



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 23 APRIL 2008
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 Wednesday 23rd January, 2008 (previously circulated).

3. **Items of urgent business authorised by the Chairman**

4. **Declarations of Interest**

5. **Annual Audit and Inspection Letter** (Pages 1 - 17)

Report of the Audit Commission. Representatives of the Audit Commission to present the report.

(All Councillors have been invited to attend for this item).

6. **Local Government Ombudsman Annual Letter** (Pages 18 - 25)

Report of the Head of Information and Customer Services.

Including a short presentation from the Local Government Ombudsman.

(All Councillors have been invited to attend for this item).

7. **Internal Audit Monitoring** (Pages 26 - 28)

Report of Internal Audit Manager

8. **Results of Internal Audit Work** (Pages 29 - 36)

Report of Internal Audit Manager

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Malcolm Thomas (Chairman), Jon Barry, Roger Dennison, Janice Hanson, Tony Johnson, Geoff Knight and Karen Leytham

(ii) Substitute Membership

Councillors Abbott Bryning, Shirley Burns, Sarah Fishwick, Geoff Marsland,
Ian McCulloch, Sylvia Rogerson and Rob Smith

(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, 14th April 2008

Annual Audit and Inspection Letter

March 2008

Annual Audit and Inspection Letter

Lancaster City Council

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles:

- auditors are appointed independently from the bodies being audited;
- the scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business; and
- auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998 and the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

This report provides an overall summary of the Audit Commission's assessment of the Council, drawing on audit, inspection and performance assessment work and is prepared by your Relationship Manager.

In this report, the Commission summarises findings and conclusions from the statutory audit, which have previously been reported to you by your appointed auditor. Appointed auditors act separately from the Commission and, in meeting their statutory responsibilities, are required to exercise their professional judgement independently of the Commission (and the audited body). The findings and conclusions therefore remain those of the appointed auditor and should be considered within the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission.

Reports prepared by appointed auditors are:

- prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission; and
- addressed to members or officers and prepared for the sole use of the audited body; no responsibility is taken by auditors to any member or officer in their individual capacity, or to any third party.

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Key messages

- 1 The key messages for Lancaster City Council, included in this report, are as follows.
 - The City Council has recently been assessed as a 'Good' CPA council in its Corporate Assessment. The majority of Council services are improving with 63 per cent of national best value performance indicators (BVPIs) improving during 2006/07, exceeding the district council average. However, the percentage of these PIs where Lancaster City Council is in the top performing quartile fell from 42 per cent in 2005/06 to 29 per cent this year. The City Council has clear priorities for improvement and is making good progress against its own milestones.
 - Re-organisation of City Council Direct Services (CCDS) has resulted in significant improvements in waste management and cleanliness. The recycling/composting rate rose to 26 per cent in 2006/07, although this remains below the national average. Initial figures for the first nine months of 2007/08 indicate that 32 per cent of waste is now being recycled or composted.
 - The City Council's investment in improving the cleanliness of the local environment has been reflected in a substantial rise in public satisfaction levels to 61 per cent, although this is still below the national average. Planning performance was again mixed over the past year and Housing management services are generally improving.
 - The City Council is delivering on its priority to make services more accessible to citizens. Two new customer service centres opened in Lancaster and Morecambe town halls in October 2007 and the main switchboard has been incorporated into Customer Services.
 - The City Council's contribution to wider community outcomes is increasingly effective and there has been good progress with physical and economic regeneration programmes.
 - The City Council and its partners have helped to significantly reduce crime over the past year and are on target to meet their national target for reducing overall crime by 15 per cent by 2008.
 - The City Council's approach to equality and diversity is still underdeveloped. It has not progressed beyond Level 1 of the Local Government Equality Standard, partly due to capacity issues and partly because this area has not been a priority.
 - The City Council continues to make effective use of partnership working to expand capacity and deliver local priorities – for example the bulky waste collection service provided in conjunction with Furniture Matters.
 - Financial management, risk management and scrutiny arrangements have been strengthened over the past year. However, progress on workforce planning has been slow, with key strategies not yet finalised.

- The City Council has delivered its lowest council tax increase in eight years for 2007/08 at 3.9 per cent. However, the cost of its services increased in comparison to similar councils during 2006/07.

Accounts and Value for Money

- We issued an unqualified opinion on Lancaster 's accounts on 24 September 2007.
- We concluded Lancaster City Council has adequate arrangements in place for achieving value for money in 2006/07. This conclusion is based heavily on our work from our Use of Resources (see below) and is not subject to scoring like many of our judgements.

Use of Resources

- The City Council continues to demonstrate a strong performance. It has a strong approach to financial management and effective budget monitoring arrangements are in place. Value for money arrangements have improved and can be expected to result in positive outcomes in the year ahead.

Data Quality

- The City Council has appropriate management arrangements in place for ensuring data quality and is performing well. Arrangements have improved in the last year.

Local Area Agreement

- The City Council and its partners are making good progress in establishing robust arrangements for governance, financial and performance management of the Local area Agreement (LAA). District councils have revised their community strategies and corporate plans to reflect and integrate the LAA. The timing of the development of the LAA meant that it is also not well aligned with Ambition Lancashire. This has been recognised and the County Council has driven a review of the structure of the county LSP and of Ambition Lancashire.

Health Inequalities

- Our initial findings show that health and local government bodies across the county are investing time, effort and money to address the complex challenges in Health Inequalities. However, there is not a consistent model or strategic regional approach to reducing the gap in Health Inequalities. Further work is scheduled to take forward this study during 2008/09.

Action needed by the Council

- Continue to focus on those services which the City Council considers a priority, in order to improve performance.
- Continue to progress the VFM improvement agenda and show demonstrable outcomes from the changes implemented during 2006/07.
- Ensure the City Council has effective arrangements in place in its approach to equality and diversity to achieve Level 2, and in due course further levels, of the local Government Equality Standard.
- Develop resourced action plans to address future workforce development issues.
- Ensure that the City Council has effective arrangements in place to meet the challenge and requirements of the new performance assessment framework under the Comprehensive Area Assessment.
- Work with partners to develop a strategic and operational approach to the reduction of health inequalities in the Lancaster area.
- Review the revisions to the use of resources key lines of enquiry and ensure that the City Council can demonstrate compliance against these new and revised requirements for 2008.

