

# **BOROUGH OF BARROW-IN-FURNESS**

## **AUDIT COMMITTEE**

Meeting, Wednesday, 16th December, 2009  
at 2.00 p.m.

### **A G E N D A**

#### **PART ONE**

1. To note any items which the Chairman considers to be of an urgent nature.
2. To receive notice from Members who may wish to move any delegated matter non-delegated and which will be decided by a majority of Members present and voting at the meeting.

3. **Admission of Public and Press**

To consider whether the public and press should be excluded from the meeting during consideration of any of the items on the agenda.

4. Disclosure of Interests.

A Member with a personal interest in a matter to be considered at this meeting must either before the matter is discussed or when the interest becomes apparent disclose

1. ***The existence of that interest to the meeting.***
2. ***The nature of the interest.***
3. ***Decide whether they have a prejudicial interest.***

A note on declaring interests at meetings, which incorporates certain other aspects of the Code of Conduct and a pro-forma for completion where interests are disclosed accompanies the agenda and reports for this meeting.

5. To confirm the Minutes of the meeting held on 23rd September, 2009 (copy attached).
6. Apologies for Absence/Attendance of Substitute Members.

#### **FOR DECISION**

- (D) 7. Audit Commission Reports.
- (D) 8. Internal Audit – Progress Report April to December 2009.

- (D) 9. Internal Audit – Final Reports.
- (D) 10. Benefit Inspection Improvements Plan – Progress Report.

**NOTE (D) - Delegated  
(R) - For Referral to Council**

**Membership of Committee**

Councillors Heath (Chairman)  
Unwin (Vice-Chairman)  
Barlow  
Begley  
Jefferson

**For queries regarding this agenda, please contact:**

Keely Fisher  
Democratic Services Officer  
Tel: 01229 876313  
Email: [ksfisher@barrowbc.gov.uk](mailto:ksfisher@barrowbc.gov.uk)

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# **BOROUGH OF BARROW-IN-FURNESS**

## **AUDIT COMMITTEE**

Meeting: 23rd September, 2009  
at 2.00 p.m.

PRESENT:- Councillors Barlow, Begley, Jefferson and Pemberton.

### **5 – Appointment of Chairman for this Meeting Only**

Both the Chairman and Vice-Chairman of the Committee had submitted their apologies as they were both away on other business, therefore, nominations were requested for the appointment of Chairman for today's meeting only.

It was moved by Councillor Pemberton and seconded by Councillor Jefferson that Councillor Barlow be appointed Chairman for this meeting only.

COUNCILLOR BARLOW IN THE CHAIR

### **6 – Minutes**

The Minutes of the meeting held on 29th June, 2009 were taken as read and confirmed.

### **7 – Apologies for Absence/Attendance of Substitute Members**

Apologies for absence were submitted from Councillor Heath (Chairman) and Councillor Unwin (Vice-Chairman).

Councillor Pemberton had replaced Councillor Unwin for this meeting only.

### **8 – Audit Commission – Annual Governance Report for the Year 2008-2009**

The Borough Treasurer reported that the Annual Governance Report was produced by the Audit Commission following the completion of their audit each financial year.

The report for 2008-2009 had been appended to the report and Gina Martlew, the appointed auditor along with Caroline Fogwill, the Audit Manager had attended the meeting to present the report to Members.

The Borough Treasurer circulated a replacement Action Plan (Appendix 7) for Members' agreement at the meeting.

The Auditors concluded that they had undertaken their audit in accordance with the Code of Audit Practice and having regards to the criteria for principal Local Authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, she was satisfied that in all significant respects Barrow-in-Furness Borough Council had made proper

arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31<sup>st</sup> March, 2009.

In the Auditors opinion the Council's financial statements were presented fairly in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority accounting in the United Kingdom 2008, the financial position of the Council as at 31st March, 2009 and its income and expenditure for the year then ended.

It was noted that the Auditor had identified two misstatements during the course of her audit the financial statements had been adjusted by management. Details of the adjusted amendments to the accounts had been included at Appendix 2 to the report.

The Auditor had also identified four further misstatements which had not been adjusted by management. Details of the unadjusted misstatements in the accounts had been included in Appendix 3 to the report.

