



Committee: AUDIT COMMITTEE
Date: WEDNESDAY, 21 JANUARY 2009
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 17th November, 2008 (previously circulated).
3. **Items of urgent business authorised by the Chairman**
4. **Declarations of Interest**
5. **Constitutional Amendment – Composition of Cabinet Liaison Groups** (Pages 1 - 3)
Report of the Chief Executive.
6. **Democratic Renewal Phase 2** (Pages 4 - 13)
Report of the Chief Executive.
7. **Results of Internal Audit Work** (Pages 14 - 21)
Report of Internal Audit Manager.

ADMINISTRATIVE ARRANGEMENTS

(i) Membership

Councillors Malcolm Thomas (Chairman), Jon Barry, Abbott Bryning, Roger Dennison, Janice Hanson, Geoff Knight and Keith Sowden

(ii) Substitute Membership

Councillors Shirley Burns, Tina Clifford, Tony Johnson, Karen Leytham, Geoff Marsland, Ian McCulloch, Sylvia Rogerson, Peter Robinson and Paul Woodruff

(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,
CHIEF EXECUTIVE,
TOWN HALL,
DALTON SQUARE,
LANCASTER LA1 1PJ

Published on 12th January 2009

AUDIT COMMITTEE**Constitutional Amendment – Composition of Cabinet Liaison Groups****Report of the Chief Executive
21st January 2009****PURPOSE OF REPORT**

To consider whether each Political Group represented on the Council should have the option to appoint a representative to participate in future Cabinet Liaison Groups.

This report is public.

1.0 RECOMMENDATION

1.1 That Audit Committee consider the matter of whether or not each Political Group should have the option to appoint a representative to participate in Cabinet Liaison Groups formed in the future, and if so make an appropriate recommendation to Council Business Committee regarding the amendment of the Constitution.

2.0 Introduction

2.1 A report has been requested by a Member on a possible change to the Council's Constitution to allow all Political Groups represented on the City Council the option to appoint a representative to future Cabinet Liaison Groups.

3.0 Background

3.1 Members will be aware that Cabinet Liaison Groups are purely consultative and not decision-making bodies. They are chaired by a Member of Cabinet and there is no restriction on size although the group must be limited to what is manageable and effective for their purpose. They may be time limited or of longer standing, again depending on their purpose. Each Cabinet Liaison Group has its terms of reference and expected outputs approved by Cabinet before it meets.

3.2 Currently, the participants in Cabinet Liaison Groups are invited to take part by the Chairman and can be made up from any or all of the following:

- Other Members of Cabinet
- Other Members of Council not on Cabinet
- Others from outside the Council
- Council Officers

There is no requirement currently for the Chairman to invite an Elected Member from each Political Group represented on the Council to take part in a Cabinet Liaison Group.

4.0 Options and Options Analysis (including risk assessment)

4.1 Option 1 – to amend the Council’s Constitution to state that the Chairman of a Cabinet Liaison Group must invite a Member from each Political Group represented on the Council to take part in future Cabinet Liaison Groups. In accordance with Article 15 of the Constitution this will require a recommendation from this Committee to the Council Business Committee. This may result in larger Cabinet Liaison Groups but would ensure that each Political Group had a ‘voice’ on the Cabinet Liaison Group. Political Groups may perceive this as a fairer option. With this option, the Cabinet Member chairing the Cabinet Liaison Group may also have a wider information and advisory platform to inform executive decision-making and policy effectiveness.

4.2 Option 2 – to take no action with regard to amending the Constitution and continue with the current arrangement whereby the Chairman of the Cabinet Liaison Group decides who he/she will invite to take part, in view of the fact that Cabinet Liaison Groups are purely consultative and not decision-making bodies. There is a risk with this option that Members of Political Groups who are not invited to take part in a Cabinet Liaison Group will feel excluded from the consultative process.

5.0 Conclusion

5.1 In the light of the information contained in this report, Audit Committee is requested to consider whether it would be preferable to amend the Council’s constitution to state that the Chairman of a Cabinet Liaison Group must invite a Member from each Political Group represented on the Council to take part in future Cabinet Liaison Groups.

