

City of Durham

At a Meeting of the **AUDIT OVERVIEW COMMITTEE** held in the Town Hall, Durham, on Thursday, 13th November, 2008, at 5.30 p.m.

Present: Councillor Lightley (in the Chair)
and Councillors Dickie, Kellett and Mrs T. Naples.

263. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Jackson and Martin.

264. MINUTES

The Minutes of the Meeting held on 30th July, 2008, were confirmed as a correct record and signed by the Chairman, subject to the amendment of Minute 149 to read:-

149. ANNUAL REPORT OF THE RISK MANAGEMENT WORKING GROUP 2007/2008

The Risk Management Working Group submitted a comprehensive Annual Report that outlined the work undertaken by the Group during the period 1st April, 2007, to 30th March, 2008. The Director of Strategic Services was to update Members at the next meeting on the Council's Risk Register.

Resolved: That an appropriate update be given by the Director of Strategic Resources at the next meeting.

The Director for Strategic Services apologised for not bringing forward the Report to the meeting, and updated the meeting verbally as to the contents of the Risk Register.

Report of the Director of Financial Services

265. AUDITS COMMISSION – FINAL ACCOUNTS MEMORANDUM – AUDIT 2007/2008

The Director of Financial Services introduced Mr Rodney Walker, Audit Manager from the Audit Commission to present the Final Accounts Memorandum for the 2007/2008 period. Members were able to ask questions of Mr Walker, and seek clarification from him as to the report.

Resolved: That the report be noted.

266. PROGRESS REPORT FOR THE PERIOD 1st APRIL 2008 TO 30th SEPTEMBER 2008

The Director of Financial Services submitted a comprehensive report that compared the actual work undertaken by Internal Audit with that planned for the period 1st April, 2008, to 30th September, 2008. Members were able to discuss the work undertaken and thanked the Audit Section for their efforts.

Resolved: That the contents of the Progress Report for the 1st April, 2008 to the 30th September, 2008 be noted.

267. AUDITS COMPLETED IN 2008/2009

The Director of Financial Services set out details of items Internal Audit had reviewed.

Resolved: That the report be noted.

268. IN PRIVATE

Resolved: That pursuant to Section 100.A(4) of the Local Government Act 1972 the public be excluded from the remainder of the Meeting during consideration of the item listed in Column 1 below, being a report of the Officer mentioned in Column 2 below on the grounds that if members of the public were present during discussion of this item there would be disclosure to them of exempt information (as defined in Section 100.I) of the description indicated in Column 3 below.

Column 1	Column 2	Column 3
Special Investigations	Director of Financial Services	Information relating to any individual (Para 1) Information which is likely to reveal the identify of an individual (Para.2) Information relating to the financial or business affairs of any particular person (including the Authority holding the information) (Para.3) Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime (Para.7)

Report of the Director of Financial Services

269. SPECIAL INVESTIGATIONS

The Director of Financial Services and the Head of Internal Audit reported that one Special Investigation was at present being undertaken, the details of which would be reported when appropriate.

Resolved: That the report be noted.

The Meeting terminated at 6.45 p.m.

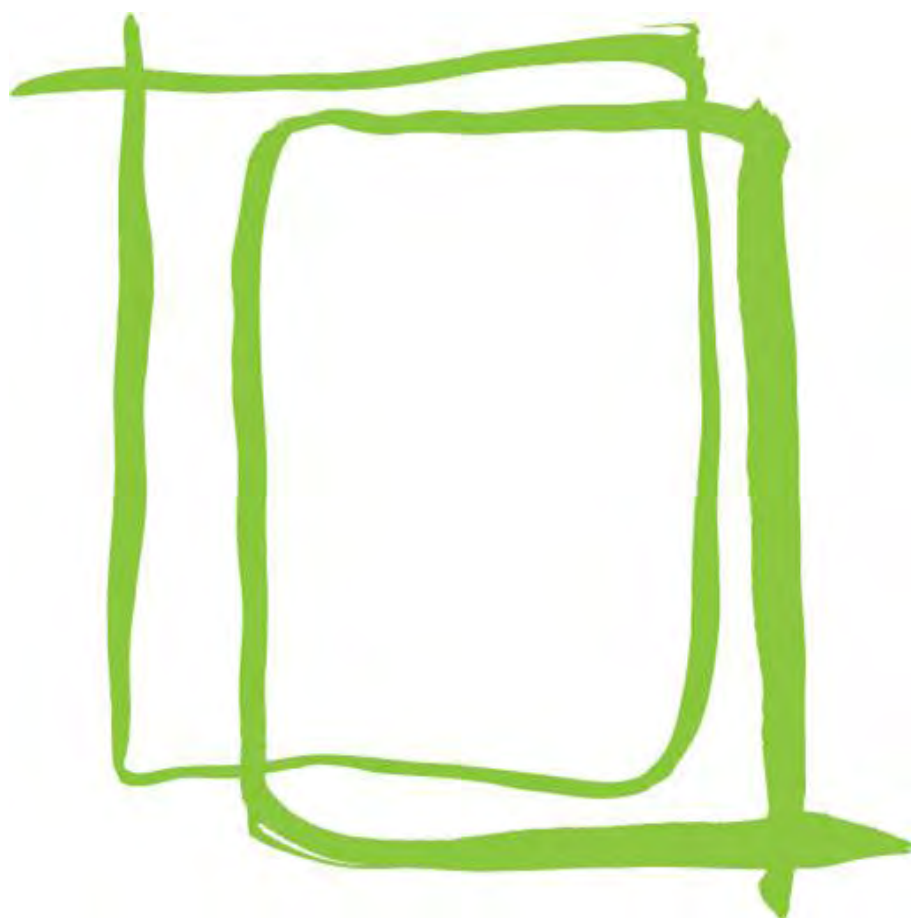
Chair

Use of Resources

Durham City Council

Audit 2008-2009

January 2009



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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Introduction

- 1 The Use of Resources assessment evaluates how well councils manage and use their resources. This is the fourth assessment carried out at the Council and is the last under the CPA framework. Next year there will be a new assessment which will form part of the Comprehensive Area Assessment. For authorities such as the City of Durham which are subject to LGR there will be no Use of Resources assessment in 2008/09. We will however have to undertake work to give a VFM conclusion.
- 2 This assessment relates to the financial year 2007/08 and is based on the key lines of enquiry for 2008. Changes to the criteria underpinning the key lines of enquiry were consulted on in April 2007 and the final key lines of enquiry were published in August 2007. These changes were made to:
 - reflect developments in professional guidance, legislative requirements and best practice; and
 - signal some of the changes proposed for the new use of resources under CAA, smoothing the transition to CAA.
- 3 The overall use of resources assessment is made up of five themes. Judgements have been made for each theme using the Audit Commission's scale, see Table 1 below. This scale is used across its inspection and performance assessment frameworks.

Table 1 Standard scale used for assessments and inspections

1	Below minimum requirements – inadequate performance
2	Only at minimum requirements – adequate performance
3	Consistently above minimum requirements – performing well
4	Well above minimum requirements – performing strongly

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- 4 In forming our assessment, we have used the methodology set out in the Use of Resources Guidance for Councils 2008, which can be found on the Commission's web site. We have also taken account of our findings and conclusions from previous years' assessments and updated these for any changes and improvements to the Council's arrangements.
 - 5 The five theme scores for the City of Durham are outlined overleaf and this summary sets out our key findings in relation to each theme.

