

Audit Committee

Results of Internal Audit Work

23rd January 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 December 2007

2.1 This report covers audit work and reports issued since the last report to Committee, which was on 24th January 2007. Following training sessions held for members of the new Audit Committee, summary reports are now being issued to Members for consideration and have also been posted on the Council's Intranet.

2.2 If there are any specific questions about a report, or more detailed information is required, it would help if Members could contact the Internal Audit Manager on telephone number 582028 or email dwhiteway@lancaster.gov.uk prior to the meeting.

2.3 The 'headline messages' arising from all audit reports issued since the January 2007 meeting of the Committee are attached to this report as Appendix A, with the reports listed below. Where applicable, the list gives the assurance opinion issued for the area audited under the recently revised reporting processes.

Audit Title		Report Date	Assurance Level	
New Audit Reports				
06/0648	NDR 2006/07 Audit	16/01/07		
06/0643	Information Security Development	25/01/07		
06/0641	Income Management	26/01/07		
06/0650	Council Tax	07/02/07		
06/0651	Treasury Management	20/02/07		
06/0638	Homelessness and Housing Advice	02/03/07		
06/0652	Waste Management	05/03/07		
06/0635	Tourism	27/03/07		
06/0655	Housing Benefits & Council Tax Benefits	05/04/07		
06/0631	Housing Repairs and Maintenance	25/04/07		
06/0647	Creditors 2006/07	27/04/07		
06/0661	Sundry Debtors	29/05/07		
06/0664	National Fraud Initiative	29/05/07		
06/0642	Building Control	29/05/07		
06/0645	Car Parking	11/06/07		
06/0649	Payroll 2006/07	13/07/07		
07/0680	Housing Benefits (Accounting and Subsidy)	11/09/07	Reasonable	✓
07/0674	Housing Benefits (Payments)	11/09/07	Reasonable	✓
07/0677	Cemeteries	21/09/07	Limited	⚠
06/0657	Environmental Protection	24/09/07	Limited	⚠
07/0673	Council Housing – Right to Buy Scheme	05/10/07	Reasonable	✓
06/0634	Elections and Electoral Registration	19/10/07	Reasonable	✓
07/0658	Licensing	19/12/07	Limited	⚠
07/0696	National Non-Domestic Rates 2007/08	21/12/07	Reasonable	✓

Follow-Up Reviews

05/0616	Main Accounting	26/01/07		
05/0606	Income Tax and National Insurance	12/02/07		
05/0601	Creditors	21/02/07		
05/0596	Payroll	26/02/07		
05/0598	Sundry Debtors	27/02/07		
06/0641	Income Management	01/05/07		
05/0604	Health and Safety	18/06/07		
06/0639	Stores	15/08/07		
06/0635	Tourism	14/09/07		
06/0650	Council Tax	26/09/07		
06/0652	Waste Management	26/09/07		
05/0607	Regeneration Programmes	23/10/07		
05/0609	Performance Management	27/11/07		
06/0651	Treasury Management	21/12/07	Reasonable	✓
06/0648	National Non-Domestic Rates 2006/07	21/12/07	Reasonable	✓

3.0 Matters Arising from Audit Reviews

- 3.1 The Internal Audit Manager has received no queries or requests from Members for further information on any of the above reports.
- 3.2 Focussing on those reports for which an assurance opinion has been provided, Members' attention is drawn to the audits where a "limited assurance" opinion was issued:

Cemeteries (07/0677)

Risks for which a reasonable level of assurance could not be given include those relating to:

- the ongoing programme of memorial safety inspections and work;
- the security and efficient management of cemeteries records; and
- a lack of clarity regarding the Council's potential liability for certain "closed churchyards", including that at Lancaster Priory.

The Action Plan contained seven agreed actions. The Internal Audit Manager will provide the Committee with a verbal update on progress.

Environmental Protection (07/0657)

Risks for which a reasonable level of assurance could not be given include those relating to:

- capacity issues in relation to delivery of the newly drafted Environmental Protection Strategy and associated Service Plan; and
- successful transfer of front-office functions to the Customer Service Centres.