The Auditor requested the Committee to:-

- Consider the matters raised in the report before approving the financial statements;
- Take note of the adjustments to the financial statements which were set out in the report;
- Agree to adjust the errors in the financial statements which she had identified which management had declined to amend or set out the reasons for not amending the errors;
- Take note of the Value for Money conclusion and the Use of Resources score;
- Approve the letter of representation on behalf of the Council before they issue their opinion and conclusion; and
- Agree the Committee's response to the proposed action plan circulated by the Borough Treasurer at the meeting.

RESOLVED:- To note the information within the report and approve the recommendations and action plan contained therein.

## **9 – Letter of Representation 2008-2009**

As part of the annual process of finalising the Accounts there was a requirement to provide assurance to the Audit Commission on relevant and significant matters relating to the financial year. A letter of representation was issued to disclose material facts affecting the 2008-2009 transactions of the Council.

A copy of the letter of representation had been reproduced in the Borough Treasurer's report regarding the Council's audit for the year ending 31st March, 2009.

RESOLVED:- (i) To approve the letter of representation for 2008-2009; and

(ii) To authorise the Chairman of this Committee (Councillor Barlow) and the Borough Treasurer to sign the letter on behalf of the Council.

## **10 – Final Accounts for the Year ended 31st March, 2009 – Audit Amendments**

The Borough Treasurer reported that the Statement of Accounts and Annual Governance Statement for 2008-2009 had been reported to this Committee on 29th June, 2009. Following approval, they were submitted to the Audit Commission for audit and certification.

The Audit Commission had suggested a number of amendments to the Accounts and the Annual Governance Statement for 2008-2009 that the Borough Treasurer had agreed to make as follows:-

- Reclassify £4,303,412 investments into cash, and
- Reclassify the value of the Mall and shops of £1,424,200 from an operational to non operational category.

Other items highlighted by the Audit Commission were noted but not amended because it was felt that they were not significant:

- Some of the valuations in the accounts were undertaken by a member of staff employed by Barrow-in-Furness Borough Council. Following the start of the audit the member of staff decided that he was not adequately qualified to undertake the valuations and reported this to management. These asset valuations, which totalled £5.7m, were reviewed by a firm of external Valuers who provided a valuation which was £340,000 lower;
- The opening net expenditure for Cultural, Environmental and Planning Services was amended to include the Market Hall and the Outdoor Market which were previously disclosed separately as a trading operation; and
- The opening collection fund balance was changed, and the amounts relating to precepting authorities had been included as creditors.

The amended Statement of Accounts including the Annual Governance Statement was attached as appendices to the Borough Treasurer's report.

The Borough Treasurer circulated a further amended Statement of Accounts for 2008-2009 at the meeting for Members' consideration.

RESOLVED:- (i) That the amendments agreed by the Borough Treasurer with the Audit Commission be noted and approved; and

(ii) To authorise the Chairman of the Committee (Councillor Barlow) to sign the amended Statement of Accounts.

## **11 – Benefit Inspection Improvements Plan – Progress Report**

The Borough Treasurer reported that the Audit Commission had carried out an inspection of the Council's Benefits Service in July 2008. As a result, the Council

had agreed to implement an Action Plan designed to deliver significant improvements to deliver a better benefits service in the Borough.

The Council in partnership with Liberata had been working towards implementing the improvements in the Plan and significant progress had been made to date. The Borough Treasurer's report provided the latest position on the progress made.

RESOLVED:- That Members note the progress made to date.

## **12 – Internal Audit – Progress Report April to September 2009**

The Borough Treasurer submitted a report stating that the Committee would receive regular progress reports on the programme of works carried out by the Internal Audit Service. A copy of the Internal Audit Progress Report from April to September 2009 had been appended to his report.

The Council's Internal Audit Manager had attended the meeting to present the report to Members.

The report contained a statistical summary of the total number of recommendations (27). It was noted that 26 had been fully accepted and 1 partly accepted. Each of the recommendations had been assigned a priority graded 1-3; 1 being major issues and 3 being minor issues. A breakdown of restricted assurance audits had been appended to the report.

Attached at Appendix 1 was a list of draft reports issued which were awaiting management response and the Committee agreed that the top 3 (CR47, CR50 and IT40) should be officially reminded by this Committee that an urgent response was required.