Use of resources judgements

Table 2 Summary of scores at theme and KLOE level

Key lines of enquiry (KLOEs)	Score 2008	Score 2007
Financial reporting	3	3
1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.	2	3
1.2 The Council promotes external accountability.	4	3
Financial management	3	3
2.1 The Council's medium-term financial strategy, budgets and capital programme are soundly based and designed to deliver its strategic priorities.	3	3
2.2 The Council manages performance against budgets.	3	3
2.3 The Council manages its asset base.	3	3
Financial standing	3	3
3.1 The Council manages its spending within the available resources.	3	3
Internal control	3	3
4.1 The Council manages its significant business risks.	3	3
4.2 The Council has arrangements in place to maintain a sound system of internal control.	3	3
4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	3	3
Value for money	3	3
5.1 The Council currently achieves good value for money.	3	3
5.2 The Council manages and improves value for money.	3	3
Overall Score	3	3

Conclusion

- 6 The Council has faced particular difficulties in 2007/08 due to the loss of key staff and the additional pressures and uncertainties created in the demising period before LGR. Our work has found however that the Council has maintained its performance in the areas assessed under Use of Resources judgements.
- 7 The work has demonstrated that the Council has robust procedures in place and was able to at a minimum to maintain the Use of resources score in all four of the themes. There was one issue which resulted in the sub themes for Financial Reporting to change. There was a one off error in the accounts but this was not due to any underlying systematic problem. The error was compensated by the Council's notable practice for promoting external accountability. The overall theme score for Financial Reporting has therefore been maintained as a three. The recommendations in this report are to assist the Council to achieve a smooth transition to the new unitary council.

Theme summaries

- 8 The key findings and conclusions for each of the five themes are summarised in the following tables.

Financial reporting

Theme score 3
Key findings and conclusions
<p>The Council's Statement of Accounts was produced in accordance with relevant local and statutory deadlines. The Statement of Accounts was subject to appropriate review by Members and officers.</p> <p>Working papers were provided electronically.</p> <p>The Accounts did contain a one off error which reduced the sub score for KLOE 1.1.</p> <p>The Council has good procedures in place for production of easily understood financial information in a range of formats.</p> <p>The annual report included information on sustainability and is a good example for communicating with stakeholders. The sub score for KLOE 1.2 recognised this approach.</p>
Financial Reporting covers the following:
KLOE 1.1 The Council produces annual accounts in accordance with relevant standards and timetables, supported by comprehensive working papers.
KLOE 1.2 The Council promotes external accountability.

Theme summaries

Financial management

Theme score 3
Key findings and conclusions
<p>Overall the Council has good approach to financial management and arrangements on strategic and medium term financial planning. The Council is making progress with the joint plans agreed with key partners but the impact of LGR has delayed development. The Council has produced a soundly based budget and continued to monitor performance.</p> <p>The Council has Capital Strategy and Asset Management plan in place. Also a transition plan developed for LGR sets out key priorities that the new unitary authority needs to address.</p>
Financial Management covers the following:
KLOE 2.1 The Council's medium-term financial strategy (MTFS), budgets and capital programme are soundly based and designed to deliver its strategic priorities.
KLOE 2.2 The Council manages performance against budgets.
KLOE 2.3 The Council manages its asset base.

Financial standing

Theme score
Key findings and conclusions 3
<p>The Council's MTFP sets out the policy for reserves and balances and the annual budget is soundly based. There is a Treasury Management and Investment Strategy that complies with the CIPFA code. Debt Management arrangements have been reviewed during the year and information on recovery action is becoming more readily available.</p>
Financial Standing covers the following:
KLOE 3.1 The Council manages its spending within the available resources.

Internal control

Theme score 3
Key findings and conclusions
<p>The risk management strategy has been reviewed during the year and improvements made.</p> <p>The Council has sound arrangements in place and has continued to develop arrangements both within the Council and with partners.</p> <p>There are good procedures in place in the form of policies and publicity material to raise the awareness.</p>
Internal Control covers the following:
KLOE 4.1 The Council manages its significant business risks
KLOE 4.2 The Council has arrangements in place to maintain a sound system of internal control.
KLOE 4.3 The Council has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.

Value for money

Theme score 3
Key findings and conclusions
<p>The score reflects how the Council's approach to achieving VFM has generally been maintained and in some areas improved; VFM is now more strongly embedded into the Council's day-to-day practices and processes. A minority of service and satisfaction areas have deteriorated slightly since last year and these are reflected in the UoR assessment. However, it is likely that despite LGR being imposed on the Council that the trend of stability with some improvement will continue into 2009 unless significant changes in Council staffing levels impact on its ability to maintain current good performance in most areas.</p> <p>The Council remains a high spending authority in some areas (eg culture) but this is Council policy and reflects its efforts to promote Durham as an historic, cultural city that should be regarded as capital city of the north. The 'cost gap' between this Council and other councils in the family group has closed in a number of areas during 2007/08 evidencing that the Council is trying to become more efficient; in addition, a significant number of PIs in the council's profile (61 per cent) have improved since last year with 32 per cent now being UQ (district average 33 per cent) reinforcing the improvement trend from previous years.</p>
Value for Money covers the following:
KLOE 5.1 The Council currently achieves good value for money.
KLOE 5.2 The Council manages and improves value for money.

Use of resources 2008/09

- 9 From 2008/09, the auditors' assessment of use of resources will be based on new key lines of enquiry and will form part of the new performance assessment framework for local government and its partners, known as Comprehensive Area Assessment (CAA).
- 10 Key lines of enquiry for use of resources were published in May 2008 following consultation. These reflect the needs of CAA and incorporate a number of improvements including: a clearer focus on value for money achievements and further emphasis on commissioning of services, outcomes for local people and partnership working.
- 11 The assessment is structured into three themes:
 - managing finances: sound and strategic financial management;
 - governing the business: strategic commissioning and good governance; and
 - managing resources: effective management of natural resources, assets and people.
- 12 The approach to use of resources will continue to be risk based and proportionate, drawing on evidence from previous years where relevant. For demising authorities under local government reorganisation we will not be undertaking a formal assessment of Use of Resources for 2008/09 and providing 'theme' scores. We will however still be undertaking elements of the review in order to feed into our assessment of the overall 'value for money' arrangements in place at the Council.
- 13 In light of LGR, we will be seeking to undertake this review much earlier than previous years, in advance of vesting day. This will undoubtedly prove more efficient and relevant than conducting the work after the Council has demised. We will be liaising with officers shortly to agree a detailed timetable for this exercise; identify key contact officers and explore the potential to restrict the scope and format of any self-assessment.

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The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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Data Quality

Durham City Council

Audit 2008-2009

January 2009



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Introduction

- 1 The purpose of this report is to summarise the findings from our work on data quality for 2007/08.
- 2 Auditors' work on data quality and performance information supports the Commission's reliance on performance indicators (PI) in its service assessments for comprehensive performance assessment (CPA).
- 3 Our work on data quality is complemented by the Audit Commission's paper, *'Improving information to support decision making: standards for better quality data'*. This paper sets out standards, for adoption on a voluntary basis, to support improvement in data quality. The expected impact of the Audit Commission's work on data quality is that it will drive improvement in the quality of local government performance information, leading to greater confidence in the supporting data on which performance assessments are based.

Scope of our work

- 4 We have followed the Audit Commission's three-stage approach to the review of data quality as set out in Table 1.

Table 1 Data quality approach

Stage 1	Management arrangements A review using key lines of enquiry (KLOE) to determine whether proper corporate management arrangements for data quality are in place, and whether these are being applied in practice. The findings contribute to the auditor's conclusion under the Code of Audit Practice on the Council's arrangements to secure value for money (the VFM conclusion).
Stage 2	Analytical review An analytical review of 2007/08 BVPI and non-BVPI data and selection of a sample for testing based on risk assessment.
Stage 3	Data quality spot checks In-depth review of a sample of 2007/08 PIs to determine whether arrangements to secure data quality are delivering accurate, timely and accessible information in practice. For 2007/08 PI spot checks, the Audit Commission specified that it is compulsory to review two housing benefits PIs at all single tier and district councils as a minimum.

- 5 As this is the third year of applying this approach to data quality, we tailored our work to focus on the key changes and actions taken to address previously identified weaknesses and recommendations.

Summary conclusions

Stage 1 – Management arrangements

- 6 The Council's overall management arrangements for ensuring data quality are consistently above minimum requirements and the Council has continued to build on the strengths identified in previous years.