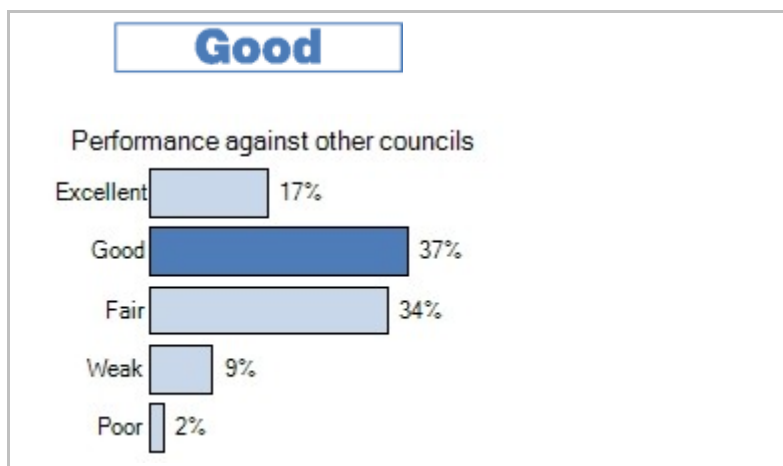
Purpose, responsibilities and scope

- 2 This report provides an overall summary of the Audit Commission's assessment of the Council. It draws on the most recent Comprehensive Performance Assessment (CPA), the findings and conclusions from the audit of the Council for 2006/07 and from any inspections undertaken since the last Annual Audit and Inspection Letter.
- 3 We have addressed this letter to members as it is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business and that it safeguards and properly accounts for public money. We have made recommendations to assist the Council in meeting its responsibilities.
- 4 This letter also communicates the significant issues to key external stakeholders, including members of the public. We will publish this letter on the Audit Commission website at www.audit-commission.gov.uk. (In addition the Council is planning to publish it on its website).
- 5 As your appointed auditor I am responsible for planning and carrying out an audit that meets the requirements of the Audit Commission's Code of Audit Practice (the Code). Under the Code, I review and report on:
 - the Council's accounts;
 - whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (value for money conclusion); and
 - whether the Council's best value performance plan has been prepared and published in line with legislation and statutory guidance.
- 6 This letter includes the latest assessment on the City Council's performance under the CPA framework, including our Direction of Travel report, and the results of any inspections carried out by the Audit Commission under section 10 of the Local Government Act 1999. It summarises the key issues arising from the CPA and any such inspections. Inspection reports are issued in accordance with the Audit Commission's duty under section 13 of the 1999 Act.
- 7 We have listed the reports issued to the Council relating to 2006/07 audit and inspection work at the end of this letter.

How is Lancaster City Council performing?

- 8 Lancaster City Council was assessed as Fair in the Comprehensive Performance Assessment carried out in 2004. These assessments have been completed in all district councils and we are now updating these assessments, through an updated corporate assessment, in councils where there is evidence of change. Lancaster is one such Council where a recent corporate assessment has now assessed the Council as 'Good'. The following chart shows the latest position across all district councils.

Figure 1 Overall performance of district councils in CPA



Source: Audit Commission

The improvement since last year - our Direction of Travel report

- 9 Overall, the majority of City Council services are improving. Some 63 per cent of national best value performance indicators (BVPIs) improved during 2006/07, exceeding the district council average. However, the percentage of BVPIs where Lancaster is in the top performing quartile fell from 42 per cent in 2005/06 to 29 per cent this year, suggesting the magnitude of improvement in the past year is comparatively lower than average. Public satisfaction with the Council rose slightly but remains in the poorest quartile.
- 10 The City Council is delivering on its priority to make services more accessible to citizens. Two new customer service centres opened in Lancaster and Morecambe town halls in October 2007 and the main switchboard has been incorporated into Customer Services. Recent customer satisfaction ratings and call handling performance are impressive. Benefits are a strong performing service which continues to improve.

- 11 Re-organisation and improved management of City Council Direct Services (CCDS) has resulted in significant improvements in waste management and cleanliness. The recycling/composting rate rose to 26 per cent in 2006/07, although this remains below the national average. Initial figures for the first three quarters of 2007/08 indicate that 32 per cent of waste is now being recycled or composted. The Council provides kerbside collection for 90 per cent of households and satisfaction with recycling facilities has increased by five per cent. The total quantity of waste collected and cost per head remain broadly stable. All bulky waste collections were achieved within the 7 day standard.
- 12 The City Council's investment in improving the cleanliness of the local environment has been reflected in a substantial rise in public satisfaction levels to 61 per cent, although this is still below the national average. There have been good reductions in littering and fly-posting, but levels of graffiti are on the increase. The Council has gap funded four new Police Community Support Officers to focus on environmental enforcement and additional beat sweepers located in 'hot-spot' areas.
- 13 Planning performance was again mixed over the past year, with good progress in relation to major planning applications and appeals allowed, but deteriorating performance on minor applications and the quality of service checklist. The latter was due to the departure of a member of staff holding a key qualification.
- 14 Housing management services are generally improving. Tenant satisfaction has increased substantially to 80 per cent and the proportion of urgent repairs completed on time improved during 2006/07. However, performance in relation to non-urgent repairs and rent collection performance deteriorated. All council-owned homes meet decency standards. Homelessness services continue to improve. Despite a further increase in the number of households in temporary accommodation, average lengths of stay are reducing and are amongst the lowest nationally.
- 15 There have been slight falls in levels of public satisfaction with cultural and sporting facilities but, with the exception of parks and open spaces, satisfaction ratings still compare favourably with other authorities. The strategy for playground improvement is being implemented with work already completed in several playgrounds. The Council continues to invest in better facilities for cyclists as part of its role as a designated 'Cycling Demonstration Town' and has recorded a 7 per cent increase in cycling rates over the past year.
- 16 The City Council's contribution to wider community outcomes is increasingly effective and there has been good progress with physical and economic regeneration programmes. All key projects within the Lancaster and Morecambe Economic Development Zone have now been secured and work has begun on the flagship Luneside East development. Other achievements during the past year include improvements to the promenade in the West End of Morecambe, completion of new office and leisure facilities on the Cottom's Farm industrial site, and progress towards obtaining planning permission for the proposed new science park adjacent to Lancaster University.