RESOLVED:- (i) That the report be noted; and

(ii) That the Manager's responsible for reports CR47, CR50 and IT40 be reminded officially by this Committee that an urgent response was required to the reports.

## **13 – Internal Audit – Final Reports**

The Borough Treasurer reported that Internal Audit had completed a number of audits in accordance with the approved annual programme. On completion, final reports were presented to this Committee for consideration.

There were 13 final reports appended for consideration. Assurance levels for these reports were: Restricted – 5, Substantial – 7, and 1 Unqualified. The reports included:-

1. Barrow Park;
2. Hindpool Urban Park;
3. Responsive Repairs;
4. Waterside House;
5. Painting Repairs;

6. Car Parks Meter Charges;
7. Housing Rents;
8. Financial Information;
9. Client Aware System;
10. Payables;
11. Receipt Book Checks;
12. Sundry Debtors; and
13. Treasury Management.

The Council's Internal Audit Manager attended the meeting to present the report to Members.

RESOLVED:- That the information be noted.

The meeting closed at 3.10 p.m.

<b>AUDIT COMMITTEE</b>	<b>(D) Agenda Item 7</b>
<b>Date of Meeting: 16th December, 2009</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<b>Title: Audit Commission Reports</b>	
<b>Summary and Conclusions:</b>	
The Audit Commission has produced four reports for this Committee.	
The Council's Appointed Auditor will attend the meeting to present the reports to Members.	
<b>Recommendations:</b>	
Members are recommended to:	
1. Receive the report;	
2. Raise any questions or concerns with the Appointed Auditor; and	
3. Approve the recommendations and action plan contained in the report.	

**Report**

The Audit Commission has produced the following reports:

- Use of Resources 2008-2009 (**Appendix A**)
- Good Governance (**Appendix B**)
- Review of Internal Audit (**Appendix C**)
- Annual Audit Letter 2008-2009 (to be tabled)

The reports are attached.

(i) Legal Implications

It is a statutory requirement to have the accounts certified and published by the 30<sup>th</sup> September 2009.

(ii) Financial Implications

None

(iii) Health and Safety Implications

None

(iv) Key Priorities or Corporate Aims

None

(v) Risk Assessment

None

(vi) Equal Opportunities

None

Background Papers

Nil

# Use of Resources

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Barrow-in-Furness Borough Council

Audit 2008/09

December 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 and summary

**This report summarises our key findings from our assessment of how Barrow-in-Furness Borough Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.**

- 1 Our assessment of how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people is now complete. The use of resources assessment for 2008/09 has changed and is more demanding than previous assessments. The Key Lines of Enquiry (KLOE) define use of resources in a broader way than previously, embracing the use of natural, physical and human resources. The KLOE focus more on value for money achievements, outputs and outcomes rather than on processes. As a result of the changes a direct comparison cannot and should not be made with the outcome of use of resources assessments in previous years.
- 2 This report sets out my conclusions on how well Barrow-in-Furness Borough Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people and give scored use of resources theme judgements. This report provides a high level summary and the detailed findings are reported in Appendix 1.
- 3 In forming my scored theme judgements, I have followed the methodology set out in the use of resources framework: overall approach and key lines of enquiry (KLOE) document and the use of resources auditor guidance.

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## Use of resources framework

- 4 From 2008/09, the new use of resources assessment forms part of the Comprehensive Area Assessment (CAA) and comprises three themes that focus on:
  - sound and strategic financial management;
  - strategic commissioning and good governance; and
  - the management of natural resources, assets and people.
- 5 The scores for each theme are based on the scores reached by auditors on underlying KLOE. The KLOE are generic and applicable equally to all organisations subject to use of resources judgements under CAA. This promotes consistency, demonstrating all organisations within a CAA area are treated in the same way, and to the same standards.
- 6 The Commission specifies in its annual work programme and fees document, which KLOE are assessed over the coming year.
- 7 Judgements have been made for each KLOE using the Commission's current four point scale from 1 to 4, with 4 being the highest, please see Table 1. Level 1 represents a failure to meet the minimum requirements at level 2.