Stage 2 – Analytical review

- 7 Our analytical review work at Stage 2 identified that the PI values reviewed fell within expected ranges or were substantiated by evidence.
- 8 Our analytical review work at Stage 2 identified that a limited number of the PI values fell outside expected ranges. Where this occurred, there were acceptable explanations for the variance.

Stage 3 – Data quality spot checks

- 9 Because of the findings at stages 1 and 2, our detailed spot checks of the indicators were limited to the Audit Commission mandated HB PIs, BVPI 78a and BVPI 78b. We found that both indicators were fairly stated and the data was appropriately supported by the HB system.

Recommendation

- 10 We have not made any specific recommendations as a result of this work other than we suggest the Council share this report with the new unitary authority so that account can be taken of any good practice or procedures that need further review for the future to support data quality improvements.

Detailed findings

Management arrangements (Stage 1)

- 11** Our review suggests that over the past year the Council has maintained good management arrangements for ensuring data quality and improved on some areas, particularly for the KLOE covering governance and leadership, systems and processes and people and skills. The following Table provides summarised feedback for each of the five KLOE areas.

Table 2 Feedback from Data Quality Audit - Stage 1

The Council's performance on ensuring data quality has improved since last year

Key lines of enquiry	Findings
1. Governance and leadership	
Is responsibility for data quality clearly defined?	An individual officer at top management level has overall strategic responsibility for data quality. Issues about data quality are considered by and reported to those charged with governance, for example to members, directors and heads of service. The corporate commitment to data quality is actively promoted, making clear to relevant staff their responsibility for data quality in, for example, accuracy, completeness, timeliness. Accountability for data quality throughout the Council is clearly and formally defined for relevant staff and is considered as part of the corporate performance appraisal process for those staff.
Has the Council clear data quality objectives and are these formally documented?	There is evidence of a strategic approach to data quality in one or more key Council documents. Corporate objectives for data quality are formally defined and are linked to business objectives and these have been agreed and adopted at top management level. There are plans and policies that ensure quality data, with clearly identified actions, responsibilities and timescales to support improvement and this is reflected in corporate documents. Individual departments and services have been set objectives for ensuring data quality. Regular monitoring of progress against agreed objectives demonstrates that, generally, targets are being achieved.
Has the Council implemented effective arrangements for monitoring and review of data quality?	There is a monitoring and action planning framework in place which has led to actions to address the results of both internal and external data quality reviews. Data quality is incorporated into the Council's risk management arrangements, with regular assessments of the risks associated with unreliable and inaccurate information.

Key lines of enquiry	Findings
2. Policies and procedures	
<p>Has an organisational policy for data quality been defined and is it supported by a current set of operational procedures and guidance?</p>	<p>The Council has implemented a comprehensive data quality strategy that links with its data quality protocols. These documents have been approved by senior management and cover data collection, recording, analysis and reporting and apply to all business areas. They cover relevant national standards and define local practices and monitoring arrangements.</p> <p>The Council's data quality policy is supported by operational procedures and guidance notes although we were unable to verify that these provide comprehensive coverage for all service areas and functions.</p>
<p>Are policies and procedures followed by staff and applied consistently throughout the organisation?</p>	<p>Our review suggests that staff involved in all aspects of data collection and compilation are aware of the data quality policy, operational procedures and guidance notes and have easy access to them. Policy and procedure updates are notified to staff on a timely basis and these are supported with additional help and guidance. Internal review of compliance with policy and guidance suggests that these are being applied consistently.</p>
3. Systems and processes	
<p>Has the Council put appropriate systems in place for the collection, recording, analysis and reporting of the data used to monitor performance?</p>	<p>There are systems in place for the collection, recording, analysis and reporting of corporate performance information. Internal review of the systems demonstrates that, generally, data is accurate; reliable; complete and presented in a timely manner.</p> <p>Systems and processes are managed to ensure a minimum of data cleansing or other manipulation processes to produce the information required. Arrangements for recording and reporting data are integrated into the Council's wider business and performance management processes; they also support staff in their day to day work.</p>
<p>Has the Council put in place controls to ensure that information systems produce the quality of data needed to report on performance and to keep top management aware of necessary action in relation to data quality?</p>	<p>Performance information systems are subject to control mapping and testing to prevent and detect data manipulation and error. Controls are reviewed at least annually to ensure that they are operating effectively. Results of annual or more frequent reviews are reported to the corporate management team.</p>

Detailed findings

Key lines of enquiry	Findings
<p>Has the Council ensured that security arrangements for performance information systems are robust and a business continuity plan is in place?</p>	<p>Security arrangements, including access control, are in place for the organisation's business critical performance information systems. The Council regularly tests its business critical performance information systems to ensure that processes are secure. Reports are made to senior managers on outcomes.</p> <p>A business continuity plan is in place to provide protection for records and performance data which are vital to the continued effective functioning of the Council. Business Continuity and Emergency Plans have been recently updated in conjunction with the Civil Contingency Unit as a result of changes in structure and accommodation within the Council.</p>
<p>Are standards specified for shared data or data supplied by third parties?</p>	<p>Quality requirements are specified for all data used by the Council which is supplied by another internal department, shared with external partners, or which is provided by a third-party organisation. This includes identifying and complying with relevant legal, compliance and confidentiality standards. The Council has arrangements for ensuring that key data supplied by third parties is fit for purpose through, for example, data quality protocols and assessments carried out by internal audit and review.</p>
<p>Has the Council communicated clearly the responsibilities of staff for achieving data quality?</p>	<p>Roles and responsibilities of managers and operational staff, in relation to data quality, are clearly defined. Data quality targets and standards are set for relevant services and functions and these are discussed with staff during annual appraisal.</p>
<p>Has the Council put arrangements in place to ensure that staff with data quality responsibility have the necessary skills?</p>	<p>The Council is in the process of completing its assessment of data quality skills across its workforce in order to identify any skill gaps. Specific training is given to all staff to ensure that they are aware of the importance of ensuring data quality.</p> <p>Managers with specific responsibilities for data collection have been assessed as having the necessary skills and all are supported by additional training guidance as necessary. The Council has provided training for Members to ensure they are aware of the importance of data quality and how they can contribute to ensuring that standards are maintained.</p>

Key lines of enquiry	Findings
5. Data use and reporting	
Has the Council put in place arrangements that are focused on ensuring that data supporting performance information is also used to manage and improve the delivery of services?	Data used for reporting to those charged with governance is also used for day-to-day management and improvement of the Council's business. Reports on performance information, and specific targets in the business plan, and are used to monitor service delivery, forecast year-end achievement and identify areas where action is needed. Action is taken in a timely manner to address variation from agreed plans or targets.
Has the Council put in place effective validation procedures to ensure the accuracy of data used in reported performance indicators?	Data returns to government departments, their agencies and other regulators are supported by a clear audit trail. Data underpinning the information which is used for external reporting is subject to departmental verification checks. All data is subject to senior management approval before external reporting to regulators and government departments. Data to external bodies is submitted on a timely basis.

Analytical review (Stage 2)

12 An analytical review of the following BVPIs and/or non-BVPIs – [amend as applicable] was carried out. The findings, subject to the validation of a sample of PIs in stage 3 spot checks, are shown in Table 3 below.

Table 3 Analytical review findings

2007/08 Performance indicator	Assessment	Comment
BV 106 Percentage of new homes on previously developed land.	The variance is attributable to a real change in performance.	Planning permission for new housing is being granted on Brownfield land in line with government policy. Over recent years, the government has encouraged local authorities to only permit housing sites on previously developed land.
BV 11a Percentage of top 5 per cent earners that are women.	The variance is attributable to a real change in performance.	Council policy to attract and retain through family friendly policies and Management Development opportunities.