RELATIONSHIP TO POLICY FRAMEWORK None
CONCLUSION OF IMPACT ASSESSMENT (including Diversity, Human Rights, Community Safety, Sustainability and Rural Proofing) None
FINANCIAL IMPLICATIONS None directly arising.
SECTION 151 OFFICER’S COMMENTS The Section 151 Officer has been consulted and has no further comments.
LEGAL IMPLICATIONS Cabinet Liaison Groups are not subject to political balance legislation. Should Option 1 be adopted, the Council’s Constitution would need to be amended accordingly.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Part 4, Section 4, paragraph 2.9 of the Council's Constitution – Cabinet Procedure Rules; Cabinet Liaison Groups.

Contact Officer: Debbie Chambers

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E-mail: dchambers@lancaster.gov.uk

Ref:

AUDIT COMMITTEE**Democratic Renewal Phase 2
21st January 2009****Report of the Chief Executive****PURPOSE OF REPORT**

To advise the Committee of how opportunities offered by the Local Government and Public Involvement in Health Act 2007 and other governance and democracy issues resulting from the Democratic Renewal Audit, might be taken forward.

This report is public.

RECOMMENDATIONS

- (1) That the report be noted.
- (2) That the Committee considers which of the issues and suggested approaches in the report it wishes to take forward.

1.0 Introduction

- 1.1 In September 2003, at the request of the Council, the Audit Commission carried out a Democratic Renewal Audit of the Council and produced an action plan, which the Council subsequently addressed. In June 2007, the Audit Committee received a report from the Chief Executive, providing an evaluation of the initiatives that had been implemented as a result of the Democratic Renewal Audit. The report concluded that Democratic Renewal was now embedded in the Council and an agenda that the Council viewed as ongoing. The Committee resolved that the functioning of Full Council be considered further with regard to democratic modernisation.
- 1.2 At its meeting on 20th December 2007 the Local Governance Committee requested Officers to bring forward a Democratic Renewal Phase Two report in order to enable the Council to consider which opportunities offered by the Local Government and Public Involvement in Health Act 2007 and other governance and democracy issues it might wish to take forward.

2.0 Democratic Renewal – issues and suggested approaches

- 2.1 The table at Appendix 1 summarises the various matters relating to governance and democracy which the Committee might like to take forward, and suggests an approach for tackling each issue.

3.0 Options and Options Analysis (including risk assessment)

3.1 The options for consideration are:-

Option 1	Decide to take forward only those issues that are a statutory requirement	Some of the issues raised are statutory requirements and there is a risk that the Council might fail to take forward those issues, such as appointing a Leader on a four year basis from the next Council election.
Option 2	Prioritise some of the other options to take forward	Prioritisation would allow the most pressing issues to be taken forward swiftly, and address any risk of the Council failing to meet statutory requirements.
Option 3	Decide to take all of the issues forward	There are a significant number of issues in the report and, should the Committee decide to take all the issues forward, there would still be a need to prioritise and set realistic time scales for completion that relate to the importance of the issue.

4.0 Conclusion

4.1 The issues highlighted in this report form, as requested by this Committee, the second phase of the Democratic Renewal process to ensure that the Council continues to make improvements to its democratic processes.

CONCLUSION OF IMPACT ASSESSMENT

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

There are no implications arising from this report.

FINANCIAL IMPLICATIONS

There are no direct financial implications as a result of this report. Any proposals for change will be evaluated for financial implications in the relevant report, prior to decisions being taken.

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

The report sets out any statutory requirements for change as result of the Local Government and Public Involvement in Health Act 2007 and highlights the need for amendments to the Council's Constitution where applicable.