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**Table 1      Levels of performance**

Level 1	Does not meet minimum requirements – performs poorly
Level 2	Meets only minimum requirements – performs adequately
Level 3	Exceeds minimum requirements – performs well
Level 4	Significantly exceeds minimum requirements – performs excellently

Source: use of resources framework: overall approach and KLOE document

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# Use of resources judgements

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## Scored judgements

- 8 Barrow-in-Furness Borough Council's use of resources theme scores are shown in Table 2.

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**Table 2 Use of resources theme scores**

Use of resources theme	Scored judgement
<b>Managing finances</b> How effectively does the organisation manage its finances to deliver value for money?	Level 2 - performs adequately
<b>Governing the business</b> How well does the organisation govern itself and commission services that provide value for money and deliver better outcomes for local people?	Level 2 - performs adequately
<b>Managing resources</b> How well does the organisation manage its natural resources, physical assets and people to meet current and future needs and deliver value for money?	Level 2 - performs adequately

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## Managing finances

- 9 The Council has set key priorities for the Borough and for the delivery of services which are reflected in the schemes delivered. The business plan for 2008/09 links to these key priorities. There is a medium term financial plan in place which is consistent with other plans and is based on reasonable assumptions. The financial plan has been refreshed in 2008/09, however it only covers 2008/09, 2009/10 and 2010/11 and has not yet been extended beyond this date.
- 10 An approved treasury management policy is in place and the council has continued its prudent investment policy during 2008/09.
- 11 The council understands its costs and performance and reports these to managers and councillors. It is aware of the issues that it has to deal with because of geographical isolation and because of the deprivation in parts of the borough.

- 12 The council uses detailed analysis of costs and performance to support its decisions in service expansion and redesign. Feedback from consultation has been used in the redesign of services.
- 13 The Council needs to ensure that it is able to replicate its more efficient and effective methods of working and using cost and performance information in a consistent and systematic manner across the workings of the whole organisation to improve outcomes for the people of Barrow.
- 14 The people of Barrow, Council Service managers and senior managers were consulted as part of the budget setting process. The executive committee examines the budget before it is taken to the full council. A comprehensive Council Finance report is submitted to the Management Board and the Executive Committee quarterly. This includes forecast information.
- 15 The Council has not yet completed job evaluation in order to reach agreement over a single status pay arrangements therefore the financial plans to deal with the outcome of this are not well developed. The Council holds a reasonable level of reserves.
- 16 The Council produced good quality accounts which were prepared and approved by the audit committee ahead of the deadline. An explanatory paper has been taken to the audit committee to accompany the accounts. The working papers supplied to support the accounts are of a good quality. The Council's website includes a corporate documents section which includes all the key documents produced by the Council. An Annual Report is produced and includes financial information in an easy to understand format.

<b>Areas for improvement</b>
<b>R1</b> Review and update the medium term financial strategy's assumptions to ensure that they are still appropriate.
<b>R2</b> Routinely use cost and performance information to make key decisions.

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## Governing the business

- 17 The council is delivering outcomes in line with its priorities and has, in specific cases, redesigned services and made appropriate investments to better meet those needs.
- 18 The council is involving its partners, including suppliers and potential suppliers, in its procurement decision making. Improvements have been made to the policies and procedures in place around procurement during the year.
- 19 There have been no instances of problems over data quality or validity of performance indicators and data produced is reliable and relevant. Relevant and timely information is provided to managers and councillors to assist them in decisions. Data security procedures are in place and are working. The council has procedures in place to enable it to collect and analyse data from its services and activities.
- 20 The Constitution sets out the roles of the different committees, the roles of officers and a protocol for officer/ member relations, code of conduct for members and the areas for which the council will have official spokespersons. The council has set out a clear

vision. The council has a standards committee and there is a programme for member development and learning.

