- 12 We also set a schedule of hourly rates for different levels of staff, which are used for work relating to the certification of grant claims and returns. In practice auditors may agree a composite sum for this work as part of the audit planning process.
- 13 The Commission will publish the agreed fees for individual bodies, to enable them to compare their audit fee with that of similar bodies.

Work programme

- 14 The scales of audit fees proposed in this consultation document cover all work that auditors need to carry out to meet their statutory responsibilities under the Audit Commission Act 1998 and the Local Government Act 1999, in accordance with the statutory Code of Audit Practice 2005 (the Code). Copies of the Code and the associated *Statement of Responsibilities of Auditors and of Audited Bodies* may be found on the Commission's website at www.audit-commission.gov.uk.
- 15 The programme of audit work at individual bodies will be tailored to reflect local circumstances and, in particular, the auditor's professional assessment of the financial and operational risks facing the body and the arrangements it has put in place to manage those risks. It will also be affected by the strength of the control environment, including the extent of internal audit work and the reliance that may be placed upon it, and the quality of the accounts presented for audit and the supporting working papers. However, the core of the work undertaken will be common.
- 16 Under the Code the Audit Commission may specify additional elements of work to be carried out by auditors, which supplement the local risk-based approach to planning the audit.
- 17 In 2007/08 we plan to specify work in the following areas:
 - Auditor input to Comprehensive Performance Assessment (CPA) – in 2006/07 auditors of all local authorities delivered a new use of resources judgement. The Commission will specify audit work leading to the delivery of the use of resources judgement in 2007/08. This work will also support the annual conclusion the auditor is required to reach under the Code on arrangements to secure value for money.
 - Data quality – during 2007/08 local authority auditors will be required to undertake audit work in relation to specified performance indicators to support the service assessment element of CPA.
 - Whole of Government Accounts (WGA) – the Commission will specify a proportionate approach to the audit of the consolidation packs for WGA.

- Use of resources, fire and police – the Commission will again specify work in relation to use of resources at police and fire and rescue authorities, following an evaluation of the first year's assessments and discussions with the Home Office and Communities and Local Government (CLG).
 - National Fraud Initiative (NFI) – the Commission's computerised data-matching exercise designed to detect fraud perpetrated upon public bodies.
- 18 The cost of the above work programmes is reflected in the proposed fee scales set out in this document.
- 19 We will also be specifying work in relation to:
- Audit of pension funds – at those bodies responsible for administering the Local Government Pension Scheme, the Commission will require auditors to carry out a comprehensive audit of the pension fund's accounts, in accordance with the Auditing Practices Board's Practice Note 15. We will be consulting administering authorities separately on these fees.
 - Police data quality – the Commission will specify audit work in relation to the quality of crime data recorded by police authorities, focusing on management arrangements. A specific fee will be charged for this work, and we will be consulting police authorities separately on this fee.
- 20 In addition to their work under the Code, appointed auditors are also required to certify grant claims and returns, as agents of the Commission. In 2007/08 the *de minimis* threshold, below which we will not ask auditors to certify individual claims and returns, will be £100,000, and the intermediate threshold, below which auditors will be required to undertake only a light touch review, will be £500,000. Above this threshold, audit work will be risk-based, taking account of the authority's overall control environment.
- 21 In spring 2007, we will consult on the CPA framework for 2007 for single tier and county councils and on any proposed changes to the CPA framework for district councils.
- 22 In addition to the CPA programmes, service inspections will continue to be undertaken on a risk basis where an inspection is considered the most appropriate way to drive improvement. The inspection programme for individual bodies will be confirmed as part of the annual audit and inspection planning process and will be tailored to reflect differing

local priorities. The actual timing, depth and scope of local inspection work will be planned in the light of the corporate assessment timetable, the assessment of risk in current performance levels and the work of other inspectorates, auditors and regulators.

- 23 Our planned housing inspection programme will be published on completion of the annual audit and inspection planning process. This will be available from the Commission website at **www.audit-commission.gov.uk**.
- 24 In addition, a number of other risk-based programmes will be delivered, including:
- corporate assessment activity in district councils (please refer to *CPA: District Council Framework from 2006* on the Commission website for further information at **www.audit-commission.gov.uk/cpa/districts**); and
 - corporate assessment activity in fire and rescue authorities.
- 25 We are consulting on the 2007/08 CPA framework for fire and rescue authorities until 8 February 2007. The consultation document is available from our website at **www.audit-commission.gov.uk**.
- 26 A summary of the content of local audit and inspection work planned for 2007/08 for each type of audited and inspected body in local government is contained in **Table 1**.
- 27 Details of our studies programme may be found on the Commission's website at **www.audit-commission.gov.uk/nationalstudies**.

Proposed scales of fees for 2007/08

Background

- 28 In setting fee scales, the Commission needs to strike a balance between the cost pressures facing the Commission and its audit suppliers (including the costs of any additional work required to comply with new professional standards and regulatory requirements) and what it is reasonable to expect audited and inspected bodies to pay (having regard to what they can afford). We also have to project likely future cost increases up to two years ahead, as the scales of fees for 2007/08 audits that we propose in January 2007 must cover the cost of work carried out by auditors up to the completion of the audits in autumn 2008. Over the years we have succeeded in keeping fee increases well below the real increase in the cost of delivering audits, through internal efficiencies.
- 29 The employment of professional staff accounts for the major part of the Commission's costs. Increases in professional salaries thus have a significant impact on the costs of delivering audits, which have to be recovered through fees. Average earnings in the economy as a whole have increased by 4.6 per cent over the past year with earnings in the public sector rising less rapidly by 3.8 per cent. In the highly specialised market for staff with public sector audit and accounting skills costs have risen at a slightly slower rate. A 2006 survey of public sector audit practice costs by specialist recruiters Hays indicated that over the last year salaries for trainees have increased by 1.5 per cent, for newly qualified staff by 3.5 per cent and for managers by 1.2 per cent. Over the years we have been able successfully to use our market position as the largest purchaser of audits in the UK to procure audits from the firms at very competitive rates. Following a major procurement exercise earlier this year we have been able to drive down these costs even further to generate real savings to the Commission over the next five years.
- 30 The Commission recognises the financial pressures on the local government, housing, criminal justice and fire and rescue services sectors, and the importance of directing expenditure towards front-line services and limiting the sums spent on corporate services, including audit and inspection.
- 31 Allowing for projected increases in local government expenditure, the fee scales we are proposing for 2007/08 provide, therefore, for an average 2.75 per cent increase in audit and inspection fees. This reflects the net effect of increased costs, after taking into account internal efficiencies, including those achieved through the recent procurement exercise.

Scale of audit fees for local government, housing and criminal justice bodies

32 The scale of audit fees for individual bodies comprises:

- a fixed element, which is specified for different types of audited bodies, for example county councils or police authorities;
- an element related to gross expenditure; and
- regional premia for audits in London and the South East.

33 The proposed scales of audit fees for 2007/08 are as follows.

	Scale fee	
	Fixed element	Plus a percentage of 2007/08 gross expenditure
London borough councils	£157,000	+0.029% of gross expenditure
Metropolitan borough councils	£178,000	+0.020% of gross expenditure
Unitary councils	£115,000	+0.032% of gross expenditure
County councils	£143,000	+0.010% of gross expenditure
District councils	£67,500	+0.051% of gross expenditure
Local (town and parish) councils that are best value authorities	£7,500	+0.068% of gross expenditure
Local (town and parish) councils and other bodies that would otherwise be covered by the limited assurance audit regime but with income or expenditure in excess of £1 million and that are not best value authorities	£4,500	+0.068% of gross expenditure
National park authorities	£11,000	+0.027% of gross expenditure

Continued overleaf

	Scale fee	
	Fixed element	Plus a percentage of 2007/08 gross expenditure
Passenger transport authorities/executives	£22,500	+0.021% of gross expenditure
Waste disposal authorities	£13,500	+0.038% of gross expenditure
Police authorities	£54,000	+0.010% of gross expenditure
Probation boards	£21,500	+0.040% of gross expenditure
Fire and rescue authorities	£44,000	+0.018% of gross expenditure

- 34 A premium of 3 per cent will be added to the above scale fees for audited bodies located in south-east England. A premium of 6 per cent will be added for bodies located in London (except London borough councils).
- 35 The south-east England premium applies to all audited bodies situated in the counties of Berkshire, Cambridgeshire, Kent, Surrey, East and West Sussex, Hampshire, the Isle of Wight, Oxfordshire, Buckinghamshire, Bedfordshire, Hertfordshire and Essex.
- 36 The Commission will consult a number of individual bodies about proposed scale fees where they do not fall within any of the types of audited bodies in the table at paragraph 33.
- 37 The actual fee may vary from the scale fee where the work programme to complete the statutory audit is substantially more or less than that envisaged by the scale fee. This will be determined in light of the local circumstances of the audited body, but the Commission normally expects this to vary the scale fee by no more than 30 per cent (upwards or downwards), on the basis of the auditor's assessment of risk and the scale and complexity of the audit at a particular body.
- 38 Fees relating to consideration of objections (from the point at which they have been accepted as valid by the auditor) or special investigations, such as those arising from disclosures under the Public Interest Disclosure Act 1998, will be charged in addition to any variation to the scale fee for risk and complexity.

Hourly rates for the certification of claims and returns

	Maximum £ per hour		
	Standard	South-east England	London
Partner/district auditor	£300	£325	£355
Senior manager/manager	£165	£180	£195
Senior auditor	£105	£115	£125
Other staff	£80	£90	£95

Scale of inspection fees for local government bodies

- 39 The tables overleaf set out the standard number of days and proposed fee scale for inspection activity by type of authority for 2007/08. The Commission may charge a higher or lower fee if the work required is substantially more or less than that envisaged by the scale fee. The actual number of days planned for each piece of work will be determined by the relationship manager and is dependent on risk and the scope of the inspection.
- 40 As in previous years, the cost of inspection activity will be met by a fee element payable by the authority (shown in the tables overleaf), and an element which is funded by CLG grant. The proportion funded by CLG grant is 25 per cent for single tier authorities and the Greater London Authority (GLA) and its functional bodies; 50 per cent for county councils; 80 per cent for district councils; and 100 per cent for fire and rescue authorities.
- 41 For comparative purposes, the fee scales for 2006/07 are included alongside the proposed fee scales for 2007/08.
- 42 After applying the CLG grant, the fee payable by authorities is subject to a 10 per cent premium for authorities located in the South East and a 20 per cent premium for authorities located in London (with the exception of the GLA and its functional bodies where the fee payable includes the relevant premium).
- 43 For corporate governance inspections the corporate assessment days and fee will be the starting point and adjusted as necessary for the scope of the inspection.

Single tier councils^I

Inspection activity	Standard number of days	Proposed standard fee to authority in 2007/08 after applying CLG grant	Standard fee to authority in 2006/07 after applying CLG grant
Relationship manager's role in assessment	10 days	£11,060	£10,760
Direction of travel assessment	10 days	£11,060	£10,760
Recovery support for under-performing authorities	20 days	£22,120	£21,520
Corporate assessment	155 days	£103,750	£100,970
Service inspection ^{II}	40 days	£23,720	£23,090

County councils

Inspection activity	Standard number of days	Proposed standard fee to authority in 2007/08 after applying CLG grant	Standard fee to authority in 2006/07 after applying CLG grant
Relationship manager's role in assessment	10 days	£7,370	£7,180
Direction of travel assessment	10 days	£7,370	£7,180
Recovery support for under-performing authorities	20 days	£14,740	£14,360
Corporate assessment	155 days	£69,160	£67,310
Service inspection	40 days	£15,820	£15,390

- ^I For the purposes of inspection charges, the Common Council of the City of London is charged on the same basis as a single tier council.
- ^{II} Inspections of authorities with arm's length management organisations (ALMOs) are not subject to CLG grant. The full charge for these inspections is invoiced to the local authority.

District councils^I

Inspection activity	Standard number of days	Proposed standard fee to authority in 2007/08 after applying CLG grant	Standard fee to authority in 2006/07 after applying CLG grant
Relationship manager's role in assessment	10 days	£2,950	£2,870
Direction of travel assessment	10 days	£2,950	£2,870
Recovery support for under-performing authorities	20 days	£5,900	£5,740
Corporate assessment	77 days	£13,720	£13,360
Service inspection ^{II}	40 days	£6,330	£6,160

GLA and its functional bodies

Inspection activity	Standard number of days	Proposed standard fee to authority in 2007/08 after applying CLG grant	Standard fee to authority in 2006/07 after applying CLG grant
Relationship manager's role in assessment	10 days	£13,220	£12,860
Direction of travel assessment	10 days	£13,220	£12,860

Value Added Tax (VAT)

- 44 All the proposed 2007/08 fee scales exclude VAT which will be charged at the standard rate (currently 17.5 per cent) on all work done.

-
- ^I For the purposes of inspection charges, the Council of the Isles of Scilly is charged on the same basis as a district council.
- ^{II} Inspections of authorities with ALMOs are not subject to CLG grant. The full charge for these inspections is invoiced to the local authority.