The Action Plan contained nine agreed actions. The Internal Audit Manager will provide the Committee with a verbal update on progress.

Licensing (07/0658)

Risks for which a reasonable level of assurance could not be given include those relating to:

- performance management and meeting customer needs and expectations;
- response to complaints; and
- the operation of effective system of pre-licensing checks consultation.

The Action Plan contained nineteen actions, the majority of which have an implementation date of 30 April 2008. It is too soon to be able to provide the Committee any update on progress with this programme of work.

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

- 4.1 Work has been undertaken during the period in connection with two disciplinary investigations relating to conduct issues. In both instances, the disciplinary processes have now been concluded.
- 4.2 Investigatory work is continuing in relation to suspected petty cash handling and banking irregularities.
- 4.3 A post project evaluation has been undertaken following the implementation of the corporate project management methodology LAMP (Lancaster City Council's Approach to Project Management). As part of the review all staff that have undergone LAMP training (150 people) were surveyed with the overall conclusion that whilst it is still very early days in LAMP becoming established, there is a good level of confidence that the method is being properly applied and is proving to be highly effective in practice. Some actions have been identified and these will be

addressed by the Asset Management Working Group, and a further review of LAMP will be undertaken during 2008/09. The Principal Auditor continues to provide project assurance on four major Council projects, two of which are now coming towards a successful conclusion.

- 4.4 Work for the purposes of a data matching exercise as part of the 2007/08 National Fraud Initiative (NFI) has involved requests from the Audit Commission for the submission of Council tax records and the full electoral register held by public bodies. The legality of this exercise has sparked national debate in relation to questions arising from the powers given to the Audit Commission under the 1998 Audit Commission Act and 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. Following discussions with relevant Heads of Service, including the Monitoring Officer, the Council's response to the data matching exercise was sent to the Audit Commission on 03 January 2008 on behalf of the Head of Financial Services, in her position as Senior Responsible Officer for NFI purposes. The revised deadline for submission of the full electoral register has been extended until 21 January 2008 and a formal reply from the Audit Commission's legal department is awaited. Meanwhile the Council's external auditors, KPMG have been informed of the Council's position.
- 4.5 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.

5.0 Details of Consultation

5.1 Not applicable

6.0 Options and Options Analysis (including risk assessment)

6.1 Not applicable

CONCLUSION OF IMPACT ASSESSMENT

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

None identified

FINANCIAL IMPLICATIONS

None arising from this report

SECTION 151 OFFICER'S COMMENTS

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

LEGAL IMPLICATIONS

None arising from this report

MONITORING OFFICER'S COMMENTS

The Monitoring Officer has been consulted and has no further comments

BACKGROUND PAPERS

Internal Audit Files

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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 24 January 2007.

1. New Audit Reports

06/0648 NDR 2006/07 Audit (issued on 16/01/07)

- The NDR system is well managed, testing carried out providing assurance that key controls are working effectively.
- Measures are currently being taken to address the outstanding agreed actions from the previous audit.

06/0643 Information Security Development (issued on 25/01/07)

- Information and Customer Services have a risk register based on BS ISO/IEC 17799 which will help identify work required to achieve full compliance with the Standard.
- Work is required to encourage ownership of the risks and ensure appropriate controls are in place to achieve target risk scores.
- On the whole security arrangements are good but there is scope to improve.
- The Information Security Policy is to be reviewed and updated to reflect changing technology.
- The responsibilities of Information Custodians are to be formalised, Information Custodians being key to a corporate co-ordinated approach to information security.
- Asset inventories need to be co-ordinated ensuring asset owners are identified, appropriate security classifications are applied and business value is determined to aid business continuity planning.
- Contracts with third parties are to be strengthened through the inclusion of standard clauses relating to information security.
- The security of the network is to be tested through proposals to procure penetration testing from external specialists.