- 21 The Council also works in partnership with Liberata in delivery of services. There is a partnership board which monitors the performance which reports to the scrutiny committee. The benefits inspection identified that the Council needs to provide more challenge and improve the quality of services provided by Liberata.
- 22 Our cross cutting project looking at risk management across the Cumbria Strategic partnership (CSP) found that there is not a common understanding of partnership governance arrangements. There is a lack of clarity amongst partner organisations around roles, responsibilities and accountability arrangements. There are tensions between the County and District/ LSP levels of the strategic partnership and links between CSP targets and their supporting, locally delivered, plans are not coherent or understood by those responsible for delivery. The CSP has a Governance Framework but this has a low profile and is not well understood by partner organisations. Greater promotion and understanding of what constitutes effective partnership governance would provide assurance that CSP targets are relevant at district level and that they are delivered effectively.
- 23 The risk register scores the risks based on likelihood and impact, including risks in relation to partnerships, highlights mitigating and contingency actions and identifies a responsible officer for the risks. The Executive management board considers the risk register which also is considered by the scrutiny committee.
- 24 The actions identified following the risk management workshop have been partially implemented by the Council. The Council has a risk management policy. Risk is not considered as part of the finance and performance reporting and risk management considerations are not fully integrated into committee reports to encourage a risk aware culture. The Council has not adopted the Treasury good practice guidance on managing risks with partners.
- 25 A counter fraud strategy is in place which is available on the Council's website, as is the whistleblowing policy and the fraud hotline is manned by internal audit. The Council has an audit committee and effective internal audit in place. There are arrangements in place to prepare the AGS. The Council has a good system of internal financial control.
- 26 The audit committee could provide more effective challenge if internal and external audit recommendations and progress against them was reported to the audit committee on a regular basis.

**Areas for Improvement**

- R3** Implement the actions from the risk management workshop to fully embed risk management arrangements at the Council.
- R4** Management should report progress against internal and external audit recommendations to the audit committee on a regular basis.

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## Managing resources

- 27** The council's workforce is small compared with similar sized districts as many services have been contracted out. However, the Council has not yet completed job evaluation in order to reach agreement over a single status pay arrangements. The workforce is relatively productive and generally well skilled. The council has an appraisal system in place and has a resourced annual training plan to help respond to training needs identified during appraisal. The council understands the profile of its workforce and reports on this annually to managers and councillors, the reports include equality and diversity figures. The council has only achieved level one of the Local Government equality standard.
- 28** The council has produced a human resource strategy adopted from work done by Cumbria County Council, dealing with Cumbria wide issues covering the period from 2007 to April 2009. The council has an understanding of areas where further recruitment is needed to meet key priorities and has used traineeships and modern apprenticeships to fill known gaps. They also have an understanding of likely workforce issues arising out of major projects, for example capacity of planning as the marina development continues.
- 29** The business planning undertaken by the council considers the human resources available to each core service and the associated costs. The business plan links to the financial plan and the key priorities of the Council. Within the council reporting of general HR and people performance indicators takes place quarterly. The council can show evidence of engaging staff at times of organisational change using staff newsletters, the intranet and specific briefings.
- 30** The Council has a variety of policies for good people management, flexible working and well being which are well publicised on its intranet, including an externally sourced employee assistance programme. Regular reporting of activity takes place including the scrutiny review of sickness absence which has led to immediate reductions in sickness absence, and absence is now at 7.5 to 8.5 days compared with the initial 12.5 days.

Areas for Improvement
<b>R5</b> Further develop the work force plans in place to reflect future staffing needs.
<b>R6</b> Improve understanding of equality issues, making it clear how equality has been considered in key council decisions.

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## Detailed findings

- 31** The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 1.

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# Use of resources 2009/10

32 The key lines of enquiry specified for the assessment are set out in the Audit Commission's work programme and scales of fees 2009/10. My work on use of resources informs my 2009/10 value for money conclusion. In my letter of 9 April 2009 about the audit fee for 2009/10, I identified the following risk to the VFM conclusion.

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**Table 3 Initial risk assessment**

Risk	Planned work
That the Council does not have adequate arrangements in place and cannot demonstrate improved outcomes for the people of Barrow, to meet the new requirements of the new Use of Resources framework.	To be considered as part of the Use of Resources assessment

33 An additional KLOE, 3.1 - Natural resources will apply to District Councils for 2009/10. The Council, along with others, is likely to find this area challenging and, as it is a new area to be assessed, we will be undertaking a detailed assessment.