10 Annual Audit and Inspection Letter | How is Lancaster City Council performing?

- 17 The City Council and its partners have helped to significantly reduce crime over the past year and are on target to meet their national target for reducing overall crime by 15 per cent by 2008. Fear of crime remains relatively low and the Home Office gave Lancaster 's CDRP a 'high performing' assessment in August 2007. Repeat offences of domestic violence have reduced by 12 per cent in the past year.
- 18 The City Council's approach to equality and diversity remains underdeveloped. It has not progressed beyond Level 1 of the Local Government Equality Standard, partly due to capacity issues and partly because this area has not been a priority. Consequently, while access to services has improved generally, it is not clear whether accessibility and quality of service are improving for all sub-groups in the population. Similarly, there has been good public consultation in relation to specific projects, but engagement with minority ethnic communities is underdeveloped. The Council recognises its weaknesses in this area and is taking steps to address them – for example, producing a 'Welcome to the District Pack' targeted at Polish and Chinese immigrant communities. There has been a small increase in the percentage of council staff who are from BME communities but this remains low and further effort is needed to make the Council's workforce more representative of the communities it serves. On a more positive note, the percentage of women among top earners rose to 51 per cent.
- 19 The City Council has clear priorities for improvement and is making good progress against its own milestones. Business planning and performance management have been further strengthened as the Performance Review Team process and Escendency system have become fully established. Strategies and plans are well linked but not all priorities are yet supported by outcome-focused targets (for example regarding healthy living) and not all action plans are SMART. In addition, performance management within some partnerships - including the LSP - is not yet fully embedded. The Council has adopted consistent standards for project management (LAMP) and 150 staff have so far received training in the methodology.
- 20 The City Council continues to make effective use of partnership working to expand capacity and deliver local priorities – for example the bulky waste collection service provided in conjunction with Furniture Matters. It has also had further success in exploiting external funding, most recently securing funding for a £3.5 million scheme to create a centre for creative industries in the Storey Institute.
- 21 Financial management, risk management and scrutiny arrangements have been strengthened over the past year. However, progress on workforce planning has been slow, with key strategies not yet finalised. The City Council has identified future workforce development issues but has no action plans in place to address these, meaning it does not have a clear picture of the capacity required to deliver its ambitions and priorities. There is also scope to clarify the roles and responsibilities of Cabinet members, particularly where portfolios do not align with performance management arrangements. Sickness absence rose to 11.82 days during 2006/07, remaining in the worst quartile of performance, but initial figures indicate improved performance in the first three quarters of 2007/08.

- 22 The City Council has delivered its lowest council tax increase in eight years for 2007/08 at 3.9 per cent. However, the cost of its services increased in comparison to similar councils during 2006/07. Hence, despite some notable performance improvements, the Council did not increase its value for money score in this year's Use of Resources assessment. Nevertheless, value for money arrangements are continuing to improve – for example, through the adoption of the VFM model – and there is a likelihood that these will deliver positive VFM outcomes in the year ahead.

Service inspections

- 23 An important aspect of the role of the Relationship Manager is to work with other inspectorates and regulators who also review and report on the City Council's performance. Relationship Managers share information and seek to provide 'joined up' regulation to the Council. During the last year the City Council has not received any inspections from other inspectorates.

The audit of the accounts and value for money

- 24 As your appointed auditor I have reported separately to the Audit Committee on the issues arising from our 2006/07 audit and have issued:
- my audit report, providing an unqualified opinion on your accounts and a conclusion on your vfm arrangements to say that these arrangements are adequate on 24 September 2007; and
 - my report on the Best Value Performance Plan confirming that the Plan has been audited.

Use of Resources

- 25 The findings of the auditor are an important component of the CPA framework described above. In particular the Use of Resources score is derived from the assessments made by the auditor in the following areas.
- Financial reporting (including the preparation of the accounts of the Council and the way these are presented to the public).
 - Financial management (including how the financial management is integrated with strategy to support council priorities).
 - Financial standing (including the strength of the Council's financial position).
 - Internal control (including how effectively the Council maintains proper stewardship and control of its finances).
 - Value for money (including an assessment of how well the Council balances the costs and quality of its services).
- 26 For the purposes of the CPA we have assessed the City Council's arrangements for use of resources in these five areas as follows.

Table 1

Element	Assessment
Financial reporting	3 out of 4
Financial management	3 out of 4
Financial standing	3 out of 4
Internal control	3 out of 4
Value for money	2 out of 4
Overall assessment of the Audit Commission	3 out of 4

(Note: 1 = lowest, 4 = highest)

The key issues arising from the audit

- 27 The City Council continues to demonstrate a strong performance in most areas. Our current assessment reflects the position at 31 March 2007 and updates the work we did last year towards the end of 2006. Financial reporting arrangements are good and have been strengthened further through introduction of an annual report. The Council has a strong approach to financial management and effective budget monitoring arrangements are in place. There is sound system of internal control in place. There is however still some scope to further embed risk management arrangements across the Council and its significant partnerships. Work is ongoing to address this.
- 28 Value for money arrangements have improved and can be expected to result in positive outcomes in the year ahead. Recent performance improvements have been matched by a rise in comparative expenditure levels. The City Council approach would be strengthened by a clear analysis of the increases in costs in recent years and its impact on priorities for improvement.

Other Audit Work

Data Quality

- 29 This is the second year we have reviewed data quality at the City Council. Our overall view is that the Council has appropriate management arrangements in place for ensuring data quality and is performing well.
- 30 Arrangements in relation to data quality have improved in the last year. The Council has strengthened arrangements in relation to governance and leadership, policies and procedures and systems and processes. A data quality policy has been developed and this is being embedded within the organisation. The introduction of the new Escendency performance management system has raised the profile of performance information and this has led to renewed interest in assuring the quality of the data. Furthermore the Council has started to make the link between the quality of data and risk management. To this end the Council has highlighted data quality into their current risk register.
- 31 Our limited review of indicators for 2006/07 identified that they were fairly stated but some systems weaknesses were identified and a separate action plan to address these has been agreed with officers.

Local Area Agreement

- 32 Our review, undertaken in Autumn 2007, concluded that there is a strong, shared commitment to developing targets, systems and structures to make sure that the Local Area Agreement (LAA) delivers good outcomes for local people across the County. Agreeing and delivering an LAA in a county as large, complex and diverse as Lancashire is a huge challenge. The County Council, Lancashire district councils and other partners recognise this and are rising to the challenge.

14 Annual Audit and Inspection Letter | The audit of the accounts and value for money

- 33 This commitment is bringing some real benefits in terms of improved partnership working, more productive relations between district councils and the County Council and greater consensus around what is important for the diverse communities that make up the county. The LAA has informed and improved community leadership locally and driven greater acceptance of joint working.
- 34 The LAA focuses on increased life expectancy, improving life chances, sustainable Lancashire communities and narrowing the gap between the most and the least disadvantaged. The overarching aims and targets are clear and were agreed following consultation with the wide range of partners involved.
- 35 The partnership is maturing and becoming more established. Leadership is developing well. Arrangements comply with LAA terms and conditions and statutory requirements. The Internal Audit function of the County Council plays a key role in assurance of arrangements.
- 36 The City Council is investing substantial capacity into building good governance and accountability. As a result some important building blocks are in place including good systems for performance monitoring and management. Others such as arrangements for financial management are developing well.
- 37 There has inevitably been a strong focus in the first phase on setting up systems and delivery chains. There is currently a risk of delivery mechanisms and processes becoming overly complex and bureaucratic so that the capacity of partners to participate in the range of processes, meetings and groups is strained.
- 38 There is the potential to use the expertise and capacity available in district councils more efficiently. For example drawing on their experience of managing Neighbourhood Renewal Funding. This would help to reduce the substantial capacity burden on the County Council.
- 39 Arrangements for decision making have been agreed but in some areas there is a lack of transparency. For example in relation to allocation of funds. The decisions of the steering groups and the performance group need to be more clearly stated and better communicated so that the rationale behind them can be understood.
- 40 Governance arrangements for delivery of county targets at a district level are not yet in place. There has been slow progress in drafting and agreeing suitable service level agreements and contracts. This means that accountabilities, responsibilities and resources are not clearly defined. It currently presents a risk to delivery.
- 41 The County Council and the leadership of the LAA are maintaining momentum around delivery and have gained the commitment of partners despite some of these problems of processes.