Table 1
Summary of content of audit and inspection plans 2007/08

Core audit and inspection work	Single tier authorities and county councils*	District councils	National park authorities	Passenger transport authorities/executives	Waste disposal authorities	Best value local councils	Other larger local councils	Police authorities	Probation boards	Fire and rescue authorities	Authorities with ALMOs
Audit and inspection: Planning, liaison and reporting	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Audit and inspection: Liaison with other inspectorates	✓	✓						✓	✓	✓	
Audit: Accounts and systems	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Audit: Use of resources	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Audit: Best value performance plan	✓	✓	✓	✓	✓	✓		✓		✓	
Audit: Data quality	✓	✓	✓	✓	✓			✓		✓	
Inspection: CPA improvement reporting	✓	✓								✓	

* Includes the Common Council of the City of London and the Council of the Isles of Scilly.

Variable work	Single tier authorities and county councils	District councils	National park authorities	Passenger transport authorities/executives	Waste disposal authorities	Best value local councils	Other larger local councils	Police authorities	Probation boards	Fire and rescue authorities	Authorities with ALMOs
Audit: Risk-based performance audit work	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Inspection: Corporate assessments at relevant councils – dependent on programme	✓	✓								✓	
Inspection: Service-based inspections – dependent on programme	✓	✓									✓
Other: Certification of grant claims and returns	✓	✓	✓	✓				✓			

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AUDIT COMMITTEE**Audit Committee Terms of Reference
24 January 2007****Report of Internal Audit Manager****PURPOSE OF REPORT**

To seek Members support for a number of proposed changes to the Audit Committee's Terms of Reference and recommend the changes to Council.

This report is public

RECOMMENDATIONS

- (1) **That the proposed alterations to the Audit Committee's Terms of Reference are endorsed and a recommendation made to full Council that they be adopted into the Constitution.**

1.0 Introduction

- 1.1 Following CIPFA's publication of "*Audit Committees – Practical Guidance for Local Authorities*", a self-assessment of the Council's Audit Committee against the guide was undertaken and the results reported to its meeting on 25 January 2006. This report identified the potential for some minor amendments to the Committee's Terms of Reference which in themselves were not felt sufficient to warrant a revision of the Constitution.
- 1.2 As part of its review of Internal Audit during 2006, the Audit Commission recommended, and it was agreed, that the Audit Committee's Terms of Reference should be updated to reflect its role in providing assurance for the annual statement on internal control and corporate governance.
- 1.3 During the Audit Commission's 2005/06 and 2006/07 Use of Resources assessments, the importance and contribution of an effective Audit Committee to the organisation's system of internal control have been emphasised. Initial feedback on the 2006/07 assessment has commented that, whilst the Committee's Terms of Reference encompass the core functions as set out in the CIPFA guidance, they do require amendment to reflect changes in responsibility.

2.0 Proposal Details

- 2.1 These changes in responsibility referred to by the Audit Commission essentially relate to the Committee's role in reviewing corporate governance arrangements and most specifically, risk management. This role has developed in practice over the past two years with the Committee receiving reports on risk management at each meeting and considering and approving the annual Statement on Internal Control and Corporate Governance.
- 2.2 To attain the highest standards (level 4) under the Audit Commission's current criteria for Use of Resources (Internal Control), there is an expectation that the council should have established *"An audit committee ... that is independent of the executive function, with terms of reference that are consistent with CIPFA guidance. It provides effective challenge across the council and independent assurance on the risk management framework and associated internal control environment to members and the public, and can demonstrate the impact of its work"*. As regards the matter of "independence" CIPFA guidance is that the Chair should, expressly, not be a member of the executive. It also advises that *"to be effective, it should be independent of both the executive and of scrutiny..."* and *"...cross membership should not therefore be the norm and if it is seen as necessary, should be restricted to one member from each of executive and scrutiny"*.
- 2.3 By adopting the changes to the Terms of Reference already referred to, the Audit Committee will substantively meet the standard. Additional changes are proposed to satisfy the points made in the UoR criterion concerning membership and that the Committee should demonstrate the impact of its work. To meet this latter requirement, it is proposed that the Committee should prepare an annual report to Council setting out its work and performance during the year. This aligns neatly with the requirement for the Executive and Overview & Scrutiny function to report annually on their performance.
- 2.4 The following table sets out the proposed changes to the Committee's Terms of Reference to address the points identified in last year's self-assessment and the comments made by the Audit Commission.

Existing paragraph	New paragraph
Composition	Add that the Chairman must not be a member of Cabinet and that membership should include no more than one member each from Cabinet and Scrutiny.
n/a	To review any issue referred to it by the Chief Executive or a Director or any Council body
n/a	To approve a Statement of Purpose for the Audit Committee
n/a	To be consulted as part of the process in agreeing the appointment by the Audit Commission of the Council's external auditor

Existing paragraph	New paragraph
12. To monitor the effectiveness of the Code of Corporate Governance	To monitor the effective development and operation of risk management and corporate governance in the Council; and To oversee the production of the authority's Statement on Internal Control and Corporate Governance and to recommend its adoption.
13 To refer to Council any matter it shall see fit.	To prepare an annual report to Full Council setting out the Committee's work and performance during the year; and To refer to Council any matter it shall see fit

3.0 Details of Consultation

3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

4.1 The options are to adopt all, any or none of the proposed changes to the Audit Committee's Terms of Reference. In essence, the proposals reflect the current role and operation of the Committee and represent a "catch-up" position in relation to the ToR. The only proposal creating an additional duty is that relating to the presentation of an annual report to Council.

4.2 The main risk/opportunity lies in the potential for these measures to improve and demonstrate the effectiveness of the Audit Committee and also to contribute to an improved Use of Resources assessment.

5.0 Officer Preferred Option

5.1 For the reasons mentioned in § 4.2, the officer preferred option is that all the proposed changes to the Committee's Terms of Reference are endorsed and recommended to Council for approval.

6.0 Conclusion

6.1 This report brings up to date a number of points arising over the past year in relation to the Audit Committee's Terms of Reference. Adoption of the proposed changes will position the Committee in line with current best practice guidance.

**CONCLUSION OF IMPACT ASSESSMENT
(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)**

Not applicable

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The s151 Officer has been consulted and has no further comments.

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Plan 2006/07

Contact Officer: Derek Whiteway

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E-mail: dwhiteway@lancaster.gov.uk

Ref: aud/comm/audit/070124

AUDIT COMMITTEE**Risk Management Progress and Proposed Work Plan
24 January 2007****Report of Head of Financial Services****PURPOSE OF REPORT**

To inform Audit Committee of the progress made to date with the risk management programme and to seek Members' endorsement of the amended work plan for the forthcoming year.

This report is public.

RECOMMENDATIONS

- 1 That the progress made to date with the risk management programme be noted.**
- 2 That the amended work plan be supported.**

1.0 INTRODUCTION

- 1.1 Through the adoption of a Code of Corporate Governance, the Council has committed to ensuring that risk management plays an integral part in the sound governance of the Council.

The intention of a risk management policy is to promote the achievement of the Council's aims through the implementation of its risk management strategy. Audit Committee approved a revised risk management policy and strategy on 27 July 2005. This report informs the Committee of the progress made since the last meeting on 20 September 2006, and outlines the key specific tasks for the next financial year.

2.0 PROGRESS

OPERATIONAL RISK REGISTERS

- 2.1 Significant progress has been made with the production of operational risk registers for each service. Planning/ AONB, City Council (Direct) Services and Financial Services are largely complete. The risks have been identified through a combination of workshops, from reference to previous internal audit reports and through consideration of the Service's Business Plan. Where appropriate, the necessary links have also been made to performance management, although further work is still required to fully integrate this with the Escendency performance management system.

STRATEGIC RISK REGISTER

- 2.2 The Risk and Insurance Manager has now completed the first draft of the Strategic Risk Register. It has been streamlined to reflect the objectives/priorities in the current Corporate Plan but also incorporates the revised list of Cabinet priorities approved by Council on 06 December 2006. A report of risks identified with corporate objectives and priorities is attached as Appendix A, but clearly this will need to be updated as the draft Corporate Plan is updated. *(Note: It should be recognised that the wording and scoring of these risks have at this stage been updated by the Risk & Insurance Manager and that further input from those responsible for the objective/priority will be required to improve the quality of the information. Similarly, ongoing risk treatment actions identified in developing the risk register for the 2006/07 corporate plan need updating to reflect progress over the last year.)*

The purpose of the register is to allow members to consider risk when setting their priorities and budgets for future years. The consideration of risk in this way, in the corporate planning process, is an essential element of the Corporate Improvement Plan and future Use of Resources assessments.

The draft strategic risk register currently has the following as high risks issues in relation to existing/developing priorities:

- The Council could take on liability for contaminated sites when acquiring land. (page 12 of the appendix)
- Potential regeneration opportunity arising from M6 link road being built could be lost. (page 13)
- Failure to ensure that the Canal Corridor scheme meets local planning objectives. (page 16)
- Failure of Cabinet to prioritise corporate objectives effectively to meet the needs of the district. (page 21)
- Failure to progress residents' parking schemes. (page 28)

PROJECT MANAGEMENT

2.3 The Lancaster Approach to Managing Projects (LAMP) has now been developed. Reports on progress towards the development and implementation of a corporate project management methodology were presented to the Performance Management Group on 03 March 2006, 28 April 2006 and 31 July 2006.

The LAMP training and handbook establishes that an effective organisational structure for a project is vital to its success. The method clearly sets out ways of structuring the management of various types of project to ensure its successful delivery.

By adopting this approach to project management there should be improved efficiency in the way projects are managed and a means by which the success of a project can be effectively monitored and measured. In this way the Council should be in a position to determine the following:

- How does the project contribute to corporate objectives and what will be the impact of successful delivery?
- How many projects are currently being undertaken and what, if any, impact do they have on other projects?
- What is the current status of individual projects?
- Have all known risks been evaluated and mitigated and is value for money being achieved?
- How many Council projects are successfully delivered on time, within budget and to the required quality?
- What lessons have been learned and do they need to be shared with others when commencing new projects?

PARTNERSHIP WORKING

2.4 Partnerships are increasingly becoming the preferred option for many public sector organisations, as the complexity of service delivery and pressure on funding sources increases. Partnership working is a potentially powerful tool for tackling policy and operational problems but poses equal challenges and complexities that need proactive management. Nowadays there is an increasing amount of guidance from the Audit Commission, National Audit Office, the Office of the Deputy Prime Minister and others on how to respond to such challenges. In accordance with this guidance, risk management principles need to be applied throughout the partnership process; that process being scoping for a new partnership, setting the partnership up and then running the partnership successfully.

The Risk and Insurance Manager has been working closely with the Principal Auditor to co-ordinate the management of risks within the Council's many varied partnerships. A standard risk template has been developed and registers for both the Community Safety Partnership and Sustainability Partnership have been drafted. The risks associated with the Local Strategic Partnership (LSP) are to be identified in early 2007, before the programme can be rolled out to all the other Council partnerships.

3 FUTURE WORK PLAN

- 3.1 Good progress has been made with the work plans approved by Audit Committee at previous meetings. This has meant there has been significant headway made with the Council's risk management arrangements and internal control environment.

The work plan for the forthcoming year is thus as follows. Members are asked to support the programme and/or indicate any other aspects that may wish to be considered.

Task	PROVISIONAL Target Date
Continue to assess the risks associated with the Strategic Risk Register.	1 February 2007
Review existing Risk Management Policy and Strategy	31 March 2007
Develop and deliver further appropriate training.	31 March 2007
Complete operational risk registers and management arrangements for each service.	31 July 2007
Establish proposals for managing partnership risks.	30 September 2007

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

FINANCIAL IMPLICATIONS

No other financial implications arising directly other than as outlined in the report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments.