Detailed findings

2007/08 Performance indicator	Assessment	Comment
BV 11c Top 5 per cent of earners that have a disability.	The variance is attributable to a real change in performance.	Revision due to up dated equalities profile.
BV 12 Number of working days lost due to sickness absence.	The variance is attributable to a real change in performance.	Pro-active management of absence strategy through number of initiatives.
BV 126 Domestic burglaries per 1,000 households.	The variance is attributable to a real change in performance.	Increased partnership working with other agencies to raise awareness and target specific areas..
BV 127a Violent crime per 1,000 population.	The variance is attributable to a real change in performance.	Increased partnership working with other agencies to raise awareness and target specific areas.
BV 128 Vehicle crimes per 1000 population.	The variance is attributable to a real change in performance.	Increased partnership working with other agencies to raise awareness and target specific areas.
BV 14 Percentage of early retirements	The variance is attributable to a real change in performance.	Increase in applications following restructuring.
BV 156 Percentage of buildings accessible for disabled people.	The variance is attributable to a real change in performance.	Completion of works on three qualifying buildings.
BV 17a Percentage of black and ethnic minority employees.	The variance is attributable to a real change in performance.	Implementation of recruitment policies.
BV 183b Average length of stay in hostel accommodation.	The variance is attributable to a real change in performance.	Increase due to one family with complex rehousing needs.
BV 184a Proportion of LA homes which were non-decent.	The variance is attributable to a real change in performance.	Review of stock condition surveys.
BV 184b Percentage change in the proportion of non decent homes.	The variance is attributable to a real change in performance.	Review of stock condition surveys.

2007/08 Performance indicator	Assessment	Comment
BV 199a Local street and environmental cleanliness - litter and detritus.	The variance is attributable to a real change in performance.	Introduction of improved training to record inspections and additional resources.
BV 212 Average time taken to re-let council dwellings.	The variance is attributable to a real change in performance.	Review of approach to improve process.
BV 216a Identifying contaminated land.	The variance is attributable to a real change in performance.	Review of process and validation of information held in different sources. Amalgamation of data has increased number of sites identified.
BV 219b Conservation areas - character appraisals.	The variance is attributable to a real change in performance.	Depends on resource available to undertake appraisals as the method for noting the per cent achieved takes no account of the size or complexity of the conservation areas that vary markedly
BV 225 Actions against domestic violence.	The variance is attributable to a real change in performance.	Domestic abuse co coordinator now employed (funded).
BV 64 Number of private sector dwellings returned into occupation.	The variance is attributable to a real change in performance.	Only two properties involved but difference due to sensitivity of indicator as small movement appear significant.
BV 66c Rent Collection and Arrears Recovery - Notice seeking and possessions served.	The variance is attributable to a real change in performance.	Problems with the implementation of a new Housing system has caused the fluctuation in figures. Corrective action is now being implemented.

Detailed findings

2007/08 Performance indicator	Assessment	Comment
BV 66d Rent Collection and Arrears Recovery – Evictions.	The variance is attributable to a real change in performance.	Difference due to sensitivity of indicator as small number of evictions results in significant movement.
BV 76b Housing Benefit Security - Number of investigators per 1000 caseload.	The variance is attributable to a real change in performance.	Additional staff resource employed.
BV 76c Housing Benefit Security - Number of investigations per 1000 caseload.	The variance is attributable to a real change in performance.	Additional staff resource employed.
BV 76d Housing Benefit Security - Number of prosecutions per 1000 caseload.	The variance is attributable to a real change in performance.	Additional staff resource employed.
BV 78a Speed of processing new claim to HB/CTB.	The variance is attributable to a real change in performance.	New system introduced in previous year impacted on first quarter performance
BV78b Speed of processing changes of circumstances to HB/CTB.	The variance is attributable to a real change in performance.	New system introduced in previous year impacted on first quarter performance.
BV 79b (i) Percentage of recoverable overpayments recovered (HB).	The variance is attributable to a real change in performance.	Review of process following introduction of integrated sundry debtors system.

13 All other PIs reviewed were found to be complete and within plausible and permissible values.

Data quality spot checks (Stage 3)

14 The two mandated Audit Commission Housing Benefit PIs were reviewed using a series of detailed spot checks and audit tests. Our findings are shown in Table 4.

Table 4 Spot check findings

Performance indicator	Assessment	Comment
Housing Benefits BVPI 78a	Fairly stated	Detailed testing confirmed the data provided.
Housing Benefits BVPI 78b	Fairly stated	Detailed testing confirmed the data provided.

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CITY OF DURHAM

AUDIT OVERVIEW COMMITTEE

17th FEBRUARY 2009

REPORT OF THE DIRECTOR OF FINANCIAL SERVICES

1. PROGRESS REPORT FOR THE PERIOD 1/04/08 TO 31/12/08

1.1 Introduction

This report will compare the actual work undertaken by Internal Audit with that planned for the period 1st April 2008 to 31st December 2008

1.2 Progress Report

1.2.1 In the period 1st April 2008 to 31st December 2008, the following work was undertaken and compares to the plan as shown below:

Original Audit Plan days	Revised Audit Plan days		Cumulative Planned Audit Days	Cumulative Actual Audit Days	Variance Audit Days
449.00	410.14	Non productive time	312.35	318.97	6.62
246.00	246.00	Management & Administration non chargeable	184.50	120.30	(64.20)
65.00	65.00	Management & Administration chargeable	48.75	26.93	(21.82)
282.00	312.00	2008/2009 Audit Plan	247.50	202.34	(45.16)
40.00	40.00	Follow Up work	30.00	20.20	(9.80)
484.00	275.86	Contingencies & Special Investigations	208.30	317.16	108.86
1566.00	1349.00	Total	1031.40	1005.90	(25.50)

A more detailed analysis is given in Appendix 'A', together with an up to date position for all audit assignments allocated.

1.2.2 Non productive time is 6.62 days over budget and this is a direct result of:

- Sickness absence of the Principal Auditor and the Audit Assistant during April and May 2008.

Additional sickness absence has been limited to only two further days in December 2008. I have however received notification from the Principal Auditor that he is scheduled for surgery in the near future and most likely before the year end. It is anticipated that he will require some time off for convalescence but I am unable to give members any indication of how long this will be at this time.

- 1.2.3 Study leave and examination leave occur twice yearly in June and December. All leave in this respect has now been accounted for and it is anticipated that over the year this will be under-spent against the forecast position by 1.5 days.
- 1.2.4 Savings against the forecast position for day release is expected to be 14 days, as one member of staff opted to not take up a training opportunity during the year.
- 1.2.5 All internal audit staff will be trained to use Durham County Councils audit software package (Galileo) and new financial management system (Oracle) during Jan/Feb 2009. There are sufficient planned "Other training" days within the audit plan to accommodate this.
- 1.2.6 As previously notified to members a number of items shown under management and administration (both non chargeable and chargeable) will either not now take place or will be severely restricted as the local government review process progresses. Any surplus capacity will be absorbed by the contingency provision.
- 1.2.7 The original audit plan for 2008/09 was comprised of thirty one (31) audit assignments (including 09/02 Housing benefits quarterly checks which consists of four (4) separate assignments). Five (5) more have been added, including the data matching work for furniture packs, supporting people and NWA; and mutual support for Teesdale (NNDR and Council Tax), taking the total planned assignments to thirty six (36)
- 1.2.8 Reasons for the withdrawal of audit assignment 09/26 Penetration testing was reported to members at the previous meeting.
- 1.2.9 It was also reported that restrictions in the level of resources available may lead to the withdrawal of audit assignment 09/28 (Other Possible IT work). I must now inform members that the allocated time in the audit plan for audit assignment 09/18 (Safeguarding of assets) is insufficient to carry out the necessary work and I must therefore withdraw audit assignment 09/28 and transfer at least 10 days of this to 09/18 to enable this work to be carried out. The rest of the time will be absorbed by the Contingency provision.
- 1.2.10 The risk of not carrying out this work has been partly transferred to the County council. As previously reported the new County wide network will be subject to regular vulnerability tests both internal and external by County IT and internal audit staff. Assurance in respect of access controls, data quality, business continuity and security of assets can be evidenced through internal audits major systems work, this coupled with an internal audit review of the effectiveness of all relevant policies in place mitigate this risk.
- 1.2.11 As a result of the withdrawal of audit 09/26 and 09/28 the number of audit assignments in the revised audit plan for 2008/09 is now thirty four (34), including the two audit assignments carried out for Teesdale. (Both of which are business critical systems) At the 31st December 2008 twenty five (25) have been fully completed (74%) with three (3) of these being at draft stage. In terms of business critical systems eleven (11) out of sixteen (16) have now been completed (69%) with two (2) at draft stage.
- 1.2.12 As in previous years assurance in respect of audit assignment 09/27 In Print Partnership will be provided by Derwentside District Council. Arrangements are in place to ensure that this assurance is obtained in advance of the year end.