MONITORING OFFICER'S COMMENTS

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

BACKGROUND PAPERS

Democratic Renewal Report and Survey Results 2003
Audit Committee agenda and minutes 27th June 2007
Local Governance Committee agenda and minutes 20th December 2007

Contact Officer: Debbie Chambers
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Ref:

Topic		Issues	Suggested Approach
1	The Constitution	<ul style="list-style-type: none"> • Process for amending and updating constitution needs clarifying and reviewing. • Urgent business procedures to be reviewed. • Special Urgency to be amended from a decision of the Chairman of Overview and Scrutiny Committee to a decision of the Chief Executive in consultation with the Chairman of Overview and Scrutiny Committee. • Simplify and clarify the Constitution document itself – indexing, continuous page-numbering, terminology used, minor anomalies which have been identified, etc. 	Officers to prepare a further report for the Audit Committee detailing the issues and options.
2	Appointment of Leader	The Constitution currently says that Council will elect the Leader and Cabinet annually. As a requirement of the Local Government and Public Involvement in Health Act 2007, the Council will be required to change its procedure for appointing the Leader to be on a four year basis, with the Leader then selecting the Cabinet. The new requirement came into force 2 months after the Act was passed, so will be effective from the next Council election in 2011.	A resolution making these changes must be passed at a specially convened Council meeting before 31 st December 2010. However, between then and third day following the local authority elections in 2011, known as the “transitional period” the authority is allowed to continue to operate its current Executive arrangements.
3	Byelaws	Part 6 of the Local Government and Public Involvement in Health Act 2007 provides that local authorities will be able to make certain bylaws and enforce them with fixed penalty notices without agreement from central Government.	Audit Committee to request that the Monitoring Officer looks into the constitutional amendments that will be required to reflect the changes.
4	Petitions	The recent White Paper, Communities in Control, highlights the fact that petitions have become easier through the Internet and outlines plans to introduce a new duty for councils to respond to petitions, ensuring that those with significant local support are properly debated. In line with this duty, the Council may wish to amend the constitution procedure rules to state that petitions to Council should be passed to the Overview and Scrutiny Committee to consider and carry out any inquiry work, as appropriate, before reporting back to Cabinet or the relevant	Audit Committee to consider whether it wishes to recommend this proposed change in the procedure rules to Council Business Committee.

5	Council	<p>decision-making body.</p> <p>The Audit Committee requested that further consideration be given to speaking at Full Council. There is a view that, despite a previous review, further tightening of the time limits on speaking should be applied. These are currently</p> <ul style="list-style-type: none"> ▪ 2 minutes to ask a question or a supplementary question ▪ 3 minutes to respond to a question ▪ 5 minutes to present a petition or address ▪ 5 minutes speaking time during debate or to move a motion ▪ 30 minutes in total for public question time <p>In addition there is currently no limit to the number of questions which can be asked by councillors at Council. There are a number of options to restrict the length of time devoted to such questions such as limiting the number of questions per councillor or introducing an overall time limit.</p> <p>Currently there is scope for Cabinet Members, a Chairman of a Committee or an Overview and Scrutiny meeting to be asked questions of a factual nature on issues which are outside their remit. It is suggested that this is tightened to provide greater clarity for Councillors and Officers.</p>	<p>Audit Committee to consider whether to recommend to the Council Business Committee reducing the current time limits and/or introducing any restrictions on questions from Councillors.</p> <p>Officers to prepare a report asking the Audit Committee to consider instigating a 'filter' system within the Constitution to allow the Chief Executive to reject questions which would be outside the remit of the Member they are directed to.</p>
6	Outside Body, Partnerships and Board Appointments	<p>Outside body representation would benefit from development and active management to improve its effectiveness. This review has previously been suggested as part of the Grants Task Group and Council has reviewed and amended its protocol for making appointments to outside bodies. It is recommended that guidance be developed for representatives on outside bodies; that reporting mechanisms and the number of appointments could also be reviewed and that consideration is given to how Council policy can be progressed through involvement in</p>	<p>Audit Committee to recommend that Council Business Committee considers these issues.</p>