BACKGROUND PAPERS

Risk Management Policy and Strategy
Audit Committee Terms of Reference (The Constitution)

Contact Officer: Lynne Armistead
Telephone: 01524 582141

E-mail: larmistead@lancaster.gov.uk

Ref:

Risk Register Reports

Key to Report Symbols













1. Risk Levels

Likelihood	High	4	7	9
	Med	2	5	8
	Low	1	3	6
		Low	Med	High
		Impact		






Risk level not yet assessed:

0

2. Risk Movements (changes in assessment)

First assessment			
	Low	Med	High
No change			
	Low	Med	High
Increasing			
	L to M	M to H	L to H
Reducing			
	M to L	H to M	H to L

3. Risk Status (performance against target)

On target	
Ahead of target	
Behind target	
Failing	
Not yet assessed	









4. Action Plan Status

Work In Progress	
Work Not Yet Started	

Objective: To keep the annual council tax increase to a minimum whilst offering high quality services. (cp/0607/01)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0125	5	3		MTFS financial projections must be robust enough to support sound strategic planning.	01-Oct-06	
	M/M	L/M				
R/0126	5	1		Financial management arrangements may not be strong enough to support cost effective service delivery.	01-Oct-06	
	M/M	L/L				
R/1153	6	6		Capital Programme becomes unaffordable and threatens commitment to keep Council Tax increase to 4.9%		
	L/H	L/H				
R/1154	3	3		Failure to achieve "Gershon" efficiency savings.		
	L/M	L/M				
R/1155	3	3		The cost of repairing and maintaining municipal buildings threatens the financial stability of the Council.		
	L/M	L/M				






Objective: To develop more effective community engagement to ensure the views of our citizens are taken into account during our decision making process. (cp/0607/02)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0083 Citizens' views may not be taken into account during the Council's decision making processes.						
	M/M	L/M			01-Apr-06	
	Risk Treatment Actions					
				1	Review the consultation Strategy to ensure that it complies with equality standards for consultation	
				2	Develop a Youth Strategy to ensure that young people and students are reached	
				3	Take account of public response to the Planning Development Framework "Core Strategy" consultation.	
R/0084 There could be a lack of cross-connection with the Consultation Strategy						
	M/M	L/M			01-Apr-06	
Risk Treatment Actions						
				1	Effectively use the annual Consultation Plan to join up consultation activity within the Council and reduce "consultation overload"	

Objective: Refocus services around the needs of our citizens and other customers and improve customer satisfaction with both the Council and the services it provides. (cp/0607/03)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0998	5 M/M	3 L/M		Failure to continue integration of Council services into Customer Service Centres.	<p>Risk Treatment Actions</p> <ol style="list-style-type: none"> Continue to roll out implementation of the Access to Services Review. Provide walk-in Customer Service Centres in Lancaster and Morecambe Town Halls in 2007/08 Ensure that overall customer satisfaction increases from 48% to 56%. 01-Dec-06 Ensure that Phase 1 services are integrated into our Customer Service Centres. 01-Mar-07 	
R/1156	0 X/X	0 X/X		Failure to ensure that all customers in urban and rural areas benefit from improved services.	<p>Risk Treatment Actions</p> <ol style="list-style-type: none"> Ensure that the ATS project provides "rural-proofing" to make sure that both rural and urban areas benefit from improved services. 	
R/1158	5 M/M	3 L/M		Failure to raise standards of service provided by staff.	<p>Risk Treatment Actions</p> <ol style="list-style-type: none"> Ensure that EDPA process and training programmes cater for training staff in new methods of working 	

Objective: Provision of high quality accessible public toilets. (cp/0607/04)

Risk	Risk Levels Current Target	Status	Action Plan		Due Date	Status
			Risk Treatment Actions			
R/0999 Failure to review and rationalise public toilet provision in the district.	2 M/L					
	1 L/L			1 Review provision of toilets in the entire district with a special focus on Morecambe.		
				2 Capital resources required to provide high quality accessible public toilets.		
			3 Prioritisation programme needs to be identified.			

Objective: To improve the cleanliness of our streets and public spaces in order to make them more attractive and useable. (cp/0607/05)

Risk	Risk Levels		Status	Action Plan																									
	Current	Target																											
R/0038	Insufficient revenue to improve street cleanliness.	5 M/M	3 L/M		<table border="1"> <thead> <tr> <th>Risk Treatment Actions</th> <th>Due Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1 Produce proper performance management systems</td> <td></td> <td></td> </tr> <tr> <td>2 Produce adequate financial framework</td> <td></td> <td></td> </tr> <tr> <td>3 Ensure resources are available</td> <td></td> <td></td> </tr> <tr> <td>4 Ensure robust reporting mechanism</td> <td></td> <td></td> </tr> </tbody> </table>	Risk Treatment Actions	Due Date	Status	1 Produce proper performance management systems			2 Produce adequate financial framework			3 Ensure resources are available			4 Ensure robust reporting mechanism											
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R/0039	Failure to improve people's perception of street cleanliness.	5 M/M	2 M/L		<table border="1"> <thead> <tr> <th>Risk Treatment Actions</th> <th>Due Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1 Develop further positive PR.</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>2 Publicise objective measures (BV199).</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>3 Continue to utilise Best Practise.</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>4 Develop partnership working to improve synergy.</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>5 Make use of improved technology.</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>6 Develop Customer Service Centre.</td> <td>01-Sep-06</td> <td></td> </tr> <tr> <td>7 Management of expectations.</td> <td>01-Sep-06</td> <td></td> </tr> </tbody> </table>	Risk Treatment Actions	Due Date	Status	1 Develop further positive PR.	01-Sep-06		2 Publicise objective measures (BV199).	01-Sep-06		3 Continue to utilise Best Practise.	01-Sep-06		4 Develop partnership working to improve synergy.	01-Sep-06		5 Make use of improved technology.	01-Sep-06		6 Develop Customer Service Centre.	01-Sep-06		7 Management of expectations.	01-Sep-06	
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R/0043	Failure to meet statutory targets relating to street cleanliness.	5 M/M	3 L/M		<table border="1"> <thead> <tr> <th>Risk Treatment Actions</th> <th>Due Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1 Use the information obtained from the Customer Service Centre to improve the way the City Council delivers the service.</td> <td></td> <td></td> </tr> <tr> <td>2 Review schedules.</td> <td>01-Apr-06</td> <td></td> </tr> <tr> <td>3 Review of resources inputs - ongoing.</td> <td>01-Apr-08</td> <td></td> </tr> </tbody> </table>	Risk Treatment Actions	Due Date	Status	1 Use the information obtained from the Customer Service Centre to improve the way the City Council delivers the service.			2 Review schedules.	01-Apr-06		3 Review of resources inputs - ongoing.	01-Apr-08													
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R/0046	Failure to undertake statutory duties in relation to dog control.	3 L/M	3 L/M																										













Objective: To improve the cleanliness of our streets and public spaces in order to make them more attractive and useable. (cp/0607/05)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0047	3 L/M	3 L/M				
R/0111	4 H/L	2 M/L				
R/0112	5 M/M	3 L/M				

Risk Treatment Actions	Due Date	Status
1 Attempt to secure further funding for promotional activities such as attending schools.	01-Oct-06	
2 Draw up educational programme once additional funding is secured.	01-Oct-06	

Risk Treatment Actions	Due Date	Status
1 Joined-up working with PCSO's, Environmental Wardens in Poulton and the Arson Reduction Team in Poulton and the West End		
2 Provide City Council funding for PCSO's, whose duties will be environmental enforcement.	31-Dec-06	

Objective: Reduce waste in the district by recycling and re-use. (cp/0607/06)

Risk	Risk Levels		Status	Action Plan		
	Current	Target		Risk Treatment Actions	Due Date	
R/0049 Insufficient revenue/capital to reduce waste by recycling and re-using.	2	1		1	Clarification of future expenses - ongoing	
	M/L	L/L		2	Sharing of Best Practice - ongoing	
				3	Developing partnerships with schools/ furniture matters etc - ongoing	
				4	Commitment to continual investment - ongoing	
				5	Promotion/ education etc - ongoing	
				6	Work through LWP.	
				7	Review of assumptions made for MTFs.	
R/0053 Failure to implement Lancashire Waste Management Strategy	5	3		1	Clarification of future expenses - ongoing	
	M/M	L/M		2	Sharing of Best Practice - ongoing	
				3	Developing partnerships with schools/ furniture matters etc - ongoing	
				4	Commitment to continual investment - ongoing	
				5	Promotion/ education etc - ongoing	
				6	Complete planned phases of the introduction of wheeled bins and kerbside recycling.	
				7	Commence collection of plastics	01-Oct-08 






Objective: Reduce waste in the district by recycling and re-use. (cp/0607/06)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0054	5 M/M	3 L/M		<ol style="list-style-type: none"> 1 Clarification of future expenses - ongoing 2 Sharing of Best Practice - ongoing 3 Developing partnerships with schools/ furniture matters etc - ongoing 4 Commitment to continual investment - ongoing 5 Promotion/ education etc - ongoing 6 Continual review of performance. 7 Complete planned phases (phases 5 and 6) of the introduction of wheeled bins and kerbside recycling. 	31-Mar-09	
R/1160	0 X/X	0 X/X		Opportunity to introduce locally based facilities for plastics recycling.		
R/1161	0 X/X	0 X/X		Opportunity to improve recycling for businesses		





Objective: To improve the health of residents through the provision of sporting and leisure activities. (cp/0607/07)

Risk	Risk Levels		Status	Action Plan	Risk Treatment Actions	Due Date	Status
	Current	Target					
R/1000	5	3			1 Effective performance monitoring is not yet embedded in the Authority as a whole though there are plans to improve this through a Corporate Performance Plan (due June 2004)	01-Jun-04	
R/1001	3	3					
R/1002	3	3					
R/1003	5	3			1 The Access to Services Review is looking at aspects of customer care and corporate standards are expected to be delivered as a result.		
R/1176	0	0			1 Continue efforts to integrate the Council's leisure and sporting facilities and cultural services generally to improve both financial performance and access for all sections of the community.		

Objective: To reduce crime and the fear of crime and to help residents feel safer in their communities. (cp/0607/08)

Risk	Risk Levels		Status	Action Plan	Risk Treatment Actions	Due Date	Status
	Current	Target					
R/1017	2	1			1 Evaluate with partners in the CSP the success of the new PCSO scheme and, in particular, the environmental PCSOs financed by Lancaster City Council.		
	M/L	L/L			2 Work closely with all partners in the CSP to meet the partnership's crime reduction targets.		
R/1162	0	0			1 Work closely with the Police and other partners in the MAPS team and on action plans to reduce criminal damage and domestic violence.		
	X/X	X/X					

Objective: To reduce alcohol related violence and harm; reduce alcohol related anti-social behaviour. (cp/0607/09)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1019 Failure to ensure that conditions imposed as part of the Licensing Act are enforced.	5	3		Risk Treatment Actions 1 Work with the Police, Primary Care Trust and other agencies within the Community Safety partnership to address issues around alcohol related violence and harm. 2 Work with the Police and other agencies to ensure that, under the Licensing Act 2003, licensable activities are properly licenced and that licence conditions are complied with. 3 Develop a strategy to reduce alcohol related harm (date to be agreed through the LSP).		
	M/M	L/M				
R/1163 Failure to work with partners to reduce alcohol related problems throughout the district.	5	3		Risk Treatment Actions 1 Work with partners in the CSP and LSP including with the Police, the PCT, and the County Council (Trading Standards and Youth & Community) and voluntary organisations.		
	M/M	L/M				

Objective: To make best use of European ERDF and other funding within the Economic Development Zone to provide new and refurbished individual and commercial space. (cp/0607/10)

Risk	Risk Levels		Status	Action Plan												
	Current	Target														
R/0001	3 L/M	3 L/M														
R/0002	2 M/L	1 L/L		<table border="1"> <thead> <tr> <th>Risk Treatment Actions</th> <th>Due Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1 Set up project teams for key projects</td> <td>01-Oct-06</td> <td></td> </tr> <tr> <td>2 Provide adequate resources for project delivery</td> <td>01-Oct-06</td> <td></td> </tr> </tbody> </table>	Risk Treatment Actions	Due Date	Status	1 Set up project teams for key projects	01-Oct-06		2 Provide adequate resources for project delivery	01-Oct-06				
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R/0004	8 M/H	3 L/M		<table border="1"> <thead> <tr> <th>Risk Treatment Actions</th> <th>Due Date</th> <th>Status</th> </tr> </thead> <tbody> <tr> <td>1 Purchase Pollution liability insurance where required on projects</td> <td>01-Apr-06</td> <td></td> </tr> <tr> <td>2 Ensure Pollution liability insurance is adequate and without "gaps"</td> <td>01-Apr-06</td> <td></td> </tr> <tr> <td>3 Adopt SPG</td> <td>01-Apr-06</td> <td></td> </tr> </tbody> </table>	Risk Treatment Actions	Due Date	Status	1 Purchase Pollution liability insurance where required on projects	01-Apr-06		2 Ensure Pollution liability insurance is adequate and without "gaps"	01-Apr-06		3 Adopt SPG	01-Apr-06	
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R/0007	1 L/L	1 L/L														



Objective: To make best use of European ERDF and other funding within the Economic Development Zone to provide new and refurbished individual and commercial space. (cp/0607/10)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0008	Adverse public opinion could restrain commercial growth.	3 L/M	1 L/L	Further public consultation	01-Apr-06	
R/0009	Possible failure of a major capital project, or cost of over-run.	6 L/H	3 L/M	<ul style="list-style-type: none"> Establishment of cross-service project teams for each main project. Create individual project risk registers for each major capital project. 	01-Apr-06 01-Apr-06	
R/0115	Potential opportunity arising from M6 link road being built could be lost.	8 M/H	3 L/M	<ul style="list-style-type: none"> Engage public and media support. Secure support of standing MP. 	01-Apr-06 01-Apr-06	

Objective: In Morecambe, to progress the West End Master Plan, regenerate the Central Promenade Area, and Neighbourhood Management in Poulton and the West End. (cp/0607/11)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0011	A lack of resources could hinder the full implementation of West End Masterplan.	3 L/M	1 L/L	1 Implement Planning and Building Control structures 2005.	01-Apr-06	
R/0012	There may be a loss of community support for implementation of the West End Masterplan.	5 M/M	2 M/L	1 Engage West End Partnership in implementation of West End Masterplan. 2 Provide dedicated staff resource for West End Masterplan.	01-Oct-06 01-Oct-06	
R/0013	Change of Government priorities could effect the West End Masterplan.	3 L/M	3 L/M			
R/0014	There could be a lack of public support for the West End Masterplan.	5 M/M	3 L/M	1 Produce Community Engagement Strategy		
R/0015	Failure to obtain external funding for the West End Masterplan.	5 M/M	3 L/M	1 Ensure Morecambe is identified by regional housing board as priority investment		
R/0016	Private sector may not respond to the West End Masterplan.	5 M/M	3 L/M	1 Obtain EP and NWDA funding 2 Partnership working with private sector 3 Engage a primary private sector partner for West End 4 Undertake Master Planning exercise		

Objective: A varied programme of festivals throughout the district. (cp/0607/12)

Risk	Action Plan	Risk Levels		Status	Risk Treatment Actions	Due Date	Status
		Current	Target				
R/1029	Failure to provide a varied programme of festivals and events throughout the district.	3 L/M	1 L/L		1 To continue to work with both the private sector and other organisations to develop a successful programme.		
R/1175	Failure to review the Festivals Innovation Fund and align it more closely with tourism.	4 H/L	1 L/L		1 Examine the effectiveness of the Festivals Innovation Fund and align it better with tourism.		






