1.2.13 Local Government review work carried out to date in 2008/09 excluding work carried out under the mutual aid protocol amounts to 72.43 days in total.

1.2.14 This work continues to be on an ad hoc basis and whilst the majority of the work has been carried out by the Head of Internal Audit focusing on:-

- The audit strategy
- Local performance indicators
- Relationship protocol
- Disaggregation of 08/09 budgets
- Fees and Charges policy
- Financial regulations
- Governance arrangements

Work by other members of the team on pan-county rent restructuring, data quality and security of assets has also been carried out.

1.2.15 Work on the audit plan in the context of “business as usual” has been largely unaffected by Local Government Review work, however, resources for the rest of the year continue to be constrained and any long term period of sickness will have an adverse affect on the Services’ ability to complete the plan in advance of the 31st March 2009.

1.2.16 The completion of the audit plan for 2008/09 is considered to be on target after taking into account the additional work carried out. All quarter one and two assignments have been completed, (with one (1) at draft stage), four (4) of the seven (7) quarter three assignments have been completed (with two (2) at draft stage) with work ongoing for the other three (3). Two (2) of the seven (7) quarter four assignments have also been completed ahead of schedule with another one (1) nearing completion. Work is already underway for the remaining four (4) outstanding assignments.

1.2.17 Target days for cash collection (09/13) has been exceeded by more than 10%. This was a result of extending the audit testing to include new areas of collection (Best Bar None) and the treatment of areas previously handled by rent collectors (Concessionary TV licences for example) All other areas showing a variance of 10% or more over the target days have been previously reported to members.

1.2.18 Performance against the key local performance indicators for the period 1st April 2008 to the 31st December are shown below compared with the same period last year:-

2007/2008		Indicator	2008/2009	
number	%		number	%
34	59	Number of audits undertaken and completed	25	74
160	-	Number of recommendations made	46	-
154	-	Number of recommendations agreed	46	-
3	-	Number of recommendations not agreed	0	-
3	-	Number of recommendations partly agreed	0	-

2007/2008		Indicator	2008/2009	
number	%		number	%
-	56	% of draft reports issued within 10 working days of closure meeting	-	70
-	58	% of Final report and recommendation action plans issued within 5 working days of the post audit meeting	-	84
-	65	% of recommendation action plans signed off and returned within 5 working days of issue	-	67
0	-	Number of Recommendations withdrawn	13	-
-	75	% of Post audit questionnaires completed and returned	-	100
-	42	% Post audit meetings held within 10 working days of the issue of the draft report	-	80

1.2.19 Priority has been given to progressing the audit plan and Local Government Review work during October – December, and this coupled with the Christmas break has resulted in no follow up work being carried out in quarter three. However, it is anticipated that follow up work will be brought up to date before the end of February 2009.

1.2.20 As a result of this the number of recommendations outstanding but not followed up at the 31st December 2008 is 31. (Appendix B). 21 of these were due to be followed up in October and 10 in later months. Outstanding recommendations already followed up but still not implemented which are due to be followed up a second time is 15. (Appendix C). 14 of these will be followed up before the end of February 2009 and 1 at the end of the financial year.

1.2.21 13 recommendations have been withdrawn (Appendix D)

1.2.22 A table showing the results of post audit questionnaires returned to date is shown in Appendix E together with comparisons for the last three years.

2.0 AUDITS COMPLETED IN 2008/09

2.1 Audits assessed as GOOD and awarded an audit opinion score of 2

2.1.1 Given the nature of the risks involved in the achievement of the control objectives, key controls and most other parts of the internal control system are working effectively and provide substantial assurance that risks material to the achievement of the control objectives are adequately managed.

2.1.2 Accountancy – Financial management system

Only one recommendation was made regarding the improvement of communication between Accountancy and the Revenues Control Team.

This has been achieved despite the staffing issues experienced during the year particularly the loss of the Head of Financial Services and the Principal Accountant.

2.2 Audits assessed as SATISFACTORY and awarded an audit opinion score of 3

2.2.1 Internal Audit reviewed the following systems where given the nature of the risks involved in the achievement of the control objectives key controls are adequate but other parts of the internal control system requires corrective action. This provides reasonable assurance that risks material to the achievement of the control objectives are adequately managed.

2.2.2 Cash Reconciliations

Recommendations were made in respect of the methodology used for reconciliations, the reconciliation of write offs to the General Ledger, target dates for the completion of reconciliations, the timeliness of reconciliations and issues regarding division of duties.

2.3 Audits assessed as NEEDS IMPROVEMENT and awarded an audit opinion of 4

2.3.1 Internal Audit reviewed the following systems where given the nature of the risks involved in the achievement of the control objectives, neither the key controls nor the other parts of the internal control system are working effectively, and some corrective action is needed in both areas. This provides only limited assurance that risks material to the achievement of the control objectives are adequately managed.

2.3.2 Debtors

Main recommendations included the correct completion of sundry debtor invoices, retention of documents, and the requirement for improved communication with legal regarding the recovery of debt. Most of the problems are with regard to departmental issues. These have been discussed at OMT and instructions regarding the implementation of recommendations have been forwarded to Senior officers.

2.4 Three further reviews were carried out which did not require an audit opinion.

2.4.1 Fraud and Corruption

Internal audit review the Council's arrangements for Fraud and Corruption annually. In 2008/09 the Fraud Strategy and Fraud Response Plan were reviewed. Work has also been carried out in the development of a Fraud Strategy and Fraud Response Plan for the new Unitary Authority.

Arrangements in place are considered to be satisfactory; the strategy and response plan will not be publicised however as required by best practice which is the usual course of action due to the demise of the City of Durham Council.

2.4.2 Governance Arrangements

All aspects of governance have been examined and all significant arrangements have been mostly found to be in place and operating effectively. Significant governance issues will be incorporated into the Council's Annual Governance Statement which will be approved with the Council's Statement of Accounts by Council.

2.4.3 Benefits Accuracy Q3

Internal Audit undertakes a quarterly review of the accuracy of benefit claims.

These aim to meet two objectives:

- Enable client management to monitor performance against BVPI 79a.
- Evidence requirements of the Verification Framework.

The quarterly audit identified that 124 of the 125 (99.2%) determinations were compliant with the Verification Framework Requirements.

3. RECOMMENDATIONS

- 3.1 That the Audit Overview Committee note the contents of the Progress Report for the 1st April 2008 to the 31st December 2008.