7	Officer Training	<p>partnerships.</p> <p>It is evident that in some areas of the Council, some officers are having difficulty understanding and operating the decision-making process. Further training is required.</p> <p>There are a number of features of the Modern.gov committee management system that will further improve and help coordinate the decision-making process.</p> <p>Paperless meetings have been successfully piloted by the Council Business Committee, with very few problems. Advantages include reduction in costs of printing and distributing information to members. However, if the Council wishes to pursue this approach, it will need to consider supplying all Councillors with laptops (currently six Councillors use their own computer via Netilla to access the Council network) as well as increasing the availability of wireless networks to all committee rooms used for meetings.</p>	<p>Democratic Services to target this training at the areas of most need and seek agreement from Management Team to make this mandatory</p> <p>A fuller report to be prepared for Council Business Committee and that Committee to monitor progress made.</p> <p>A full report for consideration by this Committee, in the first instance, on the savings made, feedback received, problems encountered and estimated costs of supplying more laptops and wireless network.</p>
8	Development of Electronic Decision-making	<p>Poulton Neighbourhood Management carried out a successful Participatory Budgeting pilot in February 2008. Participatory Budgeting offers an effective way of providing communities with a real say in determining how money is spent in their community whilst fully involving them in the decision-making process and the Council may wish to consider if it wishes to extend this to other grant/improvement budgets or mainstream budgets.</p> <p>Under the Local Government and Public Involvement in Health Act 2007, the Council will also be able to delegate Executive functions under the Local Government Act 2000 to individual Councillors to make decisions on issues that affect their ward or to allocate resources to their ward.</p>	<p>A report evaluating the event will be presented to Cabinet for its consideration in due course.</p> <p>Officers to prepare a full report to Audit Committee asking Members to consider:-</p> <ul style="list-style-type: none"> • which functions, if any, it wishes to delegate to Ward Councillors and whether it wishes
9	Neighbourhood Working, Community Leadership and Devolved Decision-Making		

		<p>Additionally, the Local Government and Public Involvement in Health Act 2007 provides the opportunity for local authorities to consider if they wish to request a boundary review to establish single member wards, which are understood to assist Councillors in carrying out their representational role in a similar way to MPs.</p> <p>The recent White Paper, Communities in Control highlights how the transfer of assets to community uses can help empower communities.</p> <p>The Local Government and Public Involvement in Health Act 2007 places great emphasis on supporting Councillors in their role as community leaders. It will be necessary to provide training and development for members in this area, as well as considering what officer support mechanisms are most appropriate.</p>	<p>to</p> <ul style="list-style-type: none"> consider single member wards. <p>A report to Audit Committee presenting further information to help Members establish an approach to transfer of assets to community uses</p> <p>A report to the Council Business Committee to take a decision on these Member Development issues.</p>
<p>10</p>	<p>Town Council and Parish Councils</p>	<p>The Council has agreed to establish a Morecambe Town Council and thought needs to be given about the support, training and contact that would be supplied by the City Council to this new Town Council and review that currently in place with the existing Parish Councils.</p>	<p>Council needs to consider the support, training and contact that would be supplied by the City Council to any new Town Council and this would present a good opportunity to review arrangements currently in place with the existing Parish Councils.</p>
<p>11</p>	<p>Overview and Scrutiny Development</p>	<p>An internal audit had found that the Council had no overarching strategy in place to guide partnership activity; there was no formal definition of what the Council considered to be a partnership and had no framework for evaluating the effectiveness of individual partnerships and the Council's involvement in them.</p> <p>The Cabinet Liaison roles carried out by Overview and Scrutiny Members are not functioning effectively and the purpose needs to be reviewed.</p> <p>The new Councillor Call for Action requirement needs to be considered in terms of how it will be applied to the Council.</p>	<p>Overview and Scrutiny Committee (OSC) to consider these issues.</p> <p>A report on Partnership Working and Scrutiny was presented to the Budget and Performance Panel in July and actions are being implemented.</p> <p>Cabinet and OSC to review the Cabinet Liaison roles of O&S Members and whether guidelines and support need to be put in place.</p> <p>Officers to prepare a report to Council.</p>