- 42 District councils have revised their community strategies and corporate plans to reflect and integrate the LAA. Local community strategies and Ambition Lancashire are not currently well integrated. The county vision is not well linked to local visions. However in Lancaster the City Council has undertaken to review and reorganise its local district LSP and its Sustainable Community Strategy. The timing of the development of the LAA meant that it is also not well aligned with Ambition Lancashire. This has been recognised and the County Council has driven a review of the structure of the county LSP and of Ambition Lancashire.

Health Inequalities

- 43 In our audit plan for 2007/08 we stated our intention to undertake a study of Health Inequalities (HI) across Lancashire to include councils, primary care trusts and other stakeholders. HI is an issue for this borough and the county of Lancashire generally. There is significant variation within the borough and the county area on key measures of health such as:
- average life expectancy;
 - death by suicide and/or by accidents;
 - infant mortality rates; and
 - cancer, heart disease and stroke rates.
- 44 Our initial findings show that health and local government bodies across the county are investing time, effort and money to address the complex challenges in HI. However, there is not a consistent model or strategic regional approach to reducing the gap in HI. Activities suffer from the lack of a robust planning and project management framework and there is limited performance management of HI specific indicators. As a result there is a high risk that the investment will not help reduce the HI gap across the county over the next three years.
- 45 Health partnerships tend to develop individual initiatives but a lack of project management and performance reporting to cabinet/board level is preventing progress. HI information is available and being used to target resources towards deprived communities and groups. Better leadership on public health, and identification of HI champions at local level would facilitate more progress.
- 46 Our second phase of work, to be conducted in 2008/09, will be directed towards assisting organisations to develop co-ordinated strategies in order to ensure their corporate and partnership resources are used more effectively. This work will be aligned with HI developments within individual councils including Lancaster, health bodies and other significant stakeholders such as Government Office North West and the Department of Health.

Looking ahead

- 47 The public service inspectorates are currently developing a new performance assessment framework, the Comprehensive Area Assessment (CAA). CAA will provide the first holistic independent assessment of the prospects for local areas and the quality of life for people living there. It will put the experience of citizens, people who use services and local tax payers at the centre of the new local assessment framework, with a particular focus on the needs of those whose circumstances make them vulnerable. It will recognise the importance of effective local partnership working, the enhanced role of Sustainable Communities Strategies and Local Area Agreements and the importance of councils in leading and shaping the communities they serve.
- 48 CAA will result in reduced levels of inspection and better coordination of inspection activity. The key components of CAA will be a joint inspectorate annual area risk assessment and reporting performance on the new national indicator set, together with a joint inspectorate annual direction of travel assessment and an annual use of resources assessment. The auditors' use of resources judgements will therefore continue, but their scope will be widened to cover issues such as commissioning and the sustainable use of resources.
- 49 The first results of our work on CAA will be published in the autumn of 2009. This will include the performance data from 2008/09, the first year of the new Local Area Agreements.

Closing remarks

- 50 This letter has been discussed and agreed with the Chief Executive. A copy of the letter will be presented at the Audit Committee on 23 April 2008. Copies need to be provided to all City Council members.
- 51 Further detailed findings, conclusions and recommendations on the areas covered by audit and inspection work are included in the reports issued to the City Council during the year.

Table 2 Reports issued

Report	Date of issue
Audit and inspection plan	June 2006
Your Business @ Risk	June 2007
IT Risk Assessment	June 2007
Annual Governance Report	September 2007
Opinion on financial statements	September 2007
Value for money conclusion	September 2007
Corporate Assessment	February 2008
Annual audit and inspection letter	March 2008

- 52 The City Council has taken a positive and constructive approach to audit and inspection work, and I wish to thank the Council's staff for their support and cooperation during the audit.

Availability of this letter

- 53 This letter will be published on the Audit Commission's website at www.audit-commission.gov.uk, and also on the Council's website.

Michael Thomas
District Auditor and Relationship Manager

March 2008

AUDIT COMMITTEE**Local Government Ombudsman – Annual Letter 2006/07****23rd April 2008****Report of Head of Information & Customer Services****PURPOSE OF REPORT**

This report provides a detailed summary of those complaints for which we received a decision from the Ombudsman in 2006/07, as requested by Members in minute no. 13 of the September 2007 meeting.

This report is public

1. RECOMMENDATION

(1) That the details below be noted.

2. REPORT**2.1 Introduction**

At the meeting of 19th September 2007 members considered the Local Government Ombudsman's Annual letter for 2006/07. They requested that further details of the cases concerned be provided at a subsequent meeting. (ref: Minute 13 resolution3.) This information is provided below.

2.2 Breakdown of Complaints against Lancaster City Council

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

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

Summary:

Service	Case reference	Decision
Finance	10	Local settlement
Property	17	No insufficient evidence of maladministration (without report)
Council Housing	2	No insufficient evidence of maladministration (without report)
	6	No insufficient evidence of maladministration (without report)
	13	No insufficient evidence of maladministration (without report)
Health/Housing	1	Ombudsman's discretion
	15	No maladministration
	16	No insufficient evidence of maladministration (without report)
Neighbourhood Task Force	12	No insufficient evidence of maladministration (without report)
Planning	4	No insufficient evidence of maladministration (without report)
	11	No insufficient evidence of maladministration (without report)
	21	Ombudsman's discretion
	22	No insufficient evidence of maladministration (without report)
	23	Outside jurisdiction
Housing Benefit	5	Outside jurisdiction
	7	Ombudsman's discretion
	14	Outside jurisdiction
	25	No insufficient evidence of maladministration (without report)
Legal	9	Ombudsman's discretion
Council Tax	18	Outside jurisdiction
	19	Outside jurisdiction
	24	Local settlement

Detailed breakdown by case:

Finance Case 10

The complaint can be summarised as follows: that the Council had not reminded the complainants about an old outstanding charge (of £162.10, from 1989/90) in respect of private street works. The outstanding amount had come to light upon the sale of their property and had been accruing interest. The debt was settled by the complainant to achieve the sale of their property.