Objective: To improve the retail, leisure and residential offering in Lancaster City Centre. (cp/0607/13)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1031	 7 H/M	 5 M/M				
Failure to ensure that the Canal Corridor scheme meets local planning objectives.						
Risk Treatment Actions						
1 Use a master plan approach for the scheme.						





Objective: To regenerate Carnforth and its rural hinterland. (cp/0607/14)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0018	6 L/H	3 L/M		1	Confirm NWDA funding for Carnforth Market Towns Initiative to 2007/08.	01-Apr-06
R/0019	5 M/M	3 L/M		1	Confirm NWDA funding for Carnforth Market Town Initiative to 2007/08.	01-Apr-06
R/0020	3 L/M	3 L/M		1	Establish SLA with Carnforth & Area Regeneration Partnership (CARP)	01-Dec-05
				2	Devise robust constitution for CARP which satisfies the requirements of NWDA and City Council as accountable body.	01-Dec-05
				3	Implement ongoing PR and communication campaign in support of CARP and their activities.	01-Dec-05
R/0021	5 M/M	3 L/M		1	Allocate supporting staff resources from within regeneration team - ongoing.	

Objective: To take action on climate change and reduce the amount of energy used by both the Council and households across the district. (cp/0607/15)

Risk	Risk Levels		Status	Action Plan	Due Date	Status																														
	Current	Target																																		
R/1032	2	1																																		
	M/L	L/L																																		
	Failure to reduce the amount of energy used by both the Council and households across the district.																																			
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R/1174	3	3																																		
	L/M	L/M																																		
	Failure to deal with the likely sea level rise for the next 50 years.																																			

Objective: To increase the provision of more affordable housing, especially in the rural areas. (cp/0607/16)

Risk	Risk Levels Current Target	Status	Action Plan		Due Date	Status
			Risk Treatment Actions	Risk Treatment Actions		
R/0104 Failure to provide affordable housing in areas of higher house prices.	5 M/M		3 L/M			
				1	Formulating bids to Housing Corporation to provide affordable housing - ongoing.	
				2	Working with landlords to access accommodation in private housing sector - ongoing.	
				3	Aim to increase the availability of housing, both for those with no realistic option except renting, and for those who are being priced out of high demand areas.	
				4	Ensure that the Housing Strategy and Local Development Framework reflect this.	
				5	Make use of planning powers to ensure that all significant developments include a proportion of "affordable" homes and incorporate this requirement in the new Local Development Framework.	
R/1173 Failure of partnership with Regional Housing Board, and other associations, to use shared ownership and social rented housing etc.	5 M/M		3 L/M			
				1	Work with partners to provide more affordable homes.	






Objective: Reduce levels of homelessness. (cp/0607/17)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0022 Lack of resources to improve services to homeless people/ government funding ceases.	5	3		Risk Treatment Actions 1 Implement the HMO Licensing Scheme and the Housing Renewal programmes operating in the Poulton and the West End areas of Morecambe. 2 Reduce both the numbers presenting themselves as homeless and those accepted. 3 Follow advice given by Lancaster University Homeless research Project.	01-Apr-07	
	M/M	L/M				
			01-Oct-07			
R/1170 Lack of emergency accommodation for the homeless.	5	3		Risk Treatment Actions 1 Continue to work with Housing Associations and other partners.		
R/1171 Lack of provision for young people who become homeless.	5	3		Risk Treatment Actions 1 Continue to work with Housing Associations and other partners.		
R/1172 Lack of provision for homelessness caused by domestic violence.	5	3		Risk Treatment Actions 1 Continue to work with Housing Associations and other partners.		

Objective: Council continues to improve; external assessment validates that improvement. (cp/0607/18)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/0108	Failure to carry out the actions in the Corporate Improvement Plan.	2 M/L	1 L/L	1 Continue to implement actions and develop improvement plan - ongoing.	01-Apr-06	
R/0128	Failure of Cabinet to prioritise corporate objectives effectively to meet the needs of the district.	7 H/M	5 M/M	1 Strategic Risk Register needs to be considered by Cabinet when setting priorities.	01-Mar-07	
R/1033	Failure to improve sickness levels.	5 M/M	3 L/M	1 Reduce the average days lost to sickness to 10 days per employee by March 2007.	01-Mar-07	
R/1034	Failure to undertake a pay and grading review of the workforce.	5 M/M	3 L/M	1 Complete the pay and grading review by March 2007.		

Objective: To improve the Council's performance monitoring, management and reporting arrangements. (cp/0607/19)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1035	 M/M	 L/M				
Failure to improve the Council's performance monitoring, management and reporting arrangements.						
Risk Treatment Actions						
1 Establish revised performance monitoring and reporting arrangements as set out in the Performance Management Framework.						
2 Implement the Escendency performance management system across all Council Services.						

Objective: To increase awareness of equal opportunities and diversity issues (cp/0607/20)

Risk	Risk Levels Current Target	Status	Action Plan	Risk Treatment Actions		Due Date	Status
				Current	Target		
R/0101	5 M/M			1	Take account of and respond to forthcoming legislation - DDA (Pt III), religion/belief, sexual orientation.		
				2	Work towards achieving Level 2 ESLG		
				3	Extend training on diversity issues		
				4	Assess functions/ policies for relevance to race equality		
				5	Review Race Equality Scheme		







Objective: Opportunity to improve neighbourhood engagement and develop neighbourhood management as part of the Council's response to the Local Government White Paper (cp/1.4)

Risk	Risk Levels		Status	Action Plan
	Current	Target		
R/1159 Failure of the Council's bid for Unitary status	0	0	✓	
	X/X	X/X		

Objective: Making sure that regeneration encourages local small businesses and social enterprises and rural businesses. (cp/2.4.5)

Risk	Risk Levels		Status	Action Plan
	Current	Target		
R/1164 Failing to ensure that regeneration encourages local small businesses and social enterprises and rural businesses.	0 X/X	0 X/X	✓	

Objective: Develop a new regeneration programme based on the recently published Vision. (cp/2.5)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1165	5 M/M	3 L/M				
	Failure to regenerate the area in accordance with the published Vision.					
R/1166	0 X/X	0 X/X				
	Opportunity to redevelop the Central Promenade in Morecambe in partnership with Urban Splash.					
Risk Treatment Actions						
1	Develop a new regeneration programme based on the Vision.					
2	Take advantage of new sources of funding from the NWDA, Europe and other agencies.					
Risk Treatment Actions						
1	Ensure that sustainability (environmental, social and economic) is at the heart of this programme.					
2	Look at increasing employment opportunities across the district, but in Morecambe in particular.					

Objective: Implement the new Tourism Strategy for the district. (cp/2.6)

Risk	Risk Levels Current Target	Status	Action Plan	Risk Treatment Actions	
				Due Date	Status
R/1167	3 L/M 3 L/M			1	
R/1168	5 M/M 3 L/M			1 2	








Failure to adequately engage with partners to implement the new Tourism Strategy for the district.

Failure to increase tourism within Lancaster, Morecambe and the surrounding districts.

Build on the identification by the LBTB and NWDA of Lancaster as a heritage tourism destination

Ensure that the benefits are felt across the district.

Objective: Determine how to influence the County Council in implementing a continued programme of road safety improvements and encourage alternatives to car travel. (cp/2.7)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1169	 5 M/M	 3 L/M		Failure to influence design and delivery of highways schemes following closure of the Lancashire Highway Partnership.	1 Work constructively with the County, and through Lancashire Locals, to ensure that schemes such as 20mph zones and the cycling demonstration town are completed.	
R/1182	 7 H/M	 3 L/M		Failure to further progress residents' parking schemes.	1 Complete current rounds of consultation and, where agreed, progress the schemes. 2 Determine with the County Council how they will take forward requests for further schemes within the district.	 

Objective: Clarify the Council's role in the provision of facilities for children and young people and community development. (cp/3.3)

Risk	Risk Levels		Status	Action Plan	Risk Treatment Actions	Due Date	Status
	Current	Target					
R/1177	0	0			1 Provide kickabouts, youth shelters etc. 2 Ensure that such facilities are sited sensitively. 3 Develop further the Council's role in working with young people as well as children.		
R/1178	4	2			1 Provide a smaller number of high quality playgrounds in areas where they are needed most.		



Objective: Work with LSP partners on a new agreed programme of joint initiatives. (cp/3.5.1)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1179 Opportunity to develop new initiatives with LSP partners.	0 X/X	0 X/X				
R/1180 Failure to identify additional resources for CCTV extension to Carnforth and "hotspots".	4 H/L	2 M/L				

Risk Treatment Actions	Due Date	Status
1 Consider initiatives such as action on smoking and new initiatives suggested by the sustainability partnership.		

Risk Treatment Actions	Due Date	Status
1 Work in partnership with other agencies to obtain additional resources.		

Objective: Improve the Council's cemeteries. (cp/3.7)

Risk	Risk Levels		Status	Action Plan	Due Date	Status
	Current	Target				
R/1181	4 H/L	1 L/L				
Failure to increase spending in order to improve the Council's cemeteries.						
Risk Treatment Actions						
1 Identify additional resources for cemeteries improvement.						

AUDIT COMMITTEE**2006/07 Review of Internal Control
and Corporate Governance****24 January 2007****Report of Internal Audit Manager****PURPOSE OF REPORT**

To advise Members of the arrangements and timetable for the 2006/07 annual review of the Council's internal control and corporate governance framework.

This report is public

RECOMMENDATIONS

- (1) That the report is noted.
- (2) That Members consider the results from the 2005/06 review and form a view on whether they feel any aspects of the framework require particular attention in the forthcoming review.

1.0 Introduction**Accounts & Audit Regulations 2003**

- 1.1 Regulation 4 of the Accounts & Audit Regulations 2003 requires the Council to maintain a sound system of internal control, including risk management, and introduced a requirement for authorities to review the systems of internal control and publish an annual Statement on Internal Control (SIC) alongside the financial statements.
- 1.2 The Regulations simply state that the SIC should be 'prepared in accordance with proper practices'. In practice, CIPFA is the primary source of guidance on what constitutes proper practice.

2.0 Proposal Details

- 2.1 As in the last two years, the draft Statement on Internal Control and Corporate Governance (SIC&CG) will be drawn up following a review of the Council's framework (see § 2.2) by a Management Group to comprise the Corporate Director (Finance & Performance), the Head of Financial Services (s151 Officer), the Head of Legal and HR (the Monitoring Officer) and the Internal Audit Manager.

Internal Control & Corporate Governance Database

- 2.2 The review will again use the “Internal Control & Corporate Governance” database, maintained by Internal Audit. This framework, which was initially based on the CIPFA on the Internal Control Framework has been developed over the past two years to incorporate aspects of Corporate Governance that were not clearly specified in the CIPFA guidance.
- 2.3 CIPFA and SOLACE have recently been reviewing their jointly produced 2001 framework “Corporate Governance in Local Government – A Keystone for Community Governance”. It is understood that the results of this review are due to be published in the Spring of 2007 and that the revised guidance is likely to recommend that authorities should issue a “good governance” statement that would incorporate the SIC.
- 2.4 The consultation document issued by CIPFA/SOLACE during this review has been used to compare with the current framework and to gain some assurance that the framework is comprehensive. As it is issued, CIPFA/SOLACE’s revised guidance will again be considered to update/add to the framework. It is beneficial that the Council has already sought to combine Internal Control and Corporate Governance issues in a single statement.
- 2.4 The results of the Management Group’s evaluation exercise in 2005/06 are demonstrated in the Overview Chart and Evaluation Reports attached at Appendix A.
- 2.5 The current framework consists of a set of seventy-nine internal control features within the following eight headings:
1. Statutory Obligations (5 controls)
 2. Corporate Objectives (6)
 3. Corporate Governance (18)
 4. Performance Management (6)
 5. Risk Management (15)
 6. Internal Control (15)
 7. Assurance (10)
 8. Statement on Internal Control (4)
- 2.7 The evaluation employs a scoring scale of 1 (representing poorly developed arrangements) to 9 (highly effective arrangements), with a target level of 7 having been set for all elements. On this basis, it was judged that in 2005/06 the target level has been met or exceeded in 47 (60%) of the 79 controls.
- 2.8 At this stage, Members are asked to consider this evaluation and form a view on whether they feel any aspects of the framework require particular attention in the forthcoming review.