06/0641 Income Management (issued on 26/01/07)

- Income is generally well managed.
- Comprehensive income records are maintained and good review and reconciliation procedures ensure accuracy.
- Indemnity insurance for ICS staff is to be increased to reflect the level of risk posed.
- Issues with contractors supplying systems, which can impact upon downtime, are being addressed by ICS through contract arrangements.
- ICS's implementation of IT Infrastructure Library standards will positively impact upon associated risks through improved systems documentation and change control procedures.

06/0650 Council Tax (issued on 07/02/07)

- The Council Tax system is well managed.
- The Main Accounting System accurately records Council Tax transactions.
- Procedures ensure system parameters are appropriately created, maintained and are independently verified.
- Quality control checks are in place reducing the risk of errors and/or misappropriation going undetected.
- More frequent monitoring and reporting of write-offs has been agreed.
- Actions have been agreed to enhance existing controls regarding credit/arrears print reconciliations.
- Large credit balances are to be reviewed and cleared more frequently.

06/0651 Treasury Management (issued on 20/02/07)

- The accounting system is updated promptly with treasury management transactions.
- Treasury management transactions are supported by a thorough audit trail.
- Good arrangements are in place to ensure that the Authority's accounts accurately reflect the position with regards investment and borrowing.
- Procedures are in place to ensure that treasury management transactions are appropriately reconciled.
- Access to treasury management records and documentation are to be improved.
- Procedures have been agreed in order to improve authorisation mechanisms in respect of manual transactions.

06/0638 Homelessness and Housing Advice (issued on 02/03/07)

- The Lancaster District Homelessness Strategy is in the process of being reviewed.
- Partners are being included in the Strategy's revision from the outset with a view to ensuring the associated action plan has realistic prospects for delivery.
- SLAs will be reviewed to ensure that they are focussed and in line with the new Strategy.
- Recently introduced multi-agency monitoring should provide a better picture of homelessness in the district.
- The focus on homelessness prevention is having a positive impact demonstrated through performance measures.
- The Service needs to continually review and pursue funding to maintain service quality and strive for continuing improvements.
- Effective liaison and nomination agreements with Registered Social Landlords ensure best use of properties as they arise.

06/0652 Waste Management (issued on 05/03/07)

- The Service is striving for continuous improvement and effectively utilises performance management, benchmarking and learning from best practice.
- The Service continues to address its high levels of sickness absence.
- Capacity for environmental enforcement has significantly improved since the Service Inspection and policy and strategy continues to be developed.
- Plans are in place to address the need for the Authority to consolidate its environmental policies and to set targets to reduce, reuse and recycle its own waste.
- It is recognised that more needs to be done to promote sustainable procurement within the Authority.

06/0635 Tourism (issued on 27/03/07)

- TICs are accessible.
- Good arrangements are in place to ensure that the success of marketing campaigns are measured and results are used to make informed decisions regarding future marketing activity.
- The Service makes the most of opportunities to share information and best practice.
- Stock management arrangements are well managed.
- The TICs effectively utilise Information Technology and do all they can to keep up to date with changing technology.
- Security arrangements have and are continuing to improve.
- The Service has set challenging targets against performance indicators (PI's).
- The need to ensure PI data is accurate, consistent, robust and in accordance with the PI's set is to be addressed.

06/0655 Housing Benefits and Council Tax Benefits (issued on 05/04/07)

- Good arrangements have been made for gathering information quickly from claimants, avoiding unnecessary delays in processing claims.
- Effective procedures are in place for verification of the legitimacy of applications.
- Staff are well trained in the application of housing benefit legislation.
- Good arrangements have been made to ensure that regulatory timescales for the processing of claims are complied with, avoiding the risk of backlogs or hardship.
- An effective quality control mechanism is in place.
- Good procedures are in place for the recovery of overpayment of housing benefit.
- The need for an improved feeder between the Housing Benefits and Main Accounting System is to be included in the scope of the new Financial Systems replacement.