Audit number	Audit item	Target Days	Outturn Actual	Variance	Progress / Complete	Reported to committee
09/01	Performance indicators	15.00	15.83	0.83	Y	Jul-08
09/02a	Housing benefits quarterly check (a)	7.00	6.90	-0.10	Y	Jul-08
09/03	Creditors	10.00	9.93	-0.07	Y	Jul-08
09/04	Treasury management	5.00	5.73	0.73	Y	Nov-08
09/05	Annual Governance Statement	5.00	2.13	-2.87	Y	Jul-08
09/06	Durham Sport	5.00	2.00	-3.00	Y	Jul-08
09/07	LAA	5.00	3.13	-1.87	Y	Jul-08
Total Quarter 1		52.00	45.65	-6.35		

Key system
Key system

Audit number	Audit item	Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
09/02b	Housing benefits quarterly check (b)	7.00	6.20	-0.80	Y	Nov-08
09/08	Payroll	15.00	16.07	1.07	Y	Nov-08
09/09	Crematorium	7.00	5.53	-1.47	Y	Jul-08
09/10	Accountancy FMS	10.00	10.10	0.10	Y	
09/11	Cash reconciliations	5.00	5.73	0.73	Y	
09/12	NNDR liability	10.00	12.37	2.37	Y	Nov-08
09/13	Cash collection	10.00	12.20	2.20	Draft	
Total Quarter 2		64.00	68.20	4.20		

Key system
Key system
Key system
Key system
Key system

Audit number	Audit item	Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
09/02c	Housing benefits quarterly check (c)	7.00	7.13	0.13	Y	
09/14	Sickness	10.00	0.00	-10.00	WIP	
09/15	Housing Benefits	20.00	0.00	-20.00	WIP	
09/16	Council Tax liability	15.00	9.00	-6.00	Draft	
09/17	Debtors	10.00	9.93	-0.07	Y	
09/18	Safeguarding of assets	10.00	1.23	-8.77	WIP	
09/19	Risk management	7.00	6.73	-0.27	Draft	
Total Quarter 3		79.00	34.02	-44.98		

Key system
Key system
Key system

Audit number	Audit item	Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
09/02d	Housing benefits quarterly check (d)	7.00	0.00	-7.00	WIP	
09/20	Planned Maintenance	10.00	0.00	-10.00	WIP	
09/21	Gas maintenance	10.00	0.00	-10.00	WIP	
09/22	Responsive repairs	10.00	0.00	-10.00	WIP	
09/23	Housing rents	10.00	0.00	-10.00	WIP	
09/24	Governance arrangements	5.00	0.13	-4.87	Y	
09/25	Fraud and Corruption	5.00	0.13	-4.87	Y	
Total Quarter 4		57.00	0.26	-56.74		

Key system
Key system
Key system
Key system

Audit number	Audit item	Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
09/26	External penetration testing	0.00	0.00	0.00	Withdrawn	Nov-08
09/27	In print partnership	0.00	0.00	0.00	Assurance from Derwentside	
09/28	Other possible IT work	30.00	0.00	-30.00	Withdrawn	
TOTAL		30.00	0.00	-30.00		

9 - cont	Local Government review - mutual aid (Teesdale) NNDR	15.00	17.53	2.53	Y	Passed to Teesdale
9 - cont	Local Government review - mutual aid (Teesdale) Council Tax	15.00	16.40	1.40	Y	Passed to Teesdale
9 - cont	Furniture Packs - Final Accounts work	0.00	6.87	6.87	Y	Nov-08
9 - cont	Supporting People - Final Accounts Work	0.00	8.57	8.57	Y	Nov-08
9 - cont	NWA - Final Accounts work	0.00	4.80	4.80	Y	Nov-08
TOTAL		30.00	54.17	24.17		

Key system
Key system

	Target Days	YTD Actual	YTD Variance
TOTAL AUDIT PLAN	312.00	202.30	-109.70

Brought forward

Audit number	Audit item	Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
08/35 b/f	Accountancy Estimates	0.00	4.10	4.10	Y	Jul-08
08/33 b/f	Data Retention and Disposal	0.00	0.40	0.40	Y	Jul-08
08/06 b/f	IT Application controls	0.00	0.40	0.40	Withdrawn	N/A
08/36 b/f	Housing rents	0.00	1.33	1.33	Y	Jul-08
08/23 b/f	Sickness	0.00	1.67	1.67	Y	Jul-08
Total brought forward		0.00	7.90	7.90		

		Target Days	YTD Actual	YTD Variance
n/a	Follow ups	40.00	20.20	-19.80

Non Productive Time

	Target Days	YTD Actual	YTD Variance
Bank Holidays	32.000	27.00	-5.00
Annual leave	176.583	143.50	-33.08
Sickness	47.750	54.40	6.65
Special leave	5.167	2.50	-2.67
Day release	79.500	55.50	-24.00
Other training	53.058	21.70	-31.36
Study leave / exams	13.500	12.00	-1.50
Hospital/Dental appointments	2.583	2.37	-0.21
TOTAL	410.14	318.97	-91.17

Management and Administration (non chargeable)

	Target Days	YTD Actual	YTD Variance
Audit planning, management and supervision of the section.	75.00	47.00	-28.00
Review of policy documentation	10.00	6.10	-3.90
Advice and discussion with District Audit	5.00	1.43	-3.57
Audit sub group etc	4.00	3.80	-0.20
Maintenance of data base	5.00	4.33	-0.67
Idea Sub Group	4.00	0.33	-3.67
OMT	2.00	1.57	-0.43
Review of Internal Audit	2.00	0.00	-2.00
Key lines of enquiry	5.00	2.07	-2.93
New legislation	2.00	0.27	-1.73
Business Planning	5.00	0.67	-4.33
Document imaging/Back Scanning	10.00	0.00	-10.00
Options appraisal	20.00	0.80	-19.20
Risk management	10.00	5.33	-4.67
Internal Audit review meetings	10.00	0.70	-9.30
General Administration	60.00	40.63	-19.37
PDR's	3.50	0.07	-3.43
Business Continuity	5.00	0.20	-4.80
Emergency planning	5.00	0.07	-4.93
OMT briefing / review meetings (P Darby)	3.50	4.93	1.43
TOTAL	246.00	120.30	-125.70

Management and Administration (chargeable)

	Target Days	YTD Actual	YTD Variance
Tender openings	3.00	0.27	-2.73
Financial appraisals	3.00	0.07	-2.93
Stores - stocktaking	4.00	0.00	-4.00
Advice to Departments	20.00	12.10	-7.90
Audit awareness training	2.00	1.13	-0.87
Review of regulations and procedures	3.00	0.00	-3.00
Implementatuion of recommendations involving additional work by Internal Audit	10.00	8.70	-1.30
Annual Governance Statement	10.00	3.07	-6.93
Misc working groups	10.00	1.60	-8.40
TOTAL	65.00	26.94	-38.06

Ad Hoc work (Contingency)		Target Days	YTD Actual	YTD Variance	Complete	Reported to committee
09 - cont	Millenium / Audit Claim	0.00	0.83	0.83		
09 - cont	A Turner	0.00	1.10	1.10		
9 - cont	Payments	0.00	0.33	0.33		
9 - cont	Co-opted member	0.00	1.73	1.73		
9 - cont	XML document conversion / IDEA work for Revenues	0.00	1.07	1.07		
9 - cont	Customer services incident	0.00	2.97	2.97		
9 - cont	Supporting people - implementation of new system for grant claim	0.00	34.20	34.20		
9 - cont	Secondment to Accountancy	0.00	129.23	129.23		
9 - cont	Key workers group	0.00	0.67	0.67		
9 - cont	Work experience - Barry Quinn	0.00	1.13	1.13		
9 - cont	Cash procedures/collection of cash	0.00	1.13	1.13		
9 - cont	Auddis - Leisure Centres	0.00	0.73	0.73		
9 - cont	Change of signatories - Solicitors Imprest account	0.00	0.53	0.53		
9 - cont	Furniture packs - implementation of new system for checking prior to payment	0.00	2.73	2.73		
9 - cont	Accountancy Service charge calculation	0.00	3.07	3.07		
9 - cont	Supervision of staff and security of building during strike action	0.00	0.40	0.40		
9 - cont	Compilation of records for HR relating to strike	0.00	0.33	0.33		
9 - cont	Flexitime query - Planning	0.00	1.27	1.27		
9 - cont	Internal audit budgets	0.00	0.30	0.30		
9 - cont	Banking of cash - new procedures	0.00	1.83	1.83		
9 - cont	Rent restructuring calculation checks	0.00	10.37	10.37		
9 - cont	Option to tax - Freemans Quay	0.00	1.00	1.00		
9 - cont	Data matching UPRN	0.00	2.77	2.77		
9 - cont	Dragonville stocktake	0.00	9.00	9.00		
9 - cont	Pensions meeting	0.00	0.40	0.40		
9 - cont	Competition line	0.00	0.73	0.73		
9 - cont	Leisure finance data matching	0.00	0.63	0.63		
	Total	0.00	210.48	210.48		
	Local Government Review work					
9 - cont	Local Government review - audit substream - audit strategy	0.00	8.20	8.20		
9 - cont	Other Local government review work	0.00	62.63	62.63		
9 - cont	Local Government review - audit substream - performance indicators	0.00	0.67	0.67		
9 - cont	Local Government review - audit substream - relationship protocol	0.00	0.93	0.93		
	Total	0.00	72.43	72.43		
		0.00	0.00	0.00		
		0.00	0.00	0.00		
		0.00	0.00	0.00		
	Special investigations	0.00	26.33	26.33		
	Contingency	275.86	282.91	7.05		
Total		275.86	309.24	33.38		