The Ombudsman agreed with the complainants, and suggested that the Council reimburse the complainants the interest accrued on the charge.

Lessons learnt: Issue more frequent reminders for any outstanding amounts registered as land charges.

Property Case 17

The complaint can be summarised as follows: that the Council had unreasonably removed the complainants ability to park close to their home.

The Ombudsman took the view that the complaint was not one that he could pursue.

Lessons learnt: not applicable

Council Housing Case 13

The complaint can be summarised as follows: that the Council had unreasonably failed to take appropriate and timely action in respect of complaints of neighbour nuisance.

The Ombudsman took the view that the complaint was not one that he could pursue.

Lessons learnt: not applicable

Case 6

The complaint can be summarised as follows: that the Council had unreasonably failed to give appropriate consideration to the complainants application for housing.

The Ombudsman took the view that the Council had properly considered and prioritised the application for housing.

Lessons learnt: not applicable

Case 13

The complaint can be summarised as follows: that the Council was at fault in:

- Failing to remove the bench from the garden area of the block of flats in which the complainant lives, in particular because the Housing Complaints Panel in January 2006 agreed that it would be removed if the complainant provided details of incidents of disturbance and nuisance arising from it; and
- Failing to respond to letters, e mails and telephone calls.

The Ombudsman took the view that there were no grounds to criticise the outcome of the Housing Complaints Panel. Also that there was no evidence that the Council had not replied to e mails and letters from the complainant.

Lessons learnt: not applicable.

Health/Housing Case 1

This complaint relates to Environmental Health and Planning Services.

The complaint can be summarised as follows: that the Council had unreasonably failed to investigate complaints about breaches of development control in the next door property; had failed to investigate complaints of noise nuisance from another property; and had failed to properly investigate the complaints of noise nuisance made by occupants of the next door property and so had unreasonably threatened enforcement action against the complainant.

The Ombudsman took the view that the complaint was not one which he should pursue for the following reasons.

1. Development Control – The Ombudsman was satisfied that the Council had properly investigated and responded to the complaint and there was no evidence of any administrative fault.
2. Noise from another property - The Ombudsman saw no evidence of administrative fault in the Council's approach. The Council's response to this complaint was in accordance with its published noise nuisance policy.
3. Allegations of noise from the complainants property - The Ombudsman noted that the Council could, perhaps, have made more effort to establish what nuisance existed and assessed it with a view to taking formal action if appropriate.

Lessons learnt: not applicable.

Case 15

The complaint can be summarised as follows: that the Council failed to take appropriate action to deal with noise nuisance from a neighbour.

The Ombudsman took the view that the Council had responded appropriately to complaints and sought to involve the complainant in its strategy. It had approached the issue in a pragmatic manner, and while it is acknowledged that events might have been better handled, this was very much a case of being wise after the event, rather than maladministration.

Lessons learnt: Ensure there is sufficient evidence before serving an abatement notice.

Case 16

The complaint can be summarised as follows: that the Council had unreasonably failed to properly investigate complaints of neighbour noise nuisance.

The Ombudsman took the view that the Council had properly investigated her complaints and had found no evidence to support further action.

Lessons learnt: not applicable.

Neighbourhood Task Force Case 12

The complaint can be summarised as follows: that the Council failed to give the complainants initial advice regarding the potential timescales for purchasing their properties

as part of the West End Regeneration Scheme and that, during the ensuing process, the Council failed to respond to correspondence and requests for information. They also complained that the Council failed to ensure that monies were available to complete the purchase and delayed in doing so.

The Ombudsman took the view that there was insufficient evidence that the Council had been at fault in the way it handled the acquisition of the properties. From the information available he could see no grounds to criticise the way in which the Council dealt with their complaint. The Council accepted that there were occasions when it should have replied to them earlier or supplied them more promptly with documents that they had requested. However the Ombudsman did not consider that the complainants were compromised to any significant extent as a result.

Lessons learnt: Improve communication.

Planning Case 4

The complaint can be summarised as follows: that the Council had unreasonably failed to take appropriate enforcement action in relation to a development and had perversely approved a retrospective application to retain the development as built.

The Ombudsman stated that he had no evidence of administrative fault in the way the Council had considered the matter.

Lessons learnt: not applicable.

Case 11

The complaint can be summarised as follows: that the Council had unreasonably investigated their neighbour's complaints about them.

The Ombudsman took the view that the Council was only doing what it should do and that he had seen no evidence of administrative fault.

Lessons learnt: not applicable.

Case 21

The complaint can be summarised as follows: that the Council unreasonably failed to follow proper procedures when considering lifting planning conditions relating to the flats where the complainant lives; and had unreasonably failed to properly consider the consequent housing issues.

The Ombudsman took the view that although the Council had failed to give the planning application appropriate publicity, on the evidence presented the complainant had not suffered an injustice as a result of the Council's actions.

Lessons learnt: ensure all planning applications are appropriately publicised.

Case 22

The complaint can be summarised as follows: that the Council had unreasonably failed to give appropriate consideration to applications for planning permission.

The Ombudsman took the view that from the evidence he had seen he was satisfied that the Council had properly considered the planning applications relating to the site. In particular before reaching their first decision the Planning Committee visited the site and so Members could have had no doubts about the position of the site and its relationship to surrounding properties, roads and footpaths. In addition officers, when reporting each new application, had reiterated the background as well as reporting material planning considerations, local policies, consultation responses and objections.

Lessons learnt: not applicable.

Case 23

The complaint can be summarised as follows: that the Council unreasonably failed to make timely responses to his letters, delayed determining his application for planning permission and failed to respond appropriately to his queries about Condition 10.

The Ombudsman took the view that since both delay in determining an application and a disputed condition provide a right to appeal to the Secretary of State for Communities and Local Government (through the Planning Inspectorate), the Ombudsman had no jurisdiction to investigate the complaint, and could not do so. The complainant had appealed against Condition 10.

The Council had approved his application 4 months after it was received, and had explained and apologised for delayed correspondence, particularly during the summer holidays.

Lessons learnt: Improve communication.

Housing Benefits Case 5

The complaint can be summarised as follows: that the Council had made an overpayment of both housing benefit and council tax benefit. Whilst the Council had admitted that the overpayment was partly their mistake she was still required to return the overpayment.

The Ombudsman took the view that he could not investigate this complaint since the complainant had a right to go to a statutory tribunal and it would be reasonable for her to do so.