Assurance

- 2.9 Assurance in considering the effectiveness of arrangements can be obtained from a number of sources, including:
- Internal Audit reports
 - External Audit reports and judgements
 - Reports and opinions given by other review bodies
 - Managers' assurance statements
 - The work of Council committees, including Overview & Scrutiny and Standards Committee
- 2.10 The 2006/07 review process will seek to identify and evaluate any sources of assurance already in place (for example audit reports issued). It will also include specific internal audit work aimed at reviewing the effectiveness of elements included in the Framework and will also involve obtaining assurance statements from Service Heads. Details of this assurance will be reported to the next meeting of the Audit Committee on 24 April 2007 for Members' consideration in advance of the SIC&CG being presented in June 2007.

The Statement on Internal Control & Corporate Governance

- 2.11 CIPFA guidance states that the SIC '*...represents the end result of the review of internal control, including the process of risk management, that should be embedded throughout the activities of the authority. As such, production of the SIC should not be conducted as an 'add-on' end of year activity. It should explain the nature of control, and any material changes in control, exercised through the whole of the accounting period.*
- 2.12 The timescale for the production of the Statement is now in line with that for the approval of the financial accounts (i.e. 30 June 2007) and the Statement must be approved at a meeting of the Council or delegated committee (i.e. the Audit Committee).

Signatories to the Statement

- 2.13 The statutory requirement is that the most senior officer (Chief Executive or equivalent) and the most senior member (Leader or equivalent) should sign the Statement. They must be satisfied that the document is supported by reliable evidence and accurately reflects the internal control environment. This emphasises that the document is about all corporate controls and is not confined to financial issues. As the statement covers the requirements to produce a statement on Corporate Governance and on Internal Financial Control, it is recommended that the S151 Officer and Monitoring Officer also sign the statement (as has been the case for previous years).

Timetable

- 2.14 The timetable proposed for conducting the review, evaluating the results and producing the annual SIC&CG is as follows:

January – March 2007	Remaining assurance work, including Internal Audit reviews of: <ul style="list-style-type: none"> • Corporate Governance • Risk Management • Performance management • Legality
March 2007	Service Heads to complete service specific assurance statements
End of March 2007	Management Group to consider accumulated sources of assurance and produce an initial evaluation of the framework
April?	Any forthcoming CIPFA/SOLACE guidance on Corporate Governance to be considered and built in to the review as necessary
24 April 2007	Audit Committee: <ul style="list-style-type: none"> • to consider a report on identified sources of assurance and the Management Group's initial evaluation of the framework • to request any further work or information felt necessary to provide assurance
May/June	Any further review work required Management Group to review its evaluation of the framework and draft the Statement on Internal Control & Corporate Governance (SIC&CG) Management Team to consider the evaluation and draft SIC&CG
End of June 2007	Audit Committee to consider and approve the draft Statement on Internal Control & Corporate Governance.

3.0 Details of Consultation

- 3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

- 4.1 As the conduct of an annual review of the Internal Control Framework and the production of an annual Statement is a legislative requirement, the options are minimal. Alternative courses of action are available that do not involve the Audit Committee in the way set out in the proposals.

4.2 In terms of the Audit Committee's involvement, it is felt that the proposed arrangements and timetable provides the most appropriate approach and means of fulfilling the Committee's terms of reference regarding internal control and corporate governance and represents a more active involvement than in the past two years.

5.0 Officer Preferred Option

5.1 For the reasons outlined in § 4.2, the officer preferred option is to proceed with the arrangements and timetable set out in the proposals.

6.0 Conclusion

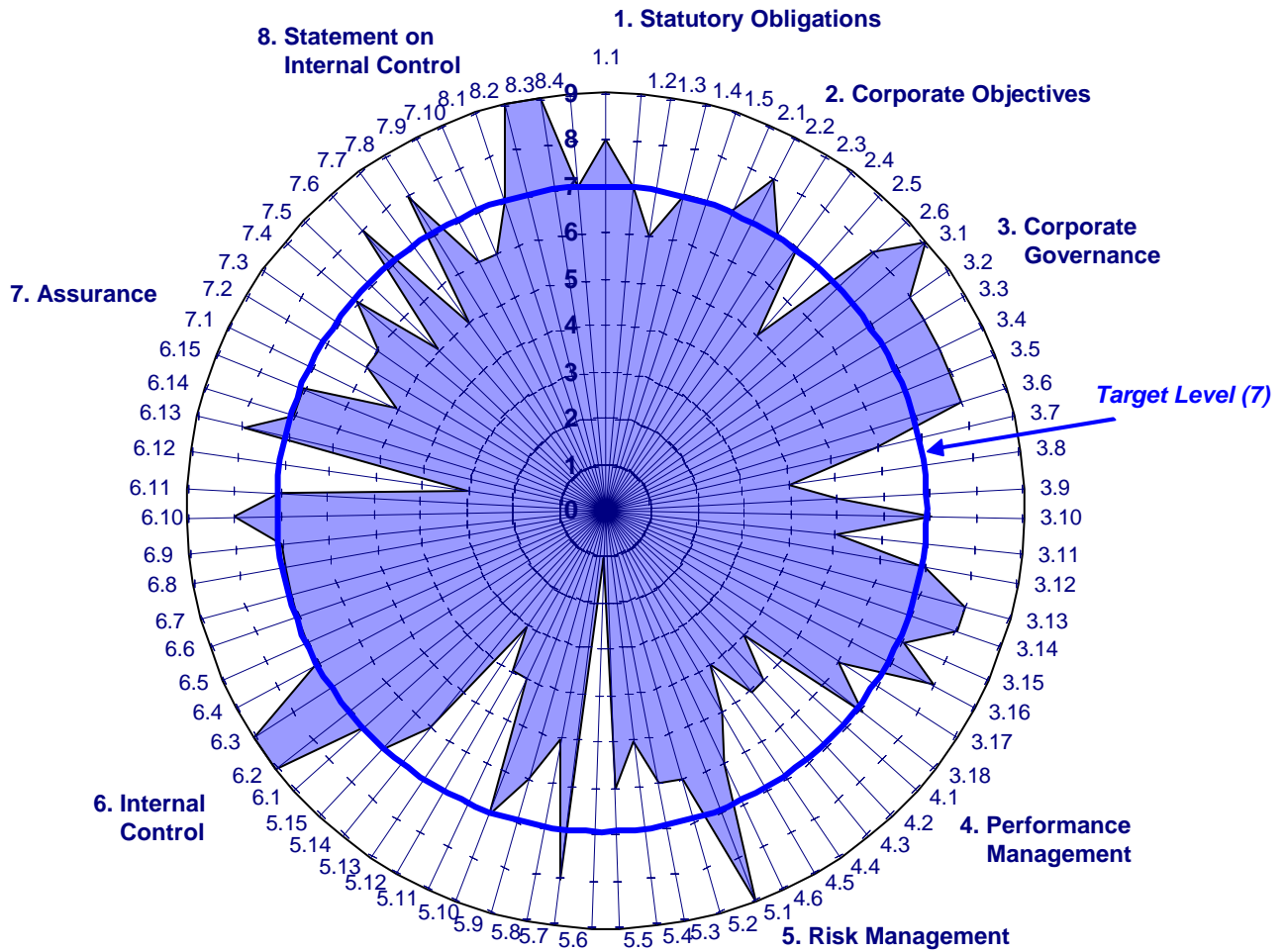
6.1 The report sets out arrangements and a timetable to effectively fulfil for 2006/07 the Council's responsibility to undertake an annual review of its internal control framework.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>Not applicable</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>SECTION 151 OFFICER'S COMMENTS</p> <p>The s151 Officer has been consulted and has no further comments.</p>	
<p>LEGAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>Internal Audit Plan 2006/07</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582045 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm/audit/070124</p>

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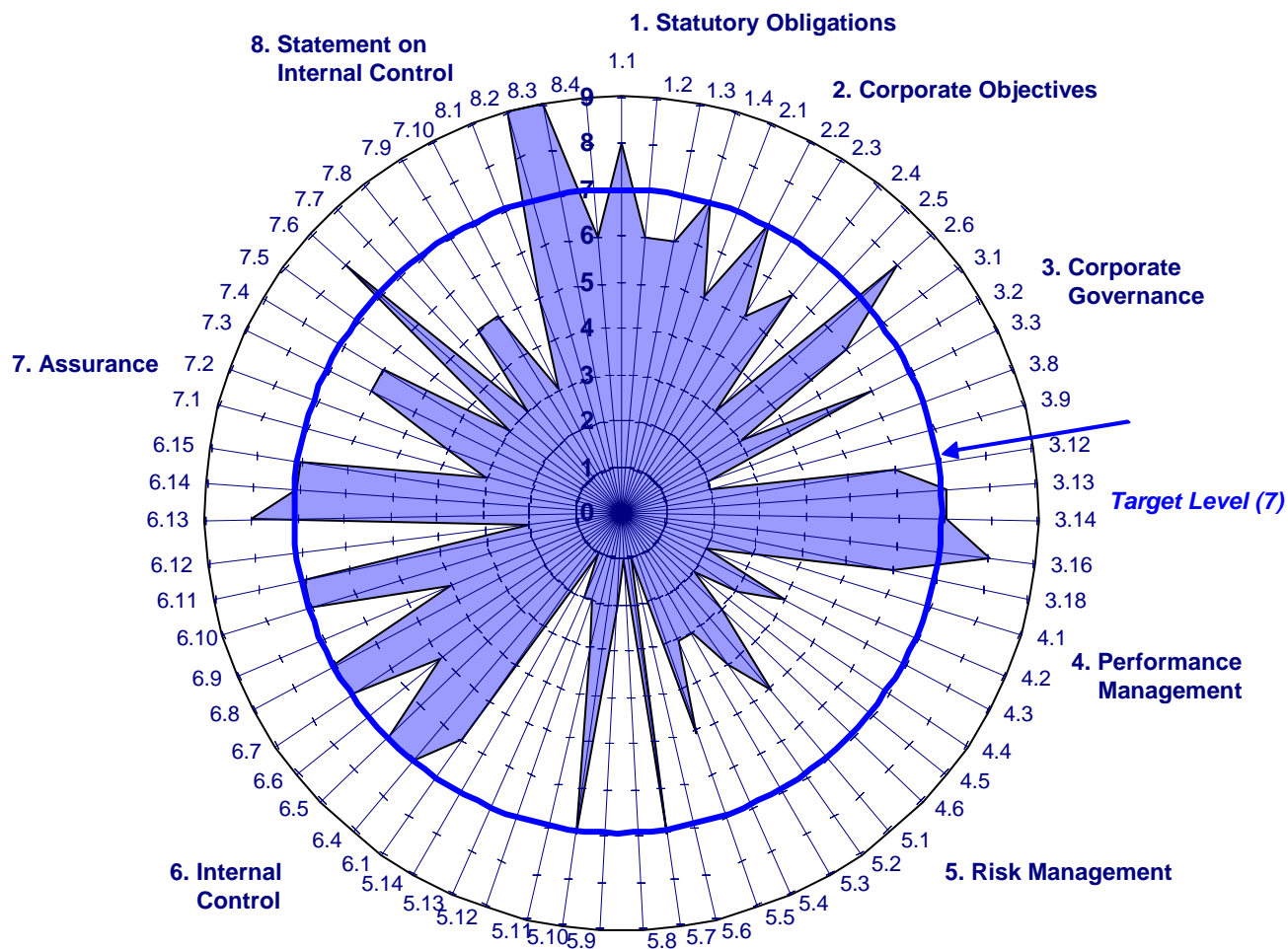
Internal Control & Corporate Governance Framework Overview 2005/06 (Management Group Evaluation)



The chart maps the scores produced by the Management Group for each of the 79 internal control features in the framework on a scale of 1 to 9. The filled area represents the extent to which the Council's arrangements are judged to provide effective control (i.e. the larger the filled area, the better) and a general "target" level of 7 has currently been set.

Where larger areas of white are displayed within the target circle, the greater the scope and need to improve arrangements.

Internal Control & Corporate Governance Framework Overview 2004/05 (Provided for Comparison)



The chart maps the scores produced by the Management Group for each of the 67 internal control features in the framework on a scale of 1 to 9. The filled area represents the extent to which the Council's arrangements are judged to provide effective control (i.e. the larger the filled area, the better) and a general "target" level of 7 has currently been set.