	Target Days	YTD Actual	YTD Variance
Totals	1349.00	1005.85	-343.15

Recommendations not yet followed up

APPENDIX B

Audit Ref	Audit Name	Rec No	Recommendation	Planned implementation date
08/08	Swimming Baths	R16	A central file be set up which holds all of the procedure notes for the Swimming Baths.	31-Aug-08
08/23	Sickness	R1	Regular checks should be carried out by managers to ensure that sickness days match across documentation, Resourcelink, and DHS. All significant discrepancies should be followed-up.	30-Jul-08
08/23	Sickness	R2	Heads of Service should ensure that recommendations regarding sickness are filtered down through team briefings to officers who are required to implement them.	30-Jul-08
08/23	Sickness	R3	Procedures should be in place to ensure that all Employee Sickness Declaration Forms are promptly scanned into the employees personal file once they have been processed.	30-Jul-08
08/23	Sickness	R4	All staff should be reminded of the requirement to return a completed ESDF and ensure that it is in by the 4th day of absence.	30-Jul-08
08/23	Sickness	R5	Managers to ensure that employees complete and return an ESDF for each instance of sick.	30-Jul-08
08/23	Sickness	R6	Managers to be reminded that evidence of communication, such as interviews, with employees on long-term sick should be forwarded to Payment Services in order that it can be appropriately scanned and filed into the correct personal folder within Anite. This excludes records of telephone conversations.	30-Jul-08
08/24	Stage School	R1	The GTSS are to liaise with Human Resources to establish when Training with regards to the Child Protection Policy is to be carried out.	31-Jul-08
08/35	Accountancy Budgets	R1	Emails confirming the accuracy of the staffing be retained on the server in the relevant working paper folder to ensure that an adequate audit trail is maintained.	01-Mar-09
08/42	Debtors	R1	Appropriate officers from each service be formally given the ability to authorise account requests. This should be recorded on the certifying officers list along with their other authorisation abilities.	30-Sep-08
08/42	Debtors	R4	All reports monitored including accounts at bailiff, recovery suppressions, and arrangements, should be initialled by the checking officer.	30-Sep-08
08/42	Debtors	R5	As previously recommended, targets should be set for the raising of invoices by services. Such as 10 working days from provision of service to invoice.	30-Sep-08
08/42	Debtors	R6	Compliance with targets for raising invoices should be monitored on a regular basis by each service.	30-Sep-08
09/03	Creditors	R1	All outstanding cheque cancellation requests and database records should be actioned and completed as soon as possible and procedures put in place to ensure that backlogs are avoided in the future.	01-Sep-08
09/03	Creditors	R2	All requests for emergency payments should be passed to the Principal Payments Officer for monitoring and review purposes.	01-Sep-08
09/03	Creditors	R3	Consideration be given to re-designing the batch control sheet to ensure that services follow correct procedures.	01-Sep-08
09/08	Payroll	R1	A report of amendments to bank details to be periodically produced and independently checked against evidence stored in Anite. Evidence of such checks should be maintained.	19-Sep-08
09/08	Payroll	R2	Officers should record their initials on each exception report after they have checked it.	19-Sep-08
09/08	Payroll	R3	Accountancy to promptly communicate correct codes to the Payroll section.	19-Sep-08
09/08	Payroll	R4	Consideration given to redesigning the timesheet for Environmental & Leisure Services to enable all details, including certification, to be on one side. In the meantime both sides should be scanned.	19-Sep-08
09/08	Payroll	R5	Timesheets which have been signed by an officer not on the Certified Officers List should be queried with the relevant services to ensure it validity and to request that the service organise their inclusion on the list with the appropriate authorisation powers	19-Sep-08
09/10	Accountancy - FMS	R1	Accountancy to liaise with the Revenues Control Team to ensure that the Rent reconciliation is brought up to date and carried out on a regular basis in future.	Immediate
09/11	Cash Reconciliations	R1	A suitable methodology for the completion of the Rent Income reconciliation should be concluded as a matter of urgency to ensure that the reconciliation is brought up to date.	31-Jan-09
09/11	Cash Reconciliations	R2	Revenue write offs are to be reconciled between the relevant system and the General Ledger	31-Jan-09
09/11	Cash Reconciliations	R3	A log, similar to that employed by the Income Control Team, should be created by the Accountancy Assistant to record the target date for completion, who carried out the reconciliation, the date completed, who reviewed the reconciliation and the date of review	31-Dec-08
09/11	Cash Reconciliations	R4	The log currently utilised to record the completion of each reconciliation should be expanded to include the completing officer and any other information deemed to be relevant	01-Dec-08
09/11	Cash Reconciliations	R5	All reconciliations carried out by the Accountancy Assistant should be reviewed by another officer. The fact that the review has been carried out should then be properly recorded	31-Jan-09
09/12	NNDR	R1	Clarification be sought to ascertain the correct billing procedures that should be followed with regards to multi-year bills which include annual demands and adjustment bills, to ensure that all bills are enforceable. When agreement is reached these should be included in written procedures.	01-Sep-08

Recommendations not implemented after first implementation date

APPENDIX C

Audit Ref	Audit Name	Rec No	Recommendation	Planned implementation date	Revised Implementation Date
06/27	Enforcement (Legal)	R3	Once a budget has been allocated, the requirements for the Lexel Accreditation regarding written procedure notes be adhered to and the procedures developed.	30-Apr-07	01-Apr-09
07/23	Flexitime	R1	The current policy should be revised to enable officers to work within the requirements of the service.	30-Apr-07	30-Sep-08
07/23	Flexitime	R7	The times of the Flexi Time Policy be reviewed to reflect the part time and full time employees working hours.	30-Apr-07	30-Sep-08
08/19	Risk Management	R2	Job descriptions be revised for Heads of Service and other Senior line managers to include Risk Management responsibilities. Job descriptions for all other staff should also have some basic responsibility for risk management included.	07-Nov-07	31-Dec-08
08/25	Systems Documentation	R5	When the Development Control Manager carries out the reconciliations of the Agresso Account for Planning to the CAPS information, supporting evidence is to be maintained to demonstrate that this is being carried out on a regular basis, and in a timely man	28-Feb-08	31-Oct-08
08/32	Customer Services	R8	Other methods of recording customer surveys should be investigated which would allow the accurate and automatic production of management information, such utilisation of the CRM, or an Access database.	31-May-08	01-Nov-08
08/32	Customer Services	R3	A record of each PVR checked should be maintained on the CRM system.	31-May-08	31-Oct-08
08/32	Customer Services	R6	Services be reminded of the requirement to close cases once they have been dealt with. Extra training should be given if required.	31-May-08	01-Nov-08
08/42	Debtors	R2	Services should ensure that the necessary documentation is promptly passed to legal when the debt is referred. If insufficient documentation is available Revenues should be informed in order that alternative recovery action can be initiated.	30-Jun-08	31-Oct-08
08/42	Debtors	R3	Each credit note to be authorised prior to processing with appropriate evidence and system notes to support this. A credit note proforma should be utilised where appropriate.	30-Jun-08	30-Nov-08
08/42	Debtors	R7	The browser reporting facility be utilised to check invoices prior to despatch. This should be carried out by an independent officer if resources allow.	30-Jun-08	30-Nov-08
08/Cont 1	NWA - Payment and collection of charges	R4	All properties with incorrect rateable values should be amended to ensure that future charges are correctly recharged	01-Apr-08	30-Nov-08
08/Cont 1	NWA - Payment and collection of charges	R5	Where NWA charge based on a fixed charge basis, the Council recharge should be based on the same basis	01-Apr-08	30-Nov-08
08/Cont 3	Building Control	R7	Reconciliation procedures are to be introduced on a monthly basis to ensure that all income is appropriately coded (3.3 & 3.4 & 3.10).	01-Aug-07	31-Oct-08
08/Cont 2	Furniture Packs	R6	For future terminations, NFS should be instructed to collect the furniture within 5 working days and where this is not agreed the end of tenancy should be agreed for the Monday following 5 working days from the date of notification.	01-Dec-07	30-Sep-08