06/0631 Housing Repairs and Maintenance (issued on 25/04/07)

- Effective arrangements are in place for the planning and reviewing of the Housing Revenue Account thirty year Business Plan.
- Good arrangements have been made for the regular review of resources required to meet the decent homes standard.
- The Service has a planned approach to maintenance and the current ratios of planned and responsive maintenance is in line with Audit Commission guidance
- Good arrangements are in place to monitor the position on the HRA and forecast the contribution to capital from revenue.
- The section has a comprehensive set of national and local performance indicators in place, linked to Service objectives.
- Good arrangements are in place for the regular monitoring of operational targets which has led to significant improvements in service delivery.
- Good arrangements have been made for monitoring the capital programme.
- Officers made an informed decision to seek the advice of a specialist to evaluate the options available for a procurement

06/0647 Creditors 2006/07 (issued on 27/04/07)

- Creditors and the general ledger modules of the Powersolve system are reconciled daily.
- Responsibilities for managing budgets are clear and corporate financial monitoring arrangements facilitate the review and reporting of significant variances.
- Improvements to the recording of commitments are expected through the introduction of the new Civica system scheduled for October 2007.
- System access rights provide for a proper segregation of duties with exceptions in Financial Services which are to be addressed.
- An annual review of access rights is to be introduced.
- There are good arrangements for manual payments.
- There are good arrangements in respect of the bank reconciliation and action is being taken to get it up to date as soon as possible.
- Actions have been agreed to address the issue of duplicate payments highlighted through concurrent work reviewing reports from the National Fraud Initiative's data matching exercise.

06/0661 Sundry Debtors (issued on 29/05/07)

- There are good arrangements ensuring the accounting system is accurate and up to date in respect of debtors.
- There is a good separation of duties between invoicing and payments, and procedures to deal with unidentified or unallocated payments are good.
- Collection rates are being actively monitored and there has been a steady reduction in the number and value of debts outstanding across the Authority in the last six months.
- Recovery arrangements are good and the Authority makes every effort to recover debts prior to write-off.
- The bad debt provision is considered to be a reasonable reflection of the level of debt deemed to be irrecoverable.

- Management of the risk of fraud through an inadequate separation of duties has significantly improved recently and is to be further enhanced through proposals to introduce the requirement for all debtors accounts raised to be independently authorised.

06/0664 National Fraud Initiative (issued on 29/05/07)

- There was no evidence of fraud.
- Twelve duplicate creditor payments amounting to £7176.03 had been made in error.
- Actions have been agreed in the concurrent Internal Audit Review of Creditors (06/0647) to address the control issues in respect of duplicate creditor payments (e.g. treatment of copy invoices and lack of exception reporting on the current system).
- Data cleansing in preparation for implementing the new Civica Financials system in October 2007 should significantly improve the quality of NFI reports by reducing duplicate creditors.
- Proposals to extend invoice numbers in respect of decorating vouchers issued by Council Housing Services will significantly reduce NFI reports in respect of duplicate creditor payments.
- Action to correct the HR module of the Delphi Millennium system, including hours worked, (c.f. Internal Audit Review of Payroll 06/0649) should eliminate inappropriate NFI matches in future years.

06/0642 Building Control (issued on 29/05/07)

- A model has been developed to manage the building control account more effectively and inform the fee setting exercise.
- In line with regulations, building control fees will be set to recover costs over a three year rolling period, without making a significant surplus or deficit.
- Arrangements are in place for the regular review of fees.
- The ratio of chargeable and non-chargeable work will be supported by a robust system of time recording.
- Arrangements are in place to maximise investment in technology.
- Work performed in relation to the partnering agreement with Lancashire County Property Group is to be quantified and regularly reviewed.
- Local performance measures and individual targets are to be developed and incorporated into a clear performance framework.
- Current arrangements for quality control are to be formalised.