		<p>Amendments require to be made to the constitution and a procedure developed following the issue of guidance from the Secretary of State.</p>	
12	Unitary Local Government	<p>Whilst this is still Council policy, the Government has indicated that there are unlikely to be any further invitations to develop unitary government within the life of this parliament. However, the Local Government and Public Involvement in Health Act 2007 does make provision for the Boundary Commission on its own initiative, or at the request of the Secretary of State or a local authority, to conduct a review of one or more local government areas. This could result in the change of a boundary, abolition of a local government area or creation of a new area. There are restrictions in this power in that it cannot result in wholesale changes from two tier to single tier or vice-versa, but appears to allow for changes beneath this level, for example, the creation of a unitary Lancaster City Council if a two tier arrangement remained in some or all of the rest of Lancashire.</p>	<p>Audit Committee to consider whether it wishes to receive further information on this issue in order to make a recommendation to Council.</p>
13	Rationalisation of Bureaucracy	<p>The Council Innovation Forum has suggested that the democratic and decision-making process takes too long and is overly complicated. There is also a feeling that the local authority is overly risk averse.</p>	<p>Audit Committee to receive a further report on the scope for reviewing the current stages required to make a decision.</p>
14	Meeting Room Facilities	<p>There are a number of problems with the existing meeting room facilities that are used for Council meetings. Whilst the majority of rooms do have induction loops fitted, there is no PA system, making some meetings particularly difficult to hear. Additionally, many meetings require audiovisual multimedia equipment which is provided when required but has to be put into meeting rooms on a temporary basis. This can involve televisions for planning committee and screens and projectors elsewhere, however these do not enable all members and the public to see the images comfortably.</p>	<p>Information has been obtained on options for the refurbishment of the Council Chamber at Morecambe Town Hall using suitable portable equipment which can also be used at Lancaster Town Hall and it had been intended to progress this issue through the budget-setting process for 2009/10. However the current financial situation has led to this growth bid being withdrawn at this stage.</p>

<p>15</p>	<p>Individual Cabinet Member Decisions and Officer Delegation</p>	<p>Currently it is the responsibility of the service to obtain the approval of the Cabinet Member on a report provided by the service. There have been difficulties in this area and it is suggested that Democratic Services take over the responsibility for obtaining the approval of the Cabinet Member in order to ensure a level of consistency.</p> <p>In comparison to a number of Councils, Lancaster City Council currently has a relatively low level of delegation to officers. This may be an area that the Council wishes to review in the future.</p>	<p>That Democratic Services take over this role and inform services accordingly.</p> <p>Officers to prepare a report to Council to assist Members to review this area.</p>
<p>16</p>	<p>Meetings and Minutes</p>	<p>There is felt to be scope for further consideration of the number and duration of Council meetings. For instance, it is felt that there is no longer merit in maintaining a separate Appeals Committee as its functions could be carried out by the Council Business Committee. In addition, consideration needs to be given to the effective use of Committee time, with consideration given to more innovative ways of working to reduce the duration of meetings and reduce the amount of officer time spent in Committee meetings. In particular, Cabinet and Planning Committee may benefit from further consideration of start and finish times due to the duration of these meetings.</p> <p>Cabinet Minutes currently contain the full options and options analysis for each item of business. This was provided prior to Overview and Scrutiny having access to all Cabinet information to enable Members to properly consider whether a call in was justified. It is felt that this level of detail, often running to many pages, is no longer required.</p> <p>Council Agenda currently includes a Leaders' Report and the minutes of Cabinet. The current format of the Leaders' Report essentially duplicates the later cabinet minutes as well as</p>	<p>Democratic Services to consult with Members of Cabinet and Planning Committee for their views.</p> <p>Head of Democratic Services to prepare a report to OSC with options for the OSC to recommend to Cabinet for reducing the information in Cabinet minutes, now that the full agenda is available to O&S Councillors.</p> <p>Audit Committee to consider whether to recommend to the Council Business Committee that the Constitution be amended to remove the</p>

		<p>providing information on other executive issues since the last meeting of Council and experience has shown over the past year that most questions are asked on the Leader's report rather than at the end of the meeting under the Cabinet Minutes item. It is suggested that, providing the opportunity to ask questions on Cabinet Minutes remains available under the Leader's Report item, the separate item of Cabinet Minutes could be removed from the agenda. Particularly, bearing in mind the length of Cabinet minutes at the present time, this would also provide a saving in paper and printing costs as well as removing any potential for duplication at the Council meeting.</p>	<p>requirement to include Cabinet Minutes on the Council agenda.</p>
<p>17</p>	<p>Executive Support and Development</p>	<p>Needs were identified to</p> <ul style="list-style-type: none"> ▪ further support the Cabinet, particularly through the provision of some dedicated support to Cabinet Members to assist them with research, administration, etc ▪ provide more training and development for Cabinet Members. 	<p>In June, Council Business Committee resolved that Political Leadership be included as a priority in the Strategy as a project area and that Officers investigate how induction and support for Cabinet Members could be improved upon. This work is in progress.</p>