Where larger areas of white are displayed within the target circle, the greater the scope and need to improve arrangements.

Please note that direct comparison with 2005/06 is not possible due to the addition of new controls.

Management Group Evaluation

1 Statutory Obligations		Score	1 2 3 4 5 6 7 8 9
1.1	Responsibilities for statutory obligations are formally established and a senior officer is responsible for ensuring compliance.	8	
1.2	Statutory obligations are communicated to and understood by all relevant people in the organisation.	7	
1.3	Effective procedures exist to identify, evaluate, communicate, implement, comply with, and monitor legislative change.	6	
1.4	Effective action is taken where areas of non-compliance are found either in mechanism or legislation.	7	
1.5	Members meet regularly on a formal basis to set the strategic direction of the Authority and to monitor service delivery.	7	
2 Corporate Objectives		Score	1 2 3 4 5 6 7 8 9
2.1	Consultation with stakeholders on priorities and objectives.	7	
2.2	The authority's priorities and organisational objectives have been agreed (taking into account feedback from consultation).	8	
2.3	Priorities and objectives are aligned to principal statutory obligations and relate to available funding.	7	
2.4	Resources are allocated according to corporate priorities.	7	
2.5	Objectives are reflected in departmental plans and are clearly matched with associated budgets.	5	
2.6	The authority's objectives are clearly communicated to staff and to all stakeholders.	8	
3 Corporate Governance		Score	1 2 3 4 5 6 7 8 9
3.1	Code of corporate governance established.	9	
3.2	Review and monitoring arrangements in place.	8	
3.3	Committee charged with governance responsibilities.	8	
3.4	Proper balance of power and authority.	8	
3.5	The roles and responsibilities of members, together with the terms of their remuneration and its review, are clearly defined in writing.	8	
3.6	The Chief Executive is made responsible to the authority for all aspects of operational management.	8	
3.7	The roles and responsibilities of all senior officers, together with the terms of their remuneration and its review, are clearly defined in writing.	6	
3.8	Governance training provided to key officers and all members.	4	
3.9	Staff, public and other stakeholder awareness of corporate governance.	5	
3.10	The Authority has made and performed to an explicit commitment to openness in all of its dealings.	7	
3.11	The Authority builds effective relationships with partners, public agencies and the private/voluntary sectors. Outsourcing is considered where it is efficient and effective.	5	

Management Group Evaluation

3 Corporate Governance		Score	1 2 3 4 5 6 7 8 9
3.12	Encourage community/stakeholder engagement and establish clear and effective channels of communication with all sections of the community and stakeholders.	7	
3.13	The authority maintains an objective and professional relationship with its external auditors and statutory inspectors and puts in place arrangements for effective implementation of agreed actions.	8	
3.14	Clear, documented and understood management processes for policy development, implementation and review and for decision making, monitoring and control, and reporting.	8	
3.15	Members are properly trained for their roles and have access to all relevant information, advice and resource as necessary to enable them to carry out their role effectively.	7	
3.16	Services are delivered by trained and experienced people.	8	
3.17	The Authority is flexible to adapt and accommodate change and to meet user needs. Key stakeholders and users are consulted.	6	
3.18	Appropriate procedures to ensure the openness, integrity and accountability of officers and members.	7	
4 Performance Management		Score	1 2 3 4 5 6 7 8 9
4.1	Standards and targets for performance in the delivery of services are set on a sustainable basis with a view to continuous improvement and with reference to equality policies.	4	
4.2	Comprehensive and effective performance management systems operate routinely.	5	
4.3	Key performance indicators are established and monitored. Performance against agreed standards and targets is reported and comprehensive and understandable performance plans are developed.	5	
4.4	The authority knows how well it is performing against its planned outcomes.	4	
4.5	Knowledge of absolute and relative performances achieved is used to support decisions that drive improvements in outcomes.	5	
4.6	The authority continuously improves its performance management.	6	
5 Risk Management		Score	1 2 3 4 5 6 7 8 9
5.1	There is a written strategy and policy for managing risk.	9	
5.2	The authority has implemented clear structures and processes for risk management which are successfully implemented.	6	
5.3	The authority has developed a corporate approach to the identification and evaluation of risk which is understood by all staff.	6	
5.4	The authority has well defined procedures for recording and reporting risk.	5	
5.5	The corporate/departmental risk register(s) includes expected key controls to manage principal risks.	6	
5.6	Key risk indicators have been drawn up to track the movement of key risks and are regularly monitored and reviewed.	1	
5.7	The authority has well-established and clear arrangements for financing risk.	8	
5.8	The authority has developed a programme of risk management training for relevant staff.	5	

Management Group Evaluation

5 Risk Management		Score	1 2 3 4 5 6 7 8 9
5.9	The corporate risk management board (or equivalent) adds value to the risk management process.	6	
5.10	A corporate risk officer has been appointed with the necessary skills to analyse issues, offer options and advice and support decision making and policy formulation.	7	
5.11	Managers are accountable for managing their risks.	4	
5.12	Risk management is embedded throughout the authority.	4	
5.13	Risks in partnership working are fully considered.	3	
5.14	Where employed, risk management information systems meet users' needs.	6	
5.15	There are effective arrangements for the review of risk management and internal control, including internal audit.	7	
6 Internal Control		Score	1 2 3 4 5 6 7 8 9
6.1	Financial management arrangements ensure public funds are properly safeguarded and are used economically, efficiently and effectively.	7	
6.2	A senior officer is made responsible to the Authority for the provision of proper financial management, advice and an effective system of internal financial control.	9	
6.3	There is an internal audit function.	9	
6.4	Written financial regulations are in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff.	7	
6.5	There are written contract standing orders in place which have been formally approved, regularly reviewed and widely communicated to all relevant staff.	7	
6.6	There is a whistleblowing policy in place which has been formally approved, regularly reviewed and widely communicated to all staff.	7	
6.7	There is a counter fraud and corruption policy in place which has been formally approved, regularly reviewed and widely communicated to all relevant staff.	7	
6.8	There are codes of conduct in place which have been formally approved and widely communicated.	7	
6.9	A register of interests is maintained, regularly updated and reviewed.	7	
6.10	A scheme of delegation has been drawn up and has been formally approved and communicated to all relevant staff.	8	
6.11	A corporate procurement policy has been drawn up, formally approved and communicated to all relevant staff.	7	
6.12	Business/service continuity plans have been drawn up for all critical service areas.	3	
6.13	The authority's internal control framework is subject to regular independent assessment.	8	
6.14	A corporate health and safety policy has been drawn up, formally approved, is subject to regular review and has been communicated to all relevant staff.	7	
6.15	A corporate complaints policy/procedure has been drawn up, formally approved, communicated to all relevant staff, the public and other stakeholders and is regularly reviewed.	7	

Management Group Evaluation

7 Assurance		Score	1 2 3 4 5 6 7 8 9
7.1	The authority has determined appropriate internal and external sources of assurance.	5	
7.2	Appropriate key controls on which assurance is to be given have been identified and agreed.	6	
7.3	Mechanism established for collecting SIC assurances.	6	
7.4	Department heads provide assurance statements that key controls are in place and have been in operation for the period concerned.	7	
7.5	External assurance reports are collated centrally.	5	
7.6	Internal Audit reports regularly to the Audit Committee and the Head of Internal Audit provides an annual report, including an opinion on the internal control framework.	8	
7.7	Responsibilities for the evaluation of assurances are clearly defined throughout the organisation.	5	
7.8	A 'SMART' (Specific, Measurable, Achievable, Realistic and Time-bound) action plan is drawn up and approved.	8	
7.9	Actions are communicated and responsibilities for implementation within agreed timescales are assigned.	6	
7.10	Ongoing review of progress and of continuing appropriateness of action.	6	
8 Statement on Internal Control		Score	1 2 3 4 5 6 7 8 9
8.1	Annual reporting of the Authority's activities and achievements, financial position and performance.	7	
8.2	Responsibilities for the compilation, signing and reporting of the Statement on Internal Control in accordance with statutory requirements have been assigned.	9	
8.3	There is a timetable for the production and publication of the Statement on Internal Control that meets the statutory deadline.	9	
8.4	The Statement on Internal Control is reviewed, challenged and approved by the authority.	7	

Audit Committee**Results of Internal Audit Work****24th January 2007****Report of Internal Audit Manager****PURPOSE OF REPORT**

To inform the Committee of the results of Internal Audit work for the period.

This report is public

RECOMMENDATIONS

- (1) That the report is noted.
- (2) That the Committee requests further updates on progress with action plans relating to the audits of Value Added Tax and DDA and Race Relations Compliance in relation to recruitment to its first meeting in the new Municipal year.

1.0 Introduction

- 1.1 Part of the Audit Committee's terms of reference is:

"To receive and review the findings of both Internal and External Audit examinations and to ensure that management takes appropriate action to implement agreed recommendations and to remedy any internal accounting, organisational or operational control weaknesses identified." (Constitution part 3, section 7, § 10)

2.0 Results of Internal Audit Work to 31 December 2006

- 2.1 This report covers audit work and reports issued since the last report to Committee in September 2006. Summary reports have been issued to Members for consideration and have also been posted on the Council's Intranet.
- 2.2 If there are any specific questions about a report, or more detailed information is required, it would help if Members could contact the Internal Audit Manager on telephone number 582045 or email dwhiteway@lancaster.gov.uk prior to the meeting.
- 2.3 The 'headline messages' arising from the following audit reports are attached to this report as Appendix A:

<u>Audit Title</u>		<u>Report Date</u>
New Audit Reports		
05/0604	Health and Safety	31 August 2006
05/0596	Payroll	01 September 2006
05/0610	Internal Communications	03 November 2006
06/0639	Stores	05 December 2006
06/0636	VAT	07 December 2006
Follow-Up Reviews		
05/0597	Treasury Management	08 September 2006
03/0540	Supported Housing	12 September 2006
03/0514	Grant Management	15 September 2006
04/0531	Members and Civic Expenses	02 October 2006
05/0615	Council Tax	04 October 2006
04/0584	Financial Management	06 November 2006
04/0585	DDA and Race Relations Compliance	04 December 2006
05/0602	AONB	18 December 2006

3.0 Matters Arising from Audit Reviews

- 3.1 Members of the Committee have asked for an update to be provided to the meeting on the results of the VAT audit report (06/0636) and the DDA and Race Relations Compliance follow-up (04/0585). The Head of Financial Services will provide a verbal update on the VAT report and the Internal Audit Manager is arranging for an update to be provided by the Human Resources Manager on DDA and Race Relations Compliance.
- 3.2 In both these cases plans are in place to implement agreed actions over the coming months, with a number of these being by the end of the financial year. It is recommended, therefore that the Committee requests further progress reports to its first meeting in the new municipal year. For the VAT report, this is likely to be in the form of Internal Audit's scheduled follow-up to the audit.
- 3.3 The report from the audit of Stores operations at CC(D)S (06/0639) raised a large number of issues, which the Service has taken on board and has already implemented several agreed actions with immediate effect. The remainder of the action plan aims to effectively address all issues raised by March 2007. A follow-up review is scheduled for April 2007 at which point it is hoped that significant improvements can be reported to the Committee.

4.0 Results of Responsive Audit Work (Advice, support and investigations)

- 4.1 There has been no investigatory work required during the period.
- 4.2 The Internal Audit section again contributed to the preparation of evidence for the Audit Commission's annual Use of Resources (UOR) assessment. Following an initial feedback meeting on 19 December 2006, further evidence is being supplied to the Audit Commission prior to regional and national moderation and publication of the Commission's scores in early March 2007.
- 4.3 The implementation of the Council's corporate project management methodology "LAMP" has been progressing steadily with five two-day practitioner training sessions and two senior managers' overview sessions covering 73 employees having been held at the time of writing. Further sessions are scheduled in the New Year leading up to the formal implementation of the methodology on 1st April 2007. In the meantime, it is encouraging that the methodology is already being adopted by project managers in whole or in part for a number of existing projects.

5.0 Details of Consultation

5.1 Not applicable

6.0 Options and Options Analysis (including risk assessment)

6.1 Not applicable

CONCLUSION OF IMPACT ASSESSMENT

(including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)

None identified

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

The Section 151 Officer has been consulted and has no further comments

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Files

Contact Officer: Derek Whiteway

Telephone: 01524 582045

E-mail: dwhiteway@lancaster.gov.uk

Ref: aud/audcomm/070124

Results of Internal Audit Work

Audit Committee Date – Wednesday, 24th January 2007

1. New Audit Reports

05/0604 Health and Safety (issued on 31/08/06)

Headline messages:

- The Authority has a comprehensive and regularly updated Health and Safety Policy in place.
- There is a need for individual Services H&S Policy Statements to be updated and reviewed annually.
- The Authorities Intranet provides comprehensive, up to date health & safety information and advice.
- There is scope to raise the profile of health and safety through the performance monitoring framework and the EDPA process.
- Data collection procedures are being developed in order that the Authority's ill-health data can be collated and analysed more effectively.
- Documented plans to meet the RHS nationally set targets are to be drawn up once baseline data is available.
- The Authority's Health and Safety Committee is chaired by Senior Management and reports to Management Team.
- Reporting to Members will be improved through the PMF and reports going to JCC.