06/0645 Car Parking (issued on 11/06/07)

- Effective measures are in place to constantly monitor and report on the adverse effect that the success of more sustainable modes of transport is having on parking income.
- Good arrangements are in place for establishing the most effective deployment of Parking Attendants.
- Good arrangements are in place for the regular inspection of car parks, these being supported by documented risk assessments.
- Arrangements are in place to ensure that reported hazards/ incidents are dealt with quickly.
- Operational difficulties previously encountered in processing debit/credit card payments have now been resolved through the upgrade of the Authority's electronic payment software.
- Progress has been made in relation to establishing the County Council's intentions in relation to resident parking, and regular meetings take place to ensure that officers and Members remain informed of any developments.

06/0649 Payroll 2006/07 (issued on 13/07/07)

- Arrangements for receiving and processing data in time to ensure pay is correct are well managed.
- Action is being taken by both Legal and Human Resources and Exchequer Services to resolve differences between payroll system data and the Establishment Book.
- The risk of ghost employees being set up and going undetected is to be addressed through the removal of the Exchequer Officer (Payroll)'s access rights to the HR module of the Delphi Millennium system.
- Risks relating to the onward payment of sums deducted from salaries (e.g. Income Tax) are small but are to be enhanced through more frequent independent reconciliations.
- Arrangements ensuring data is received into the main accounting system accurately and completely are good and are to be further enhanced through more frequent reconciliations.

07/0680 Housing Benefits (Accounting and Subsidy) (issued on 11/09/07)

Assurance Opinion: Reasonable ✓

- Internal Audit is able to provide reasonable assurance that risks are being managed and controls are operating effectively in the areas covered.
- The Service has good arrangements ensuring the accuracy of data within the Academy system which supports the subsidy claim process.
- Action has been agreed to ensure claims could be completed in the event of the responsible officer being unavailable.
- Quarterly meetings are to take place between Revenue and Financial Services with a view to identifying and resolving problems in reconciling Academy and the General Ledger.
- Linked to above it is felt improved interfaces would be beneficial and more efficient in the longer term and both Services should seek to address this through the business planning process.

07/0674 Housing Benefits (Payments) (issued on 11/09/07)**Assurance Opinion: Reasonable** ✓

- Internal Audit is able to provide reasonable assurance that risks are being managed and controls are operating effectively in the areas covered.
- Discretionary housing payments are well controlled.
- There are good arrangements for approving high value payments.
- Payments transferred to Council Housing and Council Tax systems are generally well controlled.
- Controls covering BACS payment processes are good.
- Cheque payments are generally well controlled though there are concerns regarding the inadequate separation of duties in Financial Services.

07/0677 Cemeteries (issued on 21/09/07)**Assurance Opinion: Limited** ⚠

- The Health and Strategic Housing Service is committed to improving the Authority's cemeteries provision and significant improvements have been made in the last few years.
- This review covers areas still needing to be addressed and as such Internal Audit can only provide limited assurance on the areas covered.
- Cemetery records are at risk of loss in the event of fire, flood etc. and the Service's limited administrative resources impact upon full utilisation of the cemeteries system (BACAS).
- The Authority is at risk of substantial losses should an accident occur in a closed churchyard.
- To continue to protect public safety funding is needed to extend the memorial safety programme beyond the two years currently funded.

06/0657 Environmental Protection (issued on 24/09/07)**Assurance Opinion: Limited** ⚠

- Internal Audit is able to provide limited assurance on the adequacy of controls and arrangements for addressing the risks covered.
- The Service has demonstrated a strong desire and enthusiasm to pursue excellence and all significant control issues are being addressed.
- The Environmental Protection Strategy clearly documents service objectives and, together with the associated Service Plan, provides a sound basis for progression.
- Capacity limitations are seen as the biggest threat to progress though it is recognised that aspirations may be too high and this is being addressed.
- The Service continues to take positive steps to ensure staff resources are being used effectively.
- The Service is striving to provide a consistent service which meets customer expectations and service standards are currently under review.

07/0673 Council Housing – Right to Buy Scheme (issued on 05/10/07)**Assurance Opinion: Reasonable** ✓

- Internal Audit can provide reasonable assurance that the scheme is compliant with legislation and the actions agreed should enable full compliance.
- The Authority is unlikely to score well against the related Audit Commission Housing Inspectorate's Key Lines of Enquiry under current arrangements.
- A system to help manage the scheme, available to all relevant Services, would enhance control though given the number of sales involved potential benefits may not warrant the resources needed to set it up.