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# Appendix 1 – Use of resources key findings and conclusions

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## Theme 1 - Managing Finances

KLOE 1.1 Financial planning	Level 2
<p><b>KLOE 1.1 Does the organisation plan its finances effectively to deliver its strategic priorities and secure sound financial health?</b></p> <p>For example, does the organisation:</p> <ul style="list-style-type: none"><li>• integrate financial planning with strategic and service planning processes on a medium- to long-term basis;</li><li>• engage local communities and other stakeholders in the financial planning process;</li><li>• manage spending within available resources and is financially sound over the medium-term; and</li><li>• recognise individual and collective responsibilities for financial management and values and develops financial skills?</li></ul>	
<b>Key findings and conclusions</b>	
<p>The Medium Term financial plan in place is consistent with the corporate business plan for the year. The plan outlines the headline efficiency savings required and the capital strategy. The Council's financial plan covers 2008/09, 2009/10 and 2010/11, which links to the other financial plans that the body has in place, for example the capital programme. Assumptions made are reasonable and are detailed in the MTFs and the risks to the assumptions made are set out in the MTFs. The plan has been updated in 2008/09, but has not been extended to 2011/12.</p> <p>Budget proposals are submitted to the executive committee in January for discussion, following this the proposed budget is published and publicised for comments from the public. The results of this consultation from local residents were reported to the full council as part of the budget approval process in February.</p> <p>Service managers are included when planning service budgets, senior managers are consulted, leaders of the controlling group on the council are asked for their input and priorities. Senior members are consulted and the scrutiny committees are given the opportunity to consider the budget before it is approved.</p> <p>Sufficient information is provided to the Executive Committee and then the Full Council to consider the budget. Budget initially considered at the Executive Committee in January, followed up by adoption by Full Council in February,</p>	

## Appendix 1 – Use of resources key findings and conclusions

following consultation. The Council has a treasury management policy. External interest rate received for the year averaged 5.41%. Performance is monitored against the Treasury management policy which is reported quarterly to the executive committee as part of the Council's finances report. The Council has monitored the change in risk throughout the year and has considered this when making deposits and has continued with its policy of prudent investment. The Treasury Management policy is adopted by the Corporate Services overview and scrutiny committee.

Reserves in place are at a reasonable level. The General Fund reserve is in line with the level set out by the Borough Treasurer, and earmarked reserves are at an appropriate level for the Council. The Council has not yet reached agreement over a single status agreement and it has not completed job evaluations, so the financial plans to deal with the outcome of this are not well developed.

Service managers are responsible for budgets and our work on budgetary control identifies that budgets are allocated to budget holders at an appropriate level. There are regular meetings between budget holders and finance staff. Executive committee receive quarterly reports on the financial position of the council including on TM, budget position, aged debts etc. Training for staff and members is provided by the Borough Treasurers department. Members are given the opportunity to scrutinise the budget on a timely basis. Finance staff regularly attend training on relevant issues, including the move to IFRS and are involved in the Cumbria Finance Network.

### **KLOE 1.2 Understanding costs and achieving efficiencies**

**Level 2**

#### **KLOE 1.2 Does the organisation have a sound understanding of its costs and performance and achieve efficiencies in its activities?**

For example does the organisation:

- understand its costs, including whole life, transaction and unit costs, the main factors that influence these and how they link to performance;
- take account of this understanding of its costs and performance in decision making and commissioning; and
- identify the scope for making efficiencies and is on track to achieve planned efficiencies?

### **Key findings and conclusions**

The Council understands its costs and performance and reports these to managers and councillors. It is aware of the issues that it has to deal with because of geographical isolation and because of the deprivation in parts of the borough.

The Council uses detailed analysis of costs and performance to support its decisions in service expansion and redesign for example for the 3 stream waste roll out to encourage increased recycling. This included a project plan, business case and risk analysis, and examined whole life costs, transaction and unit costs. The council's plans for this service show it considers value for money and efficiency issues when making such decisions.

The Executive committee is responsible for considering financial information

## Appendix 1 – Use of resources key findings and conclusions

alongside performance information. The financial impacts of policy changes are considered. The Council takes action and has a good record of managing overspends while considering service delivery. There are plans to further integrate this information making the links between performance and finance more explicit.

The council regularly reports cost and performance information to its managers and councillors. The routine reporting of performance information is based on reporting by exception. Annual reporting is comprehensive and includes details of trends and previous performance. Performance reporting is linked to routine reporting of costs, budget positions and anticipated outturn figures, which aids decision making. For some activities, particularly those based on usage of external project funds for regeneration, the reporting and detailed information available is more comprehensive, possibly because this is usually a requirement of the body providing the external funding. The information reported includes an understanding of whole life, transaction and unit costs, although the data and information provided tends to reflect inputs, activities and resources consumed and could be improved by reporting impact and outcomes.