Lessons learnt: not applicable.

Case 7

The complaint can be summarised as follows: that the Council unreasonably deducted Housing Benefit because the complainants son and daughter, who are non-dependents live with her.

The Ombudsman took the view that the Council had followed the regulations properly and that it would not appear that she had been caused injustice through maladministration by the Council.

Lessons learnt: not applicable.

Case 14

The complaint can be summarised as follows: that the Council unreasonably refused to pay one month's housing benefit because her claim was deemed to be defective and the Appeals Tribunal had also dismissed her claim.

The Ombudsman took the view that he could not investigate this complaint since a right to go to a statutory board had been used. The complainant had appealed to the Social Security Tribunal concerning the Council's decision.

Lessons learnt: not applicable.

Case 25

The complaint can be summarised as follows: that the Council was unreasonably recovering overpaid housing benefit from his tenant's ongoing benefit payments. (see Case 14 above)

The Ombudsman took the view that this was not a complaint that he could pursue and that the evidence he had seen had satisfied him that there had been no maladministration by the Council in relation to the matters the complainant had raised.

Lessons learnt: Ensure that any correspondence contains, where appropriate, a full explanation of how a decision has been reached, under which legislation, and clarification of any terms which may not be immediately obvious to the recipient.

Legal Case 9

The complaint can be summarised as follows: that the Council had unreasonably considered diverting footpath 16; and that Lancashire County Council had unreasonably failed to take appropriate action to ensure that the footpath was not obstructed.

The Ombudsman took the view that these were not complaints which he should pursue for the following reasons: 1) The complainant had advised that he was not directly affected by the matter he was complaining about. 2) The making of the diversion order had been referred to the Secretary of State therefore it was not a matter that the Ombudsman was able to consider.

Lessons learnt: not applicable.

Council tax Case 18

The complaint can be summarised as follows: that Council officers did not properly handle information connected with the complainants appeal to the benefits Appeal Service.

The Ombudsman took the view that the complaint was outside his jurisdiction, since the Local Government Act 1974 says that the Ombudsman shall not investigate a complaint if a right to go to a statutory tribunal has been used. The Appeals Service is such a tribunal.

Lessons learnt: not applicable.

Case 19

The complaint can be summarised as follows: that the Council was unreasonably taking recovery action against the complainant for unpaid council tax.

The Ombudsman took the view that the complaint was outside his jurisdiction, since the Local Government Act 1974 says that the Ombudsman shall not investigate a complaint where there is a right to go to a statutory tribunal unless he is satisfied that it is/was not reasonable to expect the complainant to use that right. The Valuation Tribunal is a statutory tribunal to which the complainant could have appealed.

Lessons learnt: not applicable

Case 24

The complaint can be summarised as follows: that the Council had unreasonably authorised recovery action against the complainant in respect of council tax owed by his late father.

The Ombudsman took the view that there was no need to pursue the complaint further since the Council had offered an appropriate remedy.

The Council invited the complainant to meet with officers so they could explain his liability and he could provide evidence to support his view that he was not liable.

Lessons learnt: An invitation to meet with officers could have been offered at an earlier stage. To be mindful that the Ombudsman welcomes attempts to settle complaints locally.

CONCLUSION OF IMPACT ASSESSMENT

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

No direct impact

FINANCIAL IMPLICATIONS

Any financial implications attached to individual cases have been outlined in the body of the report.

SECTION 151 OFFICER'S COMMENTS

The Section 151 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 2006/2007.

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AUDIT COMMITTEE**23rd April 2008****Internal Audit Monitoring****Report of Internal Audit Manager****PURPOSE OF REPORT**

To advise Members of the latest monitoring position regarding the 2007/08 Internal Audit Plan.

This report is public

RECOMMENDATIONS

- (1) **That the current monitoring position is noted.**

1.0 Introduction

- 1.1 The 2007/08 Internal Audit Plan was approved by the Audit Committee at its meeting on 27 June 2007. This report gives a brief update on the final out-turn position for the year ended 31st March 2008. Full details and outcomes will be included in the Internal Audit Manager's Annual Report which will be presented to the Committee in June 2008.

2.0 Report**Progress With Planned Assignments****2.1 2007/08 Planned Work**

- 2.2 The final position as at 31 March 2008 is set out in the table below, showing that 767 days were actually delivered on planned activity compared with the original plan of 840 days.
- 2.3 As reported in January, the main reason for the reduction in resources devoted to the Plan is lost productive time for all members of the section during the year, due mainly to the office removal from St Leonard's House to Lancaster Town Hall and time required in undertaking the Fair Pay Review process. In total, these have contributed to a loss of approximately 45 days of productive audit time.

Area of work	Resources (audit days)			Outputs (audit reports & opinions)	
	Planned	Actual	Variance	Planned	Actual
Core Financial Systems	100	101	+1	10-12 reports	13 reports
Core Management Arrangements	120	81	-39	8-10 reports	4 reports
Core Operational Systems	70	2	-68	6-8 reports	1 report
Risk Based Assurance Audits	200	208	+8	15-25 reports	19 reports
Follow-Up Reviews	70	38	-32		
Sub-Total, Assurance Work	560	430	-130	39-55 reports	37 reports
Consultancy Work	155	180	+25		
Investigations	35	85	+50		
Audit Management	45	63	+18		
Non Audit Duties	5	9	+4		
General Contingency	40	0	-40		
Total	840	767	-73		

- 2.4 As was reported in January, additional workload in other areas of the plan, especially in investigations, has had an impact on the level of resources devoted to assurance work. The total shortfall on assurance work is 130 audit days, representing a reduction of 23% on the approved Plan.
- 2.5 Nineteen audit reports had been completed and issued by 31st March 2008. As indicated in the notes to the table, a further eighteen reports are due to be issued in the next few weeks and will be available to inform the Internal Audit Annual Report and Assurance Statement. This total of thirty-seven reports is just below the lower limit of the range planned for the year
- 2.6 Under the category of “Core Operational Systems”, a change in emphasis and approach to IT audit has meant that much of this work is now being delivered through Core Financial Systems audits. This change will be reflected in future plans.

3.0 Details of Consultation

- 3.1 Not applicable

4.0 Conclusion

- 4.1 Changes in workload and staffing issues have led to a shortfall in resources applied to assurance work. Whilst performance in providing assurance has inevitably been affected, the plan has been managed to ensure that acceptable levels of assurance are provided to management and the Audit Committee. A full analysis of performance and outcomes will be included in the Internal Audit Manager’s Annual Report and assurance Statement which will be submitted to the June meeting of the Committee.