06/0634 Elections and Electoral Registration (issued on 19/10/07)**Assurance Opinion: Reasonable** ✓

- Internal Audit can provide reasonable assurance that controls relating to elections and electoral registration are operating effectively in respect of the areas covered.
- The Service keeps up to date with legislative changes affecting elections and electoral registration.
- Contingency arrangements, compliant with election legislation, are in place in the event of disruption to voting.
- There are good arrangements for the security of staff canvassing and working on elections.
- Democratic Services are to seek approval from the Head of Financial Services to manage externally funded elections through a system specifically for the purpose (STRAND) on the grounds of efficiency.
- Arrangements are to be put in place to ensure corporate VAT returns are correct.
- Implementation of proposals to review polling districts, places and stations will complete outstanding work required under Electoral Administration Act 2006.

07/0658 Licensing Audit (issued on 19/12/07)**Assurance Opinion: Limited** ⚠

- The Licensing Manager is currently developing performance management arrangements, including a range of targets and indicators, to ensure that the Service continually improves its performance in meeting the needs and expectations of its customers.
- Accounting arrangements are to be reviewed with a view to assisting the Licensing Manager in demonstrating accountability to licence payers.
- Formal procedures for recording and monitoring complaints are to be developed to ensure that complaints are dealt with effectively.
- Arrangements for carrying out checks and consultations prior to the issue of a licence are to be reviewed with a view to improving control in this area.

07/0696 National Non-Domestic Rates 2007/08 (issued on 21/12/07)**Assurance Opinion: Reasonable** ✓

- There are effective arrangements ensuring the NNDR system reflects the Valuation Officer's list.
- The Authority has good arrangements for collecting and receiving payments, and ensuring they are correctly posted to NNDR accounts.
- The proposed interface between the NNDR system (Academy) and the Authority's general ledger (Civica Financials) will enable regular monthly reconciliations between the two systems.
- The Authority is doing all it can to prepare to implement legislative changes modernising empty property relief.

2. Post Audit Reviews**05/0616 Main Accounting (issued on 26/01/07)**

- As it will be necessary to review all feeders during the implementation of the new Finance System (now due October 2007) it has been agreed that the requirement for a feeder enabling automatic transfers between Housing Benefits and the General Ledger be included within the project scope for the new Financial System.
- During the implementation of the new Finance System all parameters will need to be input and the Exchequer Services Manager will carry out checks per the agreed action.
- The possibility of restricting the number of personnel able to introduce or amend new codes will be taken into consideration prior to the implementation of the new Financial System.
- Most reconciliations have been brought up to date and work is ongoing to bring the outstanding reconciliations up to date also.

05/0606 Income Tax and National Insurance (issued on 12/02/07)

- Responsibility for tax planning and control has been allocated to the Exchequer Services Manager however due to a number of staffing issues within Exchequer Services the agreed action has not been implemented. It has been agreed that current procedures will be reviewed with a view to developing a mechanism for effective tax management by the end of July '07.

05/0601 Creditors (issued on 21/02/07)

- The risk of fraud or error through an inadequate separation of duties is to be addressed through reorganising work in Exchequer Services by 31st March 2007.
- Payment mechanisms are increasingly more cost-effective through the introduction of BACS. The introduction of the new Civica financial system (expected October 2007) should further enhance efficiency through enabling the roll-out of procurement cards corporately.
- Work is ongoing to improve efficiency through more effective procurement.

05/0596 Payroll (issued on 26/02/07)

- Work is ongoing to address all actions arising from the original review including periodic checks between the establishment book and system, the introduction of an electronic leaver's form, Services being required to verify their salary budgets and the promotion of arrangements to report paternity leave thus enabling timely reclaims from the DSS.
- Implementation of a new HR/Payroll system which will address some of the control issues identified is now scheduled for April 2009. The Principal HR Officer will take forward the need to revise this date should the Authority be successful in its bid for unitary status.