Audit Committee

**Results of Internal Audit Work
21st January 2009
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 31st December 2008

2.1 This report covers audit work and reports issued since the last report to Committee on 24th September 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 list below gives the assurance opinion issued for areas audited since the September 2008 meeting.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
07/0676	Salt Ayre Sports Centre	12/09/08	Limited	
07/0685	Electronic Data Matching System	26/09/08	Reasonable	
07/0701	Procurement & Contract Management	01/10/08	Limited	
07/0684	Civica Authority Financials System	03/10/08	Reasonable	
08/0724	Land Charges	05/11/08	Limited	
07/0683	Storey Creative Industries	18/11/08	Reasonable	
08/0727	Public Health and Safety	02/12/08	Substantial	
07/0709	Payroll	04/12/08	Limited	

Audit Title		Report Date	Assurance Level	
New Audit Reports				
08/0732	Economic Dev Marketing & Promotion	12/12/08	Reasonable	✓
08/0736	Business Continuity Planning	15/12/08	Reasonable	✓
08/0753	Williamson Park – Financial Procedures		Limited	⚠
Follow up Reviews				
05/0610	Internal Communications	09/09/08	Reasonable	✓
07/0707	Council Tax	24/09/08	Reasonable	✓
07/0675	Housing Advances	04/11/08	Reasonable	✓
07/0710	Ordering and Payments 2007/08	11/11/08	Reasonable	✓
07/0658	Licensing	28/11/08	Reasonable	✓

3.0 Matters Arising from Audit Reviews

3.1 Members' attention is drawn to the audits where a "Limited" assurance opinion has been issued; there have been no audits resulting in a "Minimal" assurance opinion. The following audits completed since the last meeting of Committee have been issued with a "Limited" assurance opinion:

07/0676 - Salt Ayre Sports Centre

Risks for which a "Reasonable" level of assurance could not be given include:

- Adequate separation of duties and supervision in relation to the management of the booking system (Scuba) operated at the Centre to reduce the risk of error of fraud being undetected
- Arrangements for the reconciliation of the booking system to the Main Accounting System, to inform decision making, and;
- The potential for inefficiencies in the use of the booking system and poor cost effectiveness in raising and managing debtor invoices

A programme of agreed actions is in place, including a proposed restructure of the Centre to be completed by April 2009. When implemented, these actions will enable the assurance level to be raised to "Reasonable".

07/0701 - Procurement and Contract Management

This report notes that many improvements have been made in recent years in relation to the Council's procurement arrangements and that the 'Limited' opinion given refers to specific areas of procurement and contract management where it is known that there is scope to improve management of the risks.

Eight actions have been agreed with management to ensure that:

- Strategic procurement aims and objectives are clearly stated and understood;
- Corporate engagement of these stated aims and objectives is enhanced, and;
- To provide an effective means of monitoring procurement progress and performance

The majority of these actions are due to be implemented during 2009.

08/0724 - Land Charges

Several short-term and relatively minor actions have been agreed with management to improve the overall reliability and integrity of the automated Land Charges System (Northgate).

The most significant risks relate to the cost effectiveness of the service and the fact that the Council's 'market share' for the provision of land searches may be compromised if fees do not demonstrably reflect the cost of the service. Actions to mitigate these risks are due for implementation by April 2009, when detailed Government guidance should have been made available and implemented.

07/0709 - Payroll 2007/08

Risks for which a Reasonable level of assurance could not be given include:

- Risks relating to the potential for discrepancies between the computerised Payroll system and the Council's Establishment Book and the independent authorisation of updated and amended payroll data
- Segregation of duties between payroll reconciliations and validation procedures and system integrity checks

A total of seventeen actions have been agreed with management to improve overall management of the risks, although a number of these are longer term (more than 12 months) and are heavily dependent on an ongoing restructure within Exchequer Services, a major review of corporate recruitment arrangements to be undertaken by Legal and Human Resources, and the implementation of a fully integrated Human Resource/Payroll computerised system.