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 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 Plan 2007/08

Contact Officer: Derek Whiteway

Telephone: 01524 582028

E-mail: dwhiteway@lancaster.gov.uk

Ref: aud/comm/audit/080423

Internal Audit - Assurance Opinion Monitoring

Date of Assessment	Source	Level of Assurance Provided	Comments
06/0636 - Value Added Tax 2006/07			
07-Dec-06	Internal Audit - Final Report	 N/A	Audit report pre-dates the provision of assurance opinions
20-Dec-07	Internal Audit - Follow-Up Review	 Limited	The target risk score has yet to be achieved for all risks covered, the majority dependent upon improving the accuracy of information input in the Financial systems through guidance and training for staff processing invoices.
06/0657 - Environmental Protection			
24-Sep-07	Internal Audit - Final Report	 Limited	A high proportion of controls are being developed in the areas covered.
07/0658 - Licensing			
19-Dec-07	Internal Audit - Final Report	 Limited	The opinion is based on the fact that although measures are currently being taken to improve management of two of the four risks identified for audit, there is still scope to improve management of the remaining two.
07/0675 - Housing Advances			
13-Mar-08	Internal Audit - Final Report	 Limited	Raising the assurance level to reasonable may be achieved by the implementation of agreed actions relating to the review of interest rates; monitoring; reporting; and improved security of the mortgage system. The majority of agreed actions should be implemented by 30 April '08 and a formal follow-up review is scheduled by 30 September '08
07/0677 - Cemeteries			
21-Sep-07	Internal Audit - Final Report	 Limited	There are some significant control issues needing to be addressed, including arrangements for administrative cover, safeguarding cemetery records and ensuring long term public safety in cemeteries and closed churchyards.

Audit Committee

Results of Internal Audit Work

23rd April 2008

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.

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 March 2008

2.1 This report covers audit work and reports issued since the last report to Committee on 23rd January 2008. Summary reports are issued to Members for consideration and are also 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 be helpful if Members could contact the Internal Audit Manager on telephone number 582028 or email dwhiteway@lancaster.gov.uk prior to the meeting.

2.3 The 'Headline Messages' arising from all audit reports since the January 2008 meeting are attached to this report as Appendix A, with the reports listed below. The list gives the assurance opinion issued for the area audited under the revised reporting processes.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
07/0707	Council Tax 2007/08	08/02/08	Reasonable	✓
07/0694	LAMP Post Project Review	03/03/08	Reasonable	✓
07/0675	Housing Advances	13/03/08	Limited	⚠
07/0719	Income Management (Parking and Administration Webstaff Payments)	20/03/08	Reasonable	✓

Follow-Up Reviews

06/0638	Car Parking – Provision & Control	08/01/08	Reasonable	✓
05/0636	V.A.T.	16/01/08	Limited	⚠
06/0638	Homelessness and Housing Advice	28/01/08	Reasonable	✓
07/0674	Housing Benefits 2007/08 (Payments)	29/01/08	Reasonable	✓
06/0634	Elections and Electoral Registration	01/02/08	Reasonable	✓
06/0647	Creditors 2006/07	21/02/08	Reasonable	✓
07/0673	Right to Buy Scheme	22/02/08	Reasonable	✓
06/0647	Creditors 2006/07	31/03/08	Reasonable	✓

3.0 Matters Arising from Audit Reviews

3.1 Members attention is drawn to the audits where a “limited assurance” opinion was issued:

Housing Advances (07/0675)

The outcome of this review needs to be viewed in the context of the scale of the Council’s ongoing administration of housing advances, which is now limited to just 15 accounts with a total remaining debt of £45,800. Risks for which a reasonable level of assurance could not be given include those relating to:

- Formal authorisation of arrangements to pay mortgage arrears and control of overpayments
- Arrangements for the review of interest rates relating to variable mortgages and monitoring of mortgage redemption dates
- Provision of management information and financial monitoring and reporting arrangements
- Level of supervision and documentation of procedures
- System access, security and backup controls

The Action Plan contained twelve agreed actions, the majority of which are planned to be implemented by 30 April 2008. The Internal Audit Manager will provide Committee with a verbal update on progress made.

3.2 The Internal Audit Manager has responded to a question from a Member of the Committee for further information on the above audit, confirming that interest rate charges do cover the costs of managing Council mortgages.

V.A.T. – Follow up review (05/0636)

The target risk score for all risk covered in the original audit had not been achieved at the time of the follow up review with actions outstanding relating to the provision of up-to-date guidance and training for staff processing invoices. These were to be addressed during the implementation of the Authority Financials system. The Internal Audit Manager will provide Committee with a verbal update on progress made.

4.0 Update on Previous Assurance Opinions

- 4.1 Appendix B provides an updated position for all those audits where the level of assurance provided has not yet reached “reasonable”. These include the two audit reports covered in section 3.0 above. The Internal Audit Manager will provide Committee with a verbal update on each of the audits.

5.0 Results of Responsive Audit Work (Advice, Support and Investigations)

- 5.1 Investigatory work in relation to suspected petty cash handling and banking irregularities was not completed as the employment of the officer under investigation was terminated following disciplinary action for an unrelated matter. Action has, however, been taken to improve supervisory control within the Service concerned.

- 5.2 At the last Audit Committee meeting it was reported that the Council had responded to, and was awaiting answers from, the Audit Commission in relation to their request for the submission of Council Tax records and the full electoral register as part of the 2007/08 Data Matching exercise. This exercise has sparked national debate about its legality relating to the powers of the Audit Commission under the 1998 Audit Commission Act and, in particular, whether submission of the information held on the electoral register would be in breach of the Representation of the People (England and Wales) Regulations 2001.

The final revised deadline for the submission of the requested information passed on 21 January 2008 and to date, no response to the Council’s concerns has been received from the Audit Commission. It now seems unlikely that this information will be requested again under the existing legal framework, a more likely outcome being that, in future, the Audit Commission will rely on new provisions provided by the Serious Crime Act 2007 which is expected to come into force in April of this year.

- 5.3 Internal Audit have been working closely with other Council colleagues to develop a mechanism for identifying the number and type of partnerships the Council is involved in and their level of significance towards the achievement of corporate objectives. A ‘Partnership Development and Evaluation Toolkit’ has also been designed to enable an assessment to be made of the effectiveness of individual partnerships and the Council’s involvement in them. These are to be considered by Management Team and will form part of a wider Internal Audit of the Council’s partnership arrangements, the report for which will be submitted to the next meeting of the Audit Committee.

- 5.4 The Principal Auditor is providing project assurance on four of the Council’s major projects, being two IT projects, namely the implementation of the Authority Financials and Electronic Document Management systems; a building project, the Storey Creative Industries Centre development, and a revenue project for the development and implementation of the Sustainable Communities Strategy. The Internal Audit Manager is also now providing the same role within the Fair Pay Project.