05/0598 Sundry Debtors (issued on 27/02/07)

- The Service has made excellent progress in implementing the actions agreed with only one not fully implemented.
- Evidence to support reconciliations of the accounts written off per the Powersolve system to the total amount per the authorised write-off schedule is now being provided and a supervisory check of these reconciliations is performed.
- All suspense items dating prior to March 2006 have now been allocated to the bad debt provision and the current years suspense items are being cleared more frequently.
- A more proactive approach to the application of the debt management policy is being taken by Exchequer Services, evidenced by a steady decrease in the number of outstanding debts.
- A revised target date (01/04/07) for Property Services to take over responsibility for raising their own accounts has been agreed.

06/0641 Income Management (issued on 01/05/07)

- A list of officers able to authorise refund requests (i.e. those authorised for petty cash, fund transfers etc.) has been introduced and is being maintained by Exchequer Services.
- The fidelity guarantee insurance cover for Information and Customer Service staff has been increased to £5million with effect from 1st April 2007.

05/0604 Health and Safety (issued on 18/06/07)

- There have been several initiatives aimed at increasing awareness and promoting healthy and safe working practices since the original review.
- Each Service is now required to keep documentation evidencing all employees are aware of H & S policies and risk assessments.
- EDPA documentation has been amended to prompt annual reviews of H & S risk assessments and identification of any related training needs.
- There is still a need to ensure that everyone responsible for carrying out risk assessments is properly trained to do so.
- Committee report writing guidelines have been revised aiming to ensure H & S is properly considered during the decision-making process.
- Proposed improvements to the Safety Officer Team's safety audit process are to be presented to the H & S Committee in September for approval.

- The Authority's H & S Policy is to be issued to contractors with tender documentation.
- Robust monitoring against national Revitalising H & S targets has yet to be introduced through technical and practical difficulties with the collation of baseline data (dependent to some extent on new HR/Payroll system scheduled April 2009).
- Quarterly insurance claim data is being used to improve performance against the national targets.

06/0639 Stores (issued on 15/08/07)

- A stores manual has been drafted and is to be issued to all staff with responsibilities relating to stores, including Services requisitioning stores.
- Concerns over the integrity of the TASK system remain though the system's notepad facility is now being fully utilised to provide a comprehensive audit trail.
- Security arrangements have significantly improved and insurance values have been reviewed and amended.
- Issue procedures have been improved and authorised signatory lists are in the process of being updated.
- Fuel variances are monitored on an ongoing basis and problems recently found with the TRISCAN system are being referred to the system's supplier.
- Delays in inputting information in the system (the prime stock record) are being addressed.
- Stock management is improving through more regular stocktakes, reviews of stock levels and the identification and removal of obsolete stock.
- Regular stocktaking for van stocks, to enable the production of year end stock certificates and proper recording of van stocks in the Authority's accounts, is to be introduced upon taking delivery of the vans currently on order.
- Financial Regulations relating to stores are to be reviewed.
- CC(D)S plan to review the stores operation to take into account the modernisation of the Repairs and Maintenance Service and corporate advances in e-procurement view to achieving best value.

06/0635 Tourism (issued 14/09/07)

- Documented procedures and an audit trail supporting the outturn are now in place for the local performance indicator measuring customer satisfaction.
- The Service's assessment of the advantages and disadvantages of issuing rail tickets on behalf of Northern Rail has resulted in the idea being put on hold through it proving too expensive.
- Lancaster Tourist Information Centre (TIC) is due to move to the Storey Institute in the next year which should improve security. The Service will continue to seek budgets for the installation of webcams at both TICs to further enhance security.

06/0650 Council Tax (issued 26/09/07)

- Arrangements for reporting write-offs to Members are to be clarified through a review of the Debt Management Policy by Financial Services.
- Accounts in credit are now reviewed regularly and Housing Benefits inform Council Tax of awards resulting in credits to enable prompt refunds.
- Problems with reconciling credit/arrears prints to control totals are being taken up with the system supplier, Academy.