08/0753 - Williamson Park Financial Procedures Audit

Following a formal request, Internal Audit has undertaken a major review of the financial procedures arrangements operated by Williamson Park Ltd. This review has resulted in twenty-two actions covering all aspects of petty cash, ordering and payment, income management and collection and general security and other related operational arrangements. Given the number of control issues that need to be resolved only a '*Limited*' assurance opinion can be given, although there is some confidence that implementation of the agreed actions can result in a '*Reasonable*' opinion in a relatively short period of time.

The action plan arising from the audit has been agreed with management and is to be considered by the Williamson Park Board in early January 2009, with a follow up review to be undertaken by 31 March 2009.

4.0 Update on Previous Assurance Opinions

- 4.1 Appendix A provides an updated position for all those audits where the level of assurance provided has not yet reached "Reasonable", including the Salt Ayre Sports Centre audit referred to in §3.0 above.

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

- 5.1 Internal Audit have provided ad-hoc advice and support to all levels of management, the most significant of which relate to:
- Ongoing project assurance and related support work, notably the ongoing Fair Pay Project (Internal Audit Manager) and the development of the performance management framework in support of the recently launched Sustainable Community Strategy and the development of the Storey Creative Industries Centre (Principal Auditor)

- Co-ordination and management of the National Fraud Initiative (NFI) requirements, including data extract and submission to the Audit Commission by the specified date, and ensuring that members of the public are informed that the NFI involves the sharing of personal information with other public bodies in order to prevent and detect fraud
- Lead role in developing the framework for the performance management and scrutiny of the Council's major partnerships, including a 'mapping' exercise to identify the number and type of existing partnerships and the introduction of a Partnership Development and Evaluation Toolkit aimed at evaluating the effectiveness of individual partnerships and the Council's involvement in them.

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 directly 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 has no further comments</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 Files</p>	<p>Contact Officer: Derek Whiteway Telephone: 01524 582028 E-mail: dwhiteway@lancaster.gov.uk Ref: aud/audcomm/0809/210109/ROI AW</p>

Internal Audit - Assurance Opinion Monitoring as at 23 December 2008

Date of Assessment	Source	Level of Assurance Provided	Comments
06/0660 - Housing Rents (debit control)			
28-Apr-08	Internal Audit - Final Report	 Limited	Raising the assurance level to reasonable should be achieved by the implementation of agreed actions relating to the reconciliations to the asset register; checks to verify the accuracy and validity of changes made; and reconciliation of the net debit to the general ledger. The majority of agreed actions should be implemented by 30th June '08 and a formal follow-up is due by 30th September '08.
24-Sep-08	Management - Post Audit Review	 Limited	Progress has been delayed due to resources being focussed on ongoing work with Anite Housing and Anite (EDMS) modules and new financial monitoring responsibilities. The majority of actions are now scheduled to be implemented by 31/12/08 at which point a formal follow-up will be undertaken.
12-Dec-08	Management - Post Audit Review	 Limited	Little progress has been made due to other/increasing work commitments and cover for officers who have left the Council and have not been replaced and long-term sickness. A new version of the Task job management system is due to be implemented early in the new year, however, after which arrangements will be made to consider implementation of the required Anite system upgrade with a view to addressing the key action of implementing new arrangements for reconciling the Housing net debit to the General Ledger
07/0676 - Salt Ayre Sports Centre			
12-Sep-08	Internal Audit - Final Report	 Limited	Raising the assurance level to reasonable could be achieved by the implementation of agreed actions relating to: reconciliation of income to the general ledger; appropriate segregation of duties; and management of the booking system.
23-Dec-08	Management - Post Audit Review	 Limited	Some progress has been made in implementing agreed actions, although a number longer term actions have yet to be implemented including a proposed restructure within the Sports Centre due to completed by April 2009.