05/0596 Payroll (issued on 01/09/06)

Headline messages:

- The risk of incorrect or fraudulent payments going undetected through inadequate controls over BACS transfers is well managed.
- The project group for the new HR payroll system are seeking to address current system weaknesses through the specification of the new system planned for early 2008.
- There is a recognised need to improve paternity leave and maternity support leave procedures.
- Procedures to mitigate the risk of overpayments occurring after an employee has left are to be strengthened.

05/0610 Internal Communications (issued on 01/11/06)

Headline messages:

- The Intranet is reasonably well advanced with many good features already in place.
- The impending review of the Corporate Communications Strategy is to expand the internal communications section and include a sub-section dedicated to the Intranet, and another dealing with how to improve communications with those staff without PC access.
- The aims and objectives of the Intranet are to be defined along with performance indicators and associated targets.
- A mechanism to measure the effectiveness of procedures to consult and inform staff who do not have dedicated access to a PC is to be developed.
- Procedures to improve the management of information and ensure it remains up to date are to be introduced.

06/0639 Stores (issued on 06/12/06)

Headline messages:

- The audit raises several concerns regarding the use, functionality and integrity of the TASK system.
- There are good arrangements in place for the ordering and receipt of goods into stores and for the payment of invoices.
- Duties are separated in accordance with Financial Regulations and Procedures.
- Formal tendering arrangements for the selection of suppliers should ensure good value though there may be scope to improve through acting upon the results of the corporate spend analysis.
- Stores are vulnerable to internal security breaches through a failure to adopt strict stores issuing procedures.
- Fuel issues appear to be well controlled through a key mechanism and the Phoenix TRISCAN system and current fuel loss levels are considered insufficient to warrant further action.
- There is scope to improve stock management though increased utilisation of information within the TASK system.
- There is a need to ensure accurate stock records through the prompt input of information to the TASK system, particularly returns to stores.
- There is a need to ensure accurate stock records through the prompt removal of damaged and obsolete stock.
- Procedures for stock adjustments and write-offs need to be reviewed with a view to practicality and adopting best practice.
- A systematic risk based approach to continuous stock-taking is required.
- A system of ongoing stock-takes for van stocks is required to enable the production of year-end stock certificates and therefore compliance with accounting standards.

06/0636 VAT (issued on 07/12/06)

Headline messages:

- The Authority has a comprehensive VAT manual in place.
- There is a need to update the VAT manual annually, ensuring that it is appropriately promoted to all officers.
- A mechanism is required in order to ensure that VAT returns are submitted to HM Customs and Excise within the prescribed timescales.
- Clearly defined responsibilities in respect of Statutory VAT documents and the monitoring of the VAT element of write offs would strengthen existing arrangements.

2. Post Audit Reviews**05/0597 Treasury Management (issued on 08/09/06)**

Headline messages:

- Confirmation of investment letters/emails are now sent to lenders promptly after the deal is confirmed and copies are held electronically providing a thorough audit trail.
- Monthly bank reconciliations are now carried out independently of the Accountancy Assistant (Treasury Management Officer) thus reducing the risk of errors or fraudulent transactions going undetected.
- Authorising officers now verify the accuracy and validity of bank sort code numbers on CHAPS investment forms further reducing the risk of unauthorised investments being made.
- A Supervising Officer now provides daily verification of any loan or investment action to be taken by signing the daily cash balance sheets.

03/0540 Supported Housing (issued on 12/09/06)

Headline messages:

- The Authority has developed a Protection from Abuse Policy and, as required by the policy, is to review its procedures by the end of September 2006.
- Implementation of the policy has included training for Scheme Managers in how to recognise and deal with abuse, and in the preparation of support plans, needs and risk assessments.
- Criminal Records Bureaux checks are always carried out prior to the employment of Scheme Managers and two references obtained.
- Advice has been sought from Legal Services regarding the duty of care in respect of residents who choose to have no formal contact with the Scheme Manager.
- Tenant involvement within Sheltered Housing Schemes has been further developed.

03/0514 Grant Management (issued on 15/09/06)

Headline messages:

- A review of grant management procedures has been carried out by an informal working group of Officers and Members to consider what improvements could be made to ensure that the Authority is accountable, and is able to demonstrate value for money from its grant funding.
- A report prepared by the working group containing recommendations to improve grant management arrangements has been approved by Cabinet.
- A formal task group is to be set up to develop the proposals set out in the report.
- The majority of the actions agreed following the audit review have not yet been implemented; however they will be addressed during the development of the new arrangements for grant management.

04/0531 Members and Civic Expenses (issued on 02/10/06)

Headline messages:

- A Civic Task Group has recently been set up by the Overview and Scrutiny Committee to review current and past civic events and establish a vision for the Civic events programme.
- Reviews of the civic programme are carried out after the first six months to evaluate whether spending plans are on target and to review priorities.
- The induction process for the new Mayor has been improved with the introduction of a training course which covers the responsibilities and objectives of the role.
- Files are maintained for each civic event and aims and objectives are to be included.
- Feedback following civic events will be documented and retained on file to inform future event planning
- The inventory of civic regalia is currently being reviewed but discussions need to take place with Property Services regarding responsibilities.
- The Authority's funding arrangements with the Sports Council are currently being reviewed.

05/0615 Council Tax (issued on 04/10/06)

Headline messages:

- Two actions were agreed following the audit and it is pleasing to report that both of them have been fully implemented.
- Procedures are now in place to standardise the quality control checks performed by Team Leaders on various tasks carried out e.g. quality of work checks, standard of letters issued and direct debits processed.
- A random sample of discounts/exemptions is now being checked on a monthly basis for validity and supporting documentation and these checks are evidenced and dated.

04/0584 Financial Management (issued on 06/11/06)

Headline messages:

- A corporate approach to project management has been adopted and is currently being rolled out to all Services through a training programme.
- Scope to make statutory financial obligations set out in the Constitution clearer and more accessible, particularly to those not directly affected, is to be addressed alongside a review of the scheme of delegation scheduled for completion at the end of December 2006.
- Capacity within Financial Services to deliver training is to be addressed through the budget and business planning process for 2007/08.
- Responsible Spending Officers will be required to 'sign off' their 2007/08 budgets to show that they have agreed and taken responsibility for them.
- The database supporting the Statement on Internal Control and Corporate Governance (SIC&CG) has been updated to incorporate the Good Governance Standard for Public Services and is to be reviewed again once the new CIPFA Solace Framework is published.
- The role of the SIC&CG Management Group is to be further developed with a view to it taking ownership of the data within the database and the detailed action plan arising.
- Assurance from officers is to be sought in support of the 2006/07 SIC&CG.
- The SIC&CG Management Group aims to report the substance of the 2006/07 SIC&CG to the Audit Committee in April 2007 to enable it to challenge the content prior to approving it in June.
- Significant issues arising from the 2005/06 SIC&CG have been incorporated into the Corporate Improvement Plan.

04/0585 DDA and Race Equality compliance in relation to recruitment (issued on 04/12/06)

Headline messages:

- Performance management arrangements are being developed.
- A Corporate Equalities Officer Group is to be set up who will concentrate on all equality and diversity issues and will review the effectiveness of the Authority's equality policies.
- Targets in relation to recruitment and composition of the workforce have been reviewed and revised to a more achievable and realistic level.
- A disability scheme is currently being developed.
- An action plan has been agreed with the new Human Resources Manager to progress the outstanding issues, most of which should be implemented by the end of March 2007.

05/0602 AONB (issued on 18/12/06)

Headline messages:

- Performance management arrangements should improve through proposals to revise the action plan accompanying the statutory Management Plan which is due to be revised by 2009. Long-term focussed measurable outcomes are to be sought and supported by annual business plans.
- The Service's implementation of Escendency (delayed through other priorities) should help in developing the new action plan.
- The Unit's financial spreadsheets have been developed to improve the audit trail.
- A documented charging policy is in place and customers have been formally informed. A database and associated procedures ensure invoices are raised and all income received can be traced to the general ledger.
- Financial management information in respect of the Local Nature Reserves (LNRs) has improved through the setting up of a separate budget heading in the general ledger.
- The previous lack of flexibility within the wardening contract for the LNRs has been addressed.
- Information and Customer Services are working on technical problems with the Unit's network link which are currently preventing full utilisation of the corporate finance systems.

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AUDIT COMMITTEE**Internal Audit Monitoring
24 January 2007****Report of Internal Audit Manager****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the 2006/07 Internal Audit Plan and seek approval for a series of proposed measures for the remainder of the plan.

This report is public

RECOMMENDATIONS

- (1) That the current monitoring position is noted.
- (2) That the adjustments to the Internal Audit Plan set out in Option C (§ 4.4) are approved.

1.0 Introduction

- 1.1 The 2006/07 Internal Audit Plan was approved by the Audit Committee at its meeting on 26 April 2006. This report is based on the monitoring position as at 12 December 2006.

2.0 Proposal Details**Progress With Planned Assignments**

- 2.1 Work In Progress brought forward as at 01 April 2007.

As set out on page two of the Appendix A, thirteen jobs from the 2005/06 plan were still in progress at 01 April 2006, and 88 days have been spent in the current year on completing these. At the time of writing, all of these jobs have been completed and reports issued, with the exception of job 04/0589 – Commercial Property Management. The draft report for this job has been issued and will be signed off in the final quarter of the year ready for consideration by the Committee at its meeting in April 2007.

2.2 2006/07 Planned Work

Steady progress has been made with the planned assignments for 2006/07. Alterations have been made to the programme in that:

- By agreement with the Head of City Council (Direct) Services, audits of Street Cleansing and Waste Management have been combined to focus on the main issues arising from the Audit Commission's review of Waste Management.
- Work on Transport Policy and Strategy has been postponed, to be picked up again in considering the 2007/08 plan. This decision has been taken in the context of transport policy and strategy responsibilities resting with the County Council and the limited potential for the Council to influence it at the present time. Planning for 2007/08 will consider the scope for work associated with those transportation issues which the Council has identified as priorities.

2.3 The main pieces of work remaining to be covered in the final quarter of the year are set out in Appendix B, with comments on their relative significance and proposals on how they are to be resourced.

2.4 With fifteen days so far having been spent on investigations, there are twenty days remaining in the plan. At the time of writing it seems likely that two investigations will be referred to Internal Audit. It is not therefore proposed to alter this element of the plan.

Workload

2.5 A monitoring report as at 12 December 2006 is attached as Appendix A. In summary, the position as that date was as follows:

Days originally planned (approved audit plan)	924.0
Work in progress brought forward at 01 April 2006	88.2
Adjustments (identified savings/over-runs)	40.0
Revised Workload as at 12 December 2006	1052.2
Days undertaken to 12 December 2006	565.4
Days remaining	487.4

2.6 At the time of the review, it was calculated that 297 days would be available for the remainder of the year (including an estimated 60 days of bought-in resources). Allowing for 65 days work in progress to remain at 31 March 2007, this leaves a shortfall of 125 days. The main reasons for the shortfall are:

- Additional support work, especially in the implementation of the corporate project management methodology (LAMP) – 55 days
- Long-term illness of one member of staff – 45 days
- Minor over-runs on scheduled audits – 27 days

3.0 Details of Consultation

3.1 Not applicable

4.0 Options and Options Analysis (including risk assessment)

4.1 The measures available in relation to the resource shortfall broadly include:

- Applying contingencies built into the plan;
- Reducing the allocation of resources to certain assignments;
- Postponing outstanding planned assignments to the following year;
- Buying additional resources to meet the shortfall;
- A combination of any/all of the above.

4.2 The schedule of remaining work set out in Appendix B identifies a number of possible actions that can be taken, including assignments with the potential for resources to be saved and some with the potential for the work to be postponed to the 2007/08 audit plan.

4.3 The audit plan includes provision for resources to be bought-in from Financial Services' consultancy budget and the current plan provides for this budget supplying 60 days of work. In practice, the number of days obtained will vary depending on the nature and source of bought-in services. Allowing for this expenditure, the Service's consultancy budget will be fully committed with no balance available to fund the purchase of any additional resources.

4.4 The following table sets out the potential sources of savings identified and three possible options to meet the shortfall of 125 days. In all cases, the options seek to ensure that the work done optimises the assurance provided in relation to the annual review of Internal Control and Corporate Governance, which the Audit Committee will be asked to consider.