06/0652 Waste Management (issued 26/09/07)

- City Council (Direct) Services are actively pursuing improved VfM services.
- The Service recognises the importance of involving users in shaping service delivery and ways of gaining customer input more regularly are continually being sought.
- The Service has set challenging targets for sickness absence and if current performance is sustained efficiency savings should be achieved.
- Enforcement policy continues to be developed and partnership working through MAPS (Multi Agency Partnership Team) seeks to use resources effectively.
- Facilities for reducing, reusing and recycling waste in Council buildings are due to be introduced.
- A Sustainable Procurement policy is in place and associated training has been delivered. Resources for compliance monitoring have yet to be found.

05/0607 Regeneration Programmes

- Management of the risk whereby the Authority may be exposed to financial or legal challenge through a failure to effectively fulfil its role as Accountable Body has improved significantly improved through, amongst other things, a strengthened SRB (Single Regeneration Budget) offer letter, better audit trails within files, dissemination of additional guidance on project closure, related updated procedures and the introduction of a two tier system for Article 4 checks (compulsory audit checks for European funded projects).
- New arrangements for programme management are in place through an officer working group headed by the Corporate Director (Regeneration).
- Corporate project management arrangements have improved through the adoption of LAMP (Lancaster's Approach to Managing Projects) (LAMP).
- Risk management arrangements have, or are to be, improved through formal assessments prior to project approval, the use of LAMP, new documentation assessing the risks individual projects pose to the overall programme and better reporting arrangements. A co-ordinated programme risk assessment/management approach is also being developed.
- Awareness of the importance of document retention has increased though long term document storage is still an issue posing the risk of significant claw-back if the conditions of the funding bodies are not met in full. Clear guidance from Government Office relating to electronic document storage is still awaited.
- The corporate skills gap relating to Public Procurement is being addressed.
- Key staff have attended training on State Aid Rules and ERDF (European Regional Development Fund) offer letters have been strengthened in this respect.
- Despite efforts by the Economic Development Service the lack of long-term job security for staff poses a significant threat to the achievement of regeneration objectives.

05/0609 Performance Management (issued on 27/11/07)

- Internal Audit's opinion supports conclusions in the Audit Commission's report on Data Quality which state 'The Council's overall management arrangements for data quality are performing well' and 'Arrangements in relation to data quality have improved this year'.
- The Authority has a clear commitment to data quality and the achievement of Level 4 against the KLOE.
- The corporate roll out of the Escendency performance management system has raised the profile of performance information and provided an opportunity to promote corporate principles and expectations for data quality.
- The audit trail in respect of the statutory Best Value Performance Indicators (BVPIs) relating to abandoned vehicles (BVPIs 218a and 218b) indicators has significantly improved and is to be improved further through enhanced system reports.
- Problems with the interpretation of the definition for BVPI 199d relating to fly-tipping have been overcome with the Audit Commission calculating the outturn on the Authority's behalf.
- The Authority's target to achieve Level 2 of the Equality Standard by March 2007 has now been postponed to March 2009.
- The target date for clear documented procedures for BVPI 217 (Pollution Control Improvements) has also slipped from March 2007 to March 2008.
- Plans to address problems with BVPIs 226a-c (amount spent on advice and guidance services provided by external organisations) are on hold pending the outcome of Audit Commission's review of statutory indicators which may result in the indicators being deleted.

06/0651 Treasury Management (issued on 21/12/07)

Assurance Opinion: Reasonable ✓

- All treasury management records are now held securely and the associated risk is considered well managed.
- The implementation of the two outstanding agreed actions should ensure that the risks of losses through illegitimate or inappropriate loan transactions are fully addressed.

060648 National Non-Domestic Rates 2006/07 (issued on 21/12/07)

Assurance Opinion: Reasonable ✓

- NNDR is well managed and arrangements are in hand for an interface between the NNDR and main accounting systems.