Specific analyses, such as those undertaken for the new three stream waste management service, and smaller pieces of work such as bulky waste collection or car parking fees also included detailed cost analysis, and used feedback from citizens, as an aid to decision making and commissioning. The council can demonstrate impact and outcomes from some of these activities, for example improved recycling rates. There are however some areas where the council has identified poorer performance but has not been able to deliver improvements despite significant activity by the council and, in some cases external review and inspection. The benefits service is one such example where performance has remained poor despite several reports and initiatives and a recent external inspection, in this case it is not yet able to deliver an effective benefits service or provide value for money.

In other areas the council has delivered service improvements (such as waste) improve value for money (such as catering facilities in culture and leisure premises). The council has met its Gershon efficiency targets, but also appreciates that these will be more challenging in future.

The Council needs to ensure that it is able to replicate its more efficient and effective methods of working and using cost and performance information in a consistent and systematic manner across the workings of the whole organisation.

### **KLOE 1.3 Financial reporting**

**Level 3**

#### **KLOE 1.3 Is the organisation's financial reporting timely, reliable and does it meet the needs of internal users, stakeholders and local people?**

For example does the organisation:

- produce relevant, timely and reliable financial monitoring and forecasting information;
- use financial and related performance information to monitor performance during the year;
- produce financial reports that are clear, relevant and concise to support strategic decision making;

## Appendix 1 – Use of resources key findings and conclusions

- prepare accounts that meet statutory requirements, financial reporting standards and present fairly, or give a true and fair view of, the financial performance and position; and
- publish reports that provide an objective, balanced and understandable assessment of the organisation's performance in the year?

### Key findings and conclusions

A comprehensive Council Finance report is submitted to the Management Board and the Executive Committee, including forecast information quarterly. There are monthly reports to budget holders and meetings are held between budget holders and accountants where appropriate. Budgets are reported in a timely manner. There is also access to current financial information online for budget holders. Financial information is provided in a timely manner to aid decision making. Budgetary control is strong and contributes to a good control environment at the Council. Committee reports include a written commentary explaining the key issues. The Council produced accounts that were prepared and approved by the audit committee ahead of the 30 June 2009 deadline. An explanatory paper has been taken to the audit committee to accompany the accounts, which were approved by the deadline. The Borough Treasurer also provided a verbal explanation at the meeting of some of the differences between UK GAAP and the SORP. The budget is consistent with the accounts.

The working papers supplied to support the accounts are of a good quality. The deputy borough treasurer has made a note of working papers requested as part of the audit in previous years and produced these as a matter of course. Queries are dealt with promptly. The completion of the disclosure checklist by the Deputy Borough Treasurer and the review of this by the Borough Treasurer has been evidenced. Staff are aware of the latest guidance.

The most recent Annual Accounts are on the website. Annual audit letter is included in Audit Committee papers. The website includes a corporate documents section which includes all the key documents produced by the Council. An Annual Report is produced and includes financial information in an easy to understand format.

Theme 2 - Governing the business

<b>KLOE 2.1 (commissioning and procurement)</b>	<b>Level 2</b>
<p><b>KLOE 2.1 Does the organisation commission and procure quality services and supplies, tailored to local needs, to deliver sustainable outcomes and value for money?</b></p> <p>For example does the organisation:</p> <ul style="list-style-type: none"> <li>• have a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing analysis and understanding of needs;</li> <li>• involve local people, partners, staff and suppliers in commissioning services;</li> <li>• seek to improve the customer experience, quality and value for money of services through service redesign, making effective use of IT;</li> <li>• understand the supply market and seeks to influence and develop that market;</li> <li>• evaluate different options (internal, external and jointly with partners) for procuring services and supplies; and</li> <li>• review the competitiveness of services and achieves value for money, while meeting wider social, economic and environmental objectives?</li> </ul>	
<p><b>Key findings and conclusions</b></p>	
<p>The council is delivering outcomes in line with priorities, such as improving fitness facilities, reducing costs in different areas, and responding to identified needs of the community. One of the Council's key priorities is promoting employment in this relatively deprived area and by holding supplier days for local businesses it is helping to encourage local employment. The Council also recognised weaknesses in procedures which have been reviewed and have recently been updated.</p> <p>The council has evidenced that it is willing and able to respond to local people's needs and has redesigned services and made appropriate investments to better meet those needs. The council has worked hard over the past year to improve its strategic approach to procurement. A contracts and procurement group, chaired by the director of resources now oversees the design of strategy, policy and activities and the experienced head of procurement has delivered some significant outcomes, such as provision of skate park facilities, expanding gym facilities, which have all added to improved service quality and value for money.</p> <p>The council has worked with its partners to improve the customer experience, service quality and VFM of its leisure operations. The council was concerned, having benchmarked its energy costs with its EPiC partners, that it could procure its energy more efficiently. In partnership with the Carbon Trust and the County</p>	