Recommendations withdrawn

APPENDIX D

Audit Ref	Audit Name	Department	Rec No	Recommendation	Explanation	Mutually withdrawn date
05/33	Furniture pack scheme	Community Services	R15	That a suitable system be devised to ensure that all inspections required under the terms of the contract are carried out and appropriately recorded	To be incorporated with other schemes for LGR	30-Sep-08
06/19	Homelessness	Community Services	R13	Investigations should be carried out to determine the feasibility of all documents relating to each homelessness application (including the application itself) being stored on the document imaging system 'Anite'.	Withdrawn due to budgetary restrictions and LGR.	28-Apr-08
07/05	Customer Services	Community Services	R7	Service Level Agreements should be developed to ensure that both front and back office services understand what work is to be carried out by Customer Services. Each service should define the requirements for agreement with Customer Services Management	WITHDRAWN - Not a priority will be included in relevant LGR workstream	28-Apr-08
07/39	Sickness	Corporate Services	R14	The Employee Sickness Declaration Form should be amended so that the information recorded on the ESDF by the employee is compatible with that used on Resourcelink and DHS. Amendment could be made to for example, absence details, shifts lost, etc to attempt	Will be included in LGR process if required	30-Sep-08
08/05	Burial Service	Environment and Leisure Services	R8	The use of current IT resources or already available burial software packages should be investigated with the view to replacing the current system	Will be included in LGR process if required	30-Sep-08
08/08	Swimming Baths	Environment and Leisure Services	R12	Unemployment pass holders should be asked to sign a register when using the facilities.	Scheme is no longer operated at Freemans Quay	30-Sep-08
08/16	Payroll	Corporate Services	R1	The cognos reporting tool be utilised to produce reports to enable the periodic review of amendments. All such reviews should be evidenced.	Inability of the system to produce reports + various other checks are in place to review the majority of amendments	30-Sep-08
08/32	Customer Services	Corporate Services	R9	That a suitable system be set up to ensure that all completed forms have been recorded.	All surveys are to be entered directly onto the CRM and therefore there will be no forms to check	30-Sep-08
08/Cont 2	Furniture Packs	Financial Services	R13	The furniture pack system should be subjected to a full review of procedures and any additional amendment required, over and above those included within this report, should be incorporated into the system.	Withdrawn not included in Audit plan due to Transition to new authority (Only major financial and business critical areas to be covered)	28-Apr-08
08/Cont 3	Building Control	Planning Services	R13	Initial discussions should be held with JBC to determine the possibility of variations to the contract pending the outcome of analysis to be carried out over the next 3 months	Being considered as part of LGR	30-Sep-08
08/Cont 3	Building Control	Planning Services	R14	Consideration should be given to options available for the long-term provision of the service	Being considered as part of LGR	30-Sep-08
08/Cont 3	Building Control	Planning Services	R1	The Head of Planning Services should adequately consult all relevant officers on budgets which they are expected to control (1.4).	No further budgets to be consulted upon due to LGR	30-Sep-08
08/07	NNDR	Financial Services	R1	Procedure notes for working practices outside the operation of Sx3 should be reviewed and steps taken to ensure all areas are sufficiently documented.	To be incorporated into new procedures for LGR	30-Sep-08

Post Audit Questionnaire Results

Appendix E

Audit Number	Assignment	Risk	pre audit meeting	post audit interview	Clarity	Evidence	Accuracy	Completeness	Contribution to system	Timeliness	Objectives of audit	Understanding	Appreciating risks	Approach Attitude	Helpfulness	Timeliness	Presentation	Overall	Copy final report	Agree recs
09/09	Crematorium	Y	5	4	5	5	5	5	5	5	Y	5	5	5	5	5	5	5	Y	Y
09/08	Payroll	Y	4	4	4	4	4	4	4	4	Y	4	4	4	4	4	4	4	Y	Y
09/03	Creditors	Y	4	4	4	4	4	4	4	4	Y	4	4	4	4	4	4	4	Y	Y
09/12	NNDR	Y	5	5	5	5	5	5	5	5	Y	5	5	5	5	5	5	5	Y	Y
09/04	Treasury Management	Y	5	5	5	5	5	5	5	5	Y	5	5	5	5	5	5	5	Y	Y
09/11	Cash reconciliations (Revenues)	Y	4	4	3	4	4	5	5	2	Y	5	5	5	5	5	5	5	Y	Y
09/11	Cash reconciliations (Accountancy)	Y	5	5	5	5	5	5	5	5	Y	5	5	5	5	5	5	5	Y	Y
			32	31	31	32	32	33	33	30		33	33	33	33	33	33	33		
	Average score 2008/09	100%	4.57	4.43	4.43	4.57	4.57	4.71	4.71	4.29	100%	4.71	4.71	4.71	4.71	4.71	4.71	4.71	100%	100%
Key																				
1	Very poor																			
2	Poor																			
3	Satisfactory																			
4	Good																			
5	Very Good																			

Results 2007/08	100	4.56	4.53	4.56	4.53	4.41	4.44	4.44	4.44	4.50	100	4.44	4.63	4.53	4.63	4.78	4.84	4.78	96.88	100
Results 2006/07	100	4.36	4.42	4.45	4.39	4.42	4.39	4.39	4.33	4.21	93.94	4.33	4.52	4.55	4.67	4.33	4.45	4.45	100	100
Results 2005/06	95	3.95	3.65	3.85	3.8	3.7	3.8	3.85	3.85	3.7	95	3.8	3.75	4.2	4.2	3.85	4	3.85	95	95
Performance improvement 2007/08	0%	0.20	0.11	0.11	0.14	-0.02	0.04	0.10	0.10	0.29	6.06%	0.10	0.11	-0.01	-0.04	0.45	0.39	0.33	-3.12	0.00
Average 3.49% improvement from 2006/07 to 2007/08		4.56%	2.42%	2.42%	3.13%	-0.41%	0.99%	2.40%	6.83%			2.40%	2.43%	-0.31%	-0.89%	10.34%	8.74%	7.33%		

IN PRIVATE

Resolved: That pursuant to Section 100.A(4) of the Local Government Act 1972 the public be excluded from the remainder of the Meeting during consideration of the items listed in Column 1 below, being reports of the Officers mentioned in Column 2 below on the grounds that if members of the public were present during discussion of these items there would be disclosure to them of exempt information (as defined in Section 100.1) of the description indicated in Column 3 below.

Column 1

Special Investigations

Column 2

Director of
Financial Services

Column 3

Information relating to any individual
(Para. 1).

Information which is likely to reveal the identity of an individual
(Para. 2).

Information relating to the financial or business affairs of any particular person (including the authority holding that information)
(Para. 3).

Information relating to any action taken or to be taken in connection with the prevention, investigation or prosecution of crime
(Para. 7).

<p>Note: Members are respectfully reminded that in opening up the Council's business to public scrutiny the Leader of the Council places emphasis on the need to maintain confidentiality on those items which are allowed to remain so under the Access to Information Act - The abovementioned matters fall into that category and Members' co-operation is sought in this regard.</p>