Source of savings	Potential	Option A	Option B	Option C
Application from General Contingency	45	45	25	35
Postponement of Efficiency & VfM work (projects & reviews)	40	40	40	40
Postponement of unallocated Computer Audit work	22	22	22	22
Savings on Risk Management and Performance Management	15	15	10	15
Postponement of outstanding scheduled audits of:				
• Sundry Debtors	5			
• Asset Management	15			
• Corporate Governance	29.5			
• Performance Management	25			
• Legality	15			
• Risk Management	20			
• Workforce Management Strategy	15		15	15
• Facilities Management	15		15	
Total		122	127	127

4.5 The options vary only slightly. Option A applies the full amount of the general contingency of 45 days, thus avoiding the need to postpone any outstanding audits, but leaving no scope for further variations. Option B takes what is probably the minimum level from the general contingency, but requires the postponement of two outstanding audits. Option C takes an intermediate approach by not applying the whole of the general contingency, and proposing the postponement of one scheduled audit (Workforce Management Strategy).

5.0 Officer Preferred Option

5.1 The officer preferred option is option C, which does not apply the whole of the general contingency at this stage, but leaves 10 days unallocated to provide cover for further variances during the final quarter of the year. The postponement of the Workforce Management Strategy audit is not viewed as critical in the light of the Audit Commission’s recently completed review of this area. The proposals should ensure that the work provides effective levels of assurance in relation to the forthcoming review of the Internal Control and Corporate Governance system.

6.0 Conclusion

6.1 Changes in workload and staffing issues have led to a shortfall in resources for the final quarter of the year. Proposals have been made to vary the planned workload which will ensure that effective levels of assurance are provided to management and the Audit Committee in their 2006/07 annual review of the system of Internal Control and Corporate Governance.

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>Not applicable</p>	
<p>FINANCIAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>SECTION 151 OFFICER’S COMMENTS</p> <p>The Section 151 Officer has been consulted and has no further comments</p>	
<p>LEGAL IMPLICATIONS</p> <p>None arising from this report</p>	
<p>MONITORING OFFICER’S COMMENTS</p> <p>The Monitoring Officer has been consulted and has no further comments</p>	
<p>BACKGROUND PAPERS</p> <p>Internal Audit Plan 2006/07</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582045 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/comm/audit/070124</p>

Internal Audit Plan 2006/07 - Revision at 12 December 2006

Category	Job No	Job	Base	Adj	Plan Total	To Date	Remaining	Revised
Advice and Support	AD/****	All Advice	100.0	-25.0	75.0	51.4	23.6	75.0
	03/0509	RIPA Monitoring and Central Register	0.0	5.0	5.0	3.2	1.8	5.0
	03/0549	News 'n' Views Editorial Team	0.0	2.0	2.0	1.2	0.8	2.0
	04/0691	Access to Services - Staff Focus Group	0.0	2.0	2.0	1.1	0.9	2.0
	05/0618	Poulton Neighbourhood Management Grant Audit 2004/05	0.0	0.1	0.1	0.1	0.0	0.1
	05/0623	Procurement Cover	0.0	2.5	2.5	1.9	0.6	2.5
	05/0629	Luneside East Grant Audit 2004/05	0.0	5.3	5.3	5.3	0.0	5.3
	06/0637	Performance Management Support	0.0	3.6	3.6	3.6	0.0	3.6
	06/0656	Use of Resources 2006	0.0	11.8	11.8	10.8	1.0	11.8
	06/0659	LPSA Grant Claim	0.0	2.5	2.5	0.9	1.6	2.5
		General Support Work Unallocated	25.0	-25.0	0.0	0.0	0.0	0.0
	06/0628	Corporate Project Management Development	0.0	60.0	60.0	52.2	7.8	60.0
	06/0630	Procurement Strategy Implementation 2006/07	0.0	20.4	20.4	18.4	2.0	20.4
	06/0633	Risk Management Strategy Implementation 2006/07	0.0	25.0	25.0	22.1	2.9	25.0
		Project Support Unallocated	60.0	-60.0	0.0	0.0	0.0	0.0
	Advice and Support Total			185.0	30.2	215.2	172.2	43.0
Audit Planning and Monitoring	95/0189	Audit Planning & Client Side Monitoring	30.0	0.0	30.0	25.2	4.8	30.0
	97/0172	Committee & Service Group Work	15.0	2.0	17.0	14.6	2.4	17.0
Audit Planning and Monitoring Total			45.0	2.0	47.0	39.8	7.2	47.0
Computer Audits	04/0621	BS7799	0.0	3.9	3.9	3.9	0.0	3.9
	06/0643	Information Security Development	0.0	19.0	19.0	18.1	0.9	19.0
	05/0624	New HR & Payroll System	0.0	5.0	5.0	4.2	0.8	5.0
		Computer Audit Unallocated	50.0	-27.9	22.1	22.1	0.0	22.1
	Computer Audits Total		50.0	0.0	50.0	26.2	23.8	50.0
Contingencies	04/0563	Investigation - Property Purchases	0.0	3.5	3.5	2.4	1.1	3.5
	06/0640	Investigation - Parksafe Discrepancy	0.0	11.4	11.4	11.4	0.0	11.4
		Investigations Unallocated	35.0	-14.9	20.1	0.0	20.1	20.1
	04/0580	Follow-Up Reviews	70.0	-6.5	63.5	48.0	15.5	63.5
		General Contingency	45.0	0.0	45.0	0.0	45.0	45.0
Contingencies Total		150.0	-6.5	143.5	61.8	81.7	143.5	
Efficiency & Value For Money	06/0654	Efficiency & VFM Strategies	20.0	0.0	20.0	6.0	14.0	20.0
		Efficiency & VFM Projects	20.0	0.0	20.0	0.0	20.0	20.0
		Specific Efficiency & VFM Reviews	20.0	0.0	20.0	0.0	20.0	20.0
Efficiency & Value For Money Total		60.0	0.0	60.0	6.0	54.0	60.0	
Major Financial Systems		Housing Rents	5.0	10.0	15.0	0.9	14.1	15.0
		Sundry Debtors	4.0	1.0	5.0	5.0	0.0	5.0
	06/0655	Housing Benefits & Council Tax Benefits	25.0	-4.5	20.5	15.1	5.4	20.5
	06/0641	Income Management	15.0	0.0	15.0	13.5	1.5	15.0
	06/0650	Council Tax	4.0	5.0	9.0	7.0	2.0	9.0
	06/0648	NDR	4.0	2.0	6.0	5.4	0.6	6.0
	06/0647	Creditor Payments	4.0	2.0	6.0	2.6	3.4	6.0
	06/0649	Payroll	4.0	1.0	5.0	0.1	4.9	5.0
	06/0651	Treasury Management	4.0	1.0	5.0	1.3	3.7	5.0
		Asset Management	15.0	0.0	15.0	0.0	15.0	15.0
	06/0611	Fraud & Corruption 2006/07	22.0	0.0	22.0	12.2	9.8	22.0
Major Financial Systems Total		106.0	17.5	123.5	58.1	65.4	123.5	

Internal Audit Plan 2006/07 - Revision at 12 December 2006

Category	Job No	Job	Base	Adj	Plan Total	To Date	Remaining	Revised	
Management Arrangements	06/0632	Transport Policy and Strategy	15.0	-7.0	8.0	7.6	0.4	8.0	
	93/0128	Construction Capital Contracts - Vertical Audits	0.0	2.5	2.5	2.0	0.5	2.5	
	93/0129	Engineering Capital Contracts - Vertical Audits	0.0	2.5	2.5	1.7	0.8	2.5	
	05/0625	Corporate Governance and SIC 2005/06	10.0	0.5	10.5	10.5	0.0	10.5	
		Corporate Governance and SIC 2006/07	30.0	-0.5	29.5	0.0	29.5	29.5	
		Performance Management	25.0	0.0	25.0	0.0	25.0	25.0	
	06/0608	Partnership Arrangements	20.0	0.0	20.0	6.0	14.0	20.0	
	06/0644	Legality Issues	15.0	0.0	15.0	0.0	15.0	15.0	
		Risk Management	20.0	0.0	20.0		20.0	20.0	
		Workforce Management Strategy	15.0	0.0	15.0	0.0	15.0	15.0	
	Management Arrangements Total		150.0	-2.0	148.0	27.8	120.2	148.0	
	Non Audit Work	00/0392	Deputy S151 Officer Duties	5.0	0.0	5.0	3.3	1.7	5.0
	Operational Audits	06/0631	Housing Repair & Maintenance Services	12.0	2.0	14.0	8.9	5.1	14.0
		06/0646	Renewal (Strategic Housing)	15.0	0.0	15.0	1.0	14.0	15.0
06/0638		Homelessness & Housing Advice	12.0	0.0	12.0	8.3	3.7	12.0	
06/0653		Street Cleansing	15.0	-15.0	0.0	0.0	0.0	0.0	
06/0652		Waste Management	15.0	0.0	15.0	7.2	7.8	15.0	
		Environmental Protection	15.0	0.0	15.0	0.1	14.9	15.0	
		Licensing	12.0	0.0	12.0	1.1	10.9	12.0	
06/0645		Car Parking- Provision & Control	10.0	0.0	10.0	6.0	4.0	10.0	
06/0642		Building Control	10.0	6.5	16.5	12.2	4.3	16.5	
06/0635		Tourism - Promotion & Facilities	12.0	0.0	12.0	9.3	2.7	12.0	
06/0634		Elections & Electoral Registration	10.0	0.0	10.0	3.0	7.0	10.0	
		Facilities Management	15.0	0.0	15.0	0.0	15.0	15.0	
Operational Audits Total			153.0	-6.5	146.5	57.1	89.4	146.5	
Secondary Financial Systems		06/0636	Value Added Tax	10.0	0.3	10.3	10.3	0.0	10.3
	06/0639	Stores	10.0	5.0	15.0	15.0	0.0	15.0	
Secondary Financial Systems Total		20.0	5.3	25.3	25.3	0.0	25.3		
Total - 2006/07 Plan		924.0	40.0	964.0	477.6	486.4	964.0		
Work In Progress Btwd As At 01 April 2006									
Major Financial Systems	05/0619	Housing Rents	0.0	0.0	8.0	8.0	0.0	8.0	
	05/0598	Sundry Debtors 2005/06	0.0	0.0	3.8	3.8	0.0	3.8	
	05/0626	Housing Benefits 2005/06	0.0	0.0	0.5	0.7	0.0	0.7	
	05/0615	Council Tax 2005/06	0.0	0.0	1.6	1.6	0.0	1.6	
	05/0596	Payroll 2005/06	0.0	0.0	10.6	10.6	0.0	10.6	
	05/0616	Main Accounting 2005/06	0.0	0.0	5.0	5.0	0.0	5.0	
Management Arrangements	05/0604	Health and Safety	0.0	0.0	9.1	9.1	0.0	9.1	
	05/0609	Performance Management	0.0	0.0	15.6	15.6	0.0	15.6	
	05/0575	Project Management	0.0	0.0	0.3	0.3	0.0	0.3	
	05/0610	Communications	0.0	0.0	22.9	22.9	0.0	22.9	
Operational Audits	05/0607	Regeneration Programmes	0.0	0.0	5.9	5.9	0.0	5.9	
	04/0589	Commercial Property Management	0.0	0.0	1.0	1.0	0.0	1.0	
Secondary Financial Systems	05/0606	Income Tax and National Insurance	0.0	0.0	4.3	4.3	0.0	4.3	
	Total - Work In Progress at 01/04/06		0.0	0.0	88.6	87.8	1.0	88.8	
Grand Total - All 2006/07 Workload		924.0	40.0	1052.6	565.4	487.4	1052.8		

Internal Audit Plan 2006/07

Remaining assignments – final quarter 2006/07

Audit	Current Position	Days Remaining	Notes
Efficiency & VfM Strategies	Ongoing	14	Work supporting the development of a corporate approach to managing VfM.
Efficiency & VfM Projects and VfM Reviews	No plans in place	40	Depends greatly on implementation of the corporate VfM framework. Potential for these allocations to be postponed to 2007/08
Housing Rents	Ongoing	14	Financial systems audit work that provides assurance in relation to the annual Statement on Internal Control & Corporate Governance (SIC&CG) and is also relied upon by the external auditors.
Sundry Debtors	Not started	5	
Housing & Council Tax Benefits	Ongoing	5.5	
Asset Management	Not started	15	
Fraud & Corruption	Ongoing	10	12 days already spent – work has stalled due to sickness.
Corporate Governance 2006/07	Not started	29.5	Work directly aimed at providing assurance in relation to the SIC&CG
Performance Management	Not started	25	Work aims to provide assurance in relation to the SIC&CG. Potential reduction by 10 days.
Partnership Arrangements	Ongoing	14	6 days already spent – work has stalled due to sickness.
Legality	Not started	15	Will include work aimed at providing assurance in relation to the SIC&CG
Risk Management	Not started	20	A proposal is being considered from an accountancy/consultancy firm to undertake this work during the 4 th quarter. Potential saving of 5 days.
Workforce Management Strategy	Not started	15	The Audit Commission has recently issued a report into its review of Workforce Management. It is proposed to postpone any further consideration of the subject to the 2007/08 audit planning process.
Renewal (Strategic Housing)	Just started	14	1 day spent to date – work has stalled due to sickness.
Environmental Protection	Ongoing	15	Work commenced in December 2006
Licensing	Ongoing	11	Work commenced in December 2006
Facilities Management	Not started	15	

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