## Appendix 1 – Use of resources key findings and conclusions

Council the authority procured new more energy efficient boilers for a range of its premises and has managed to secure around 50% energy efficiency gains as a result, thus releasing extra revenue for front line service delivery.

The council is involving its partners, including suppliers and potential suppliers, in its procurement decision making and is working hard to influence and shape the supply market. Early in 2009 the council held supplier days attracting over 50 local businesses and ensuring each of them signed up to register with its piloting of the Chest. All contracts over £20,000 are now visible on the Vault (a contracts register that has been created by the North West Centre of Excellence) and the council is amending its contracts procedures rules to allow it to evaluate tender submissions from September 09 onwards which are not based solely on lowest price.

The council reviews the competitiveness of its services and evaluates alternative methods of service delivery. Having benchmarked its arrangements for leasing vehicles against NHS, OGC and PASA contracts, the council negotiated between a local motor dealer and a Masterlease business and managed to procure annual savings in excess of £10k for its 40 lease car fleet. However no formal programme for routine service reviews has yet been embedded across the full range of council services.

The council evaluates alternative service delivery methods when seeking to achieve the right balance between service quality and cost effectiveness. For instance, the council used the Chest tendering database to attract and evaluate bids to provide fire protection, heating and ventilation, PAT testing and water safety services from a range of suppliers. This enabled the council to procure these services on a mixed evaluation model of cost balanced with service quality whilst at the same time securing VFM benefits. The Council has contracted out several services including housing benefit, an HB inspection identified that contract management was weak and that the service was poor. The Council has agreed an action plan to effect improvements.

### **KLOE 2.2 (data quality and use of information)**

**Level 2**

#### **KLOE 2.2 Does the organisation produce relevant and reliable data and information to support decision making and manage performance?**

For example does the organisation:

- produce relevant and reliable data and works with partners to ensure the quality of partnership data;
- understand the needs of its decision makers and provides them with information that is fit-for-purpose and is used to support decision making;
- ensure data security and compliance with relevant statutory requirements; and
- monitor performance against its priorities and targets, and addresses underperformance?

### Key findings and conclusions

The Council's arrangements for ensuring good quality data are adequate. There have been no instances of problems over data quality or validity of performance indicators and data produced appears to be reliable and relevant. Relevant and timely information is provided to managers and councillors to assist them in decisions. Data security procedures are in place and are working. The council complies with relevant statutory requirements. The council routinely reports to managers and councillors on financial and operational performance and takes actions to deal with any performance issues identified

The council has procedures in place to enable it to collect and analyse data from its services and activities, these comprise a series of locally held systems, rather than a centrally held performance management system. The existing systems do extend to data involving partnership organisations as demonstrated by the spot check work on waste management and affordable housing performance indicators, where data for both PIs was provided by third parties. The Council has developed a data collection protocol with Liberata for the collection of Revenue and benefits data.

This dispersed approach to data collection and analysis reduces the council's ability to use the COUNT principle, and the council could develop a more efficient and responsive system should it choose to improve its arrangements and utilise a more co-ordinated approach. Staff are trained to collect the data and ensure that it is accurate and reliable, and checks on this take place from the corporate centre including clarification of definitions and procedures as and when indicators change.

Regular reporting of financial and performance information takes place to councillors and senior managers, through papers to the management board and the overview and scrutiny committees. