

## Results of Internal Audit Work

### 1. New Audit Reports

#### **04/0584 Financial Management (issued on 27/01/06)**

Headline messages:

- Arrangements for financial management are generally good and subject to continuing improvement.
- There is visible leadership on sound financial management.
- The MTFS ensures financial targets set are achieved.
- Budget monitoring is effective.
- Links between the budget and planning processes continue to be strengthened.
- Work is ongoing to embed risk management.
- Systems/procedures for preparing and supporting the Statement on Internal Control are being developed.

#### **05/0597 Treasury Management (issued on 20/02/06)**

Headline messages:

- Loan and investment transactions are carried out in accordance with financial regulations and procedures.
- The Authority has adopted the Code of Practice on Treasury Management, and a treasury management policy statement. As required by the policy an annual treasury management strategy is also reported to Members.
- Investments are placed with approved institutions and in accordance with the limits as specified in the investment matrix.
- Procedures ensure that the best rate of interest is obtained.
- Treasury Management Records are well maintained and regular bank reconciliation are performed.
- Treasury Management performance is reported to Members on a regular basis.
- Authorisation and supervision arrangements are to be improved.

#### **05/0602 Arnside and Silverdale A.O.N.B. Unit (issued on 27/03/06)**

Headline messages:

- The A.O.N.B.'s Management Plan sets out the objectives of the AONB and the Unit works hard to achieve them.
- A more structured and streamlined approach to performance monitoring is to be developed.
- The corporate financial management system, 'Powersolve', is to be fully utilised to improve the availability of management information and reduce the current reliance on spreadsheets.
- A formal charging policy is to be introduced.
- All income and expenditure in respect of the Local Nature Reserves is to be managed under a new budget heading to improve management information, and the warden's contract arrangements are to be reviewed.
- The Limestone Heritage Project is well managed.
- Good arrangements are in place for awarding grants from the Sustainable Development Fund.
- The relationship between the Unit and its Accountable Body is to be strengthened through a protocol requiring more regular and formal communication.

## **Appendix A**

### **2. Follow Up Reports**

#### **03/0537 City Centre Development and Management (06/01/06)**

Key messages:

- Some progress has been made to implement actions agreed on the development of the City Centre, although this has been superseded by higher priorities and demands on resource including the introduction of the Local Development Framework and the development of the Canal Corridor North scheme.
- The development of city centre strategies is to be reviewed and re-considered in future strategic planning exercises.
- Arrangements for identifying and involving City Centre stakeholders are being reviewed through the Local Development Framework.
- A survey of city centre signage and maps in Lancaster and Morecambe has been carried out.

#### **03/0557 Ordering, Receiving and Payments (issued on 23/01/06)**

Key messages:

- An improvement and development plan has been produced to address both national and local priorities in relation to procurement. A number of the outstanding agreed actions will be addressed through the implementation plan.
- A major review of the corporate procurement strategy has been carried out and a revised strategy for 2005 – 2008 adopted.
- A Procurement Strategy Group has been established which led a three month pilot of corporate procurement card scheme involving six Council Services.
- Delays in introducing BACS payments for creditors have been experienced due to the change in Corporate Bank.
- Issues outstanding include training in procurement methods. A training programme is due to be developed following the IDeA peer challenge of Procurement (planned before April '06).

#### **02/0496 Financial Management (issued on 27/01/06)**

Key messages:

- The need to formally clarify the roles of the Corporate Director (Central Services) and the Section 151 Officer should be addressed through the Authority's current review of the management structure.
- The fast-track decision-making process has improved ensuring statutory officer comments are in place for all decisions made.
- The Authority continues to strive for improved report writing through training and guidance and improvements have been made in the time available to Financial Services to consider the financial implications of reports.
- A formal training programme for Responsible Spending Officers is to be developed along with feedback mechanisms to ensure Financial Services are proactively supporting financial management and development work across the Authority.
- The Financial Services business plan is to include a formal review programme for Financial Regulations.

**04/0568 Cash and Banking (Internet and ATP) (issued on 14/02/06)**

Key messages:

- Risks associated with being unable to trace where payments originated are being considered prior to implementation of any new projects involving electronic payments for miscellaneous goods and services.
- A procedure has been put into place to ensure that the Authority is notified when the payment facility is unavailable.
- A review of the cost effectiveness of the current minimum payment amount is to be completed by September 2006 and will take into consideration the costs of processing a transaction.
- Quotes for purchasing software enabling the provision of account balances and warnings that an overpayment could occur will be received and evaluated to reach a decision by the end of March 2006, implementation of this facility forming part of the Authority's IEG plan.

**03/0527 Vehicles and Plant (issued on 02/02/06)**

Key messages:

- The Service adopts safe working practices and every effort is made to ensure health and safety is not compromised.
- Health and safety spot checks are carried out and the results of which are to be fed into the risk assessment process.
- The risk of health and safety being compromised through insufficient procedures to ensure the safety of hired vehicles and plant is generally well managed.
- Responsibilities for checking hired vehicles and plant and associated agreements and certifications are still to be clearly defined.
- An agreed action to update the invitation to suppliers tendering for entry on the Service's select list is still to be implemented.
- Health and Safety Co-ordinators are to be appointed in line with corporate health and safety improvements. The H&S Co-ordinators role to include responsibility for initiating, carrying out, reviewing and disseminating the results of risk assessments. These roles and responsibilities are to be clearly defined and appropriate training and guidance given.
- Both security procedures and loss reporting procedures need to be developed, formally documented and disseminated throughout the Service ensuring responsibilities are understood.
- Progress has been made in ensuring the whereabouts of plant is known and vehicle allocations are recorded.