Date of Assessment	Source	Level of Assurance Provided	Comments
07/0688 - Income Tax and National Insurance 2007/08 (Expenses and Benefits)			
09-May-08	Internal Audit - Final Report	 Minimal	The assurance opinion relates specifically to the payment of expenses and benefits which is only a small element of the Council's overall tax arrangements and the potential impact of being found non compliant in this area is considered low. Reasonable assurance will take some time to achieve as procedures for several expenses/benefits need a thorough review. The assignment of responsibilities through the impending recruitment to the Exchequer Services Manager post and plans to progress with agreed actions should allow the provision of limited assurance fairly quickly. Implementation of the action plan should result in the provision of reasonable assurance.
23-Sep-08	Management - Post Audit Review	 Limited	The new Exchequer Services Manager has taken responsibility for taxation relating to Expenses and Benefits and is in the process of implementing the action plan. Most significantly a full review of benefits and expenses payments is to be carried out to ensure compliance with tax legislation and dispensations will be applied for as appropriate. Assurance level is raised to "Limited". Completion of the remaining actions scheduled for 31/03/09 should raise the assurance level to "Reasonable". A formal follow-up review will be undertaken at that stage.
09-Dec-08	Management - Post Audit Review	 Limited	Significant progress has been made in that a full review of expenses and benefits has been carried out and comprehensive guidance and procedures have been drafted for employees by the Exchequer Services Manager. Legal and HR aim to review the guidance this month which should enable the implementation of related agreed actions by the end of March 2009. If target dates are achieved and the guidance is approved, launched and implemented the assurance rating at the formal follow-up scheduled for the end of March 2009 should be 'Reasonable'.

Date of Assessment	Source	Level of Assurance Provided	Comments
07/0704 - Partnership Arrangements 2007/08			
05-Jun-08	Internal Audit - Final Report	 Limited	Raising the assurance level to reasonable will be achieved through the identification of the number and type of partnerships the Council is involved in; introduction of a toolkit for evaluating the Council's major partnerships and developments in governance, scrutiny and risk management arrangements relating to partnership working.
19-Sep-08	Management - Post Audit Review	 Limited	<p>The proposed partnership performance framework was considered by the Budget and Performance Panel on 15/07/08 and approved by Individual Cabinet Member Decision on 22/08/08.</p> <p>A 'mapping' exercise is underway to determine the number, type and purpose of existing partnerships and to follow this up with an assessment of the impact and effectiveness of individual partnerships. Pilot studies using the Partnership Development & Evaluation Toolkit are due to commence for the Community Safety Partnership and the Museums Partnership by the end of September 2008.</p> <p>The Principal Auditor is acting as project manager for this implementation (scheduled to be complete by 31/03/09) and will provide updates to each future meeting of the Audit Committee.</p>
12-Dec-08	Management - Post Audit Review	 Limited	<p>Significant progress has been made in recent months following the setting up of a Project Team to deliver the core objectives of undertaking a 'mapping' exercise to determine the number, types and purpose of existing partnerships and to follow this up with an evaluation of those considered to be of 'major' significance to the Council. The mapping exercise is on track to be completed by the end of December and, following a successful pilot, the evaluation toolkit is scheduled to be rolled out from January 2009.</p> <p>Assurance is likely to be raised to 'Reasonable' following implementation of the toolkit and planned actions to develop the performance management and governance arrangements relating to partnership working</p>

Date of Assessment	Source	Level of Assurance Provided	Comments
07/0708 - Income Management (Housing Rents Direct Debit Payments)			
30-Apr-08	Internal Audit - Final Report	 Limited	Reasonable assurance could be achieved through implementation of the Electronic Documentation Management System (EDMS) and the Anite Direct Debit Module.
23-Sep-08	Management - Post Audit Review	 Limited	Actions relating to the EDMS implementation within Council Housing Services have been completed, although some operational procedures need to be reviewed following its implementation. The key action required to raise the assurance opinion to "reasonable" is the implementation of the Anite Direct Debit module, which is now expected to be during Summer 2009. A formal follow-up review will be undertaken at that time.
12-Dec-08	Management - Post Audit Review	 Limited	Progress has been limited due to other work commitments and operational issues around the EDMS implementation. Assurance opinion will remain at 'limited' until such time as the Anite Direct Debit Module is fully tested and implemented