The work requires an involvement throughout the life of the project to ensure, on behalf of the Project Board, that the project remains consistent with, and continues to meet, the specified business need. In a wider corporate sense, it also involves providing assurance on compliance with the LAMP project management methodology and adherence to its standards and principles. Assurance opinion reports on the management of risks relating to the above projects are to be submitted to a future meeting of the Audit Committee.

5.5 Audit staff continue to take an active role in officer groups including the Business Recovery Team, Access to Services Forum and the Local Area Agreement, Child Protection, Procurement, Risk Management and Asset Management Working Groups.

6.0 Details of Consultation

6.1 Not applicable

7.0 Options and Options Analysis (including risk assessment)

7.1 Not applicable

<p>CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing)</p> <p>None identified</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>Legal Services have been consulted and have no further comments</p>	
<p>MONITORING OFFICER'S COMMENTS</p> <p>The Monitoring Officer has been involved in providing legal advice on the Audit Commission's request for Council Tax data and the electoral register, and her concerns as to the lawfulness of the request have been passed on to the Audit Commission. The Monitoring Officer has no further comments on this report</p>	
<p>BACKGROUND PAPERS</p> <p>Internal Audit Files</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/audcomm/230408</p>

Results of Internal Audit Work

The following paragraphs set out the headline messages from audit reports and follow-up reviews issued since the Audit Committee meeting on 23 January 2008.

1. New Audit Reports

07/0707 Council Tax 2007/08 (issued on 08/02/08)

Assurance Opinion: Reasonable

- Internal Audit can provide reasonable assurance that controls relating to Council Tax are operating effectively in respect of the areas covered.
- There are effective arrangements ensuring the Council Tax system reflects the Valuation Office list.
- Procedures are in place to ensure that the Council Tax section are notified of all information that may affect the accounts.
- Effective arrangements for determining and calculating liability are in place ensuring the Authority is compliant with statute.
- Improvements to year end reconciliation procedures have been agreed.

07/0694 LAMP Post Project Review (issued on 03/03/08)

Assurance Opinion: Reasonable

- Lancaster (City Council's) Approach to Managing Projects (LAMP) project management methodology is being properly applied and proving to be highly effective in practice. All new capital projects from September 2007 are being managed using the LAMP approach in line with a Corporate Plan KPI and are progressing well
- LAMP methodology continues to become firmly established as the corporate project management methodology
- Continued development, training and support of LAMP and programme management will help to realise project benefits and to deliver projects to time, cost and quality
- There needs to be more focus on the benefits of using the LAMP method for revenue and change management projects

07/0675 Housing Advances (issued on 13/03/08)

Assurance Opinion: Limited

- Effective procedures to manage arrears are in place.
- A system for regular monitoring of redemption dates has been agreed.
- Interest rates are to be reviewed annually and amended in line with government guidance.
- Mortgage statements are to be improved to include more details, including interest rates charged.
- Monitoring and reporting arrangements are to be put in place to keep management properly informed.
- Mortgage system security is to be improved with each user having their own password and the backup of data being stored more securely.

07/0719 Income Management (Parking and Administration Webstaff Payments)
(issued on 20/03/08)

Assurance Opinion: Reasonable ✓

- Good arrangements are in place ensuring that the Authority is compliant with current banking rules and regulations for processing card payments via Webstaff.
- Income received via Webstaff is regularly reconciled to the general ledger.
- Data is held/destroyed securely and in accordance with the Data Protection Act.
- Corporate plans to introduce 'chip and pin' facilities will further improve current arrangements.

2. Post Audit Reviews

06/0638 Car Parking – Provision and Control

Assurance Opinion: Reasonable ✓

- Both agreed actions have been fully implemented and associated risks are considered to be well managed.
- The Council is compliant with current banking laws for processing debit/credit card payments.
- Procedures are in place to provide an audit trail for all urgent repairs work in order to defend any potential claims against the Authority.
- Corporate plans to introduce chip and pin payments are in hand and will widen the range of payment options available to customers and strengthen management of the risk.

05/0636 V.A.T. (issued on 16/01/08)

Assurance Opinion: Limited ⚠

- Arrangements are now in place to update and publish the VAT Manual annually.
- Supplementary guidance regarding VAT classifications and the correct use of tax point dates is to be issued by the end of January 2008 with an invitation for staff to request further training.
- The Authority has a valid VAT4 Registration Certificate and arrangements are now in place to ensure VAT returns are submitted on time.
- The introduction of procedures to monitor the VAT element of write-offs for significant amounts warranting a reclaim is to be considered further taking into account the cost-effectiveness of any proposals.
- The exempt supply calculation is to be performed at least annually to ensure it remains within statutory limits. An assessment is to be made of the cost/benefit of undertaking more frequent calculations.

06/0638 Homelessness and Housing Advice (issued on 28/01/08)**Assurance Opinion: Reasonable** ✓

- The Service continues to improve across all areas covered by the original review.
- The Service continues to target prevention, is performing well and is achieving its performance targets.
- The Service is proactively working with other agencies to address homelessness within the district and to improve the services provided.

07/0674 Housing Benefits 2007/08 (Payments) (issued on 29/01/08)**Assurance Opinion: Reasonable** ✓

- Discretionary housing payments are regularly reconciled to the amounts awarded.
- The Housing Benefits and Council Tax systems are regularly reconciled and differences are promptly investigated.
- Financial Services are to address the issue of a proper segregation of duties.

06/0634 Elections and Electoral Registration (issued on 01/02/08)**Assurance Opinion: Reasonable** ✓

- Democratic and Financial Services have agreed new arrangements for the management of election finances which should address all concerns raised at the time of the original review.

06/0647 Creditors 2006/07 (issued on 21/02/08)**Assurance Opinion: Reasonable** ✓

- Financial Regulations and Procedures should be reviewed by September.
- Arrangements are in hand to get the creditors bank reconciliation up to date.
- There are still a number of control issues on the new Authority Financials system, including system reporting, to be addressed through the project plan.

07/0673 Council Housing – Right to Buy Scheme (issued on 22/02/08)**Assurance Opinion: Reasonable** ✓

- All seven agreed actions have been fully implemented and associated risks are now considered to be well managed.
- Procedures and responsibilities for calculating discounts repayable under the January 2005 regulations have been documented.
- An electronic reminder system has been implemented through MS Outlook to ensure that statutory deadlines are adhered to.
- Correspondence sent to right to buy applicants has been reviewed and revised in order to clarify processes and provide clearer guidance.
- Systems have been introduced to ensure that all relevant parties are informed of right to buy applications/outcomes/sales and that an audit trail in support of decisions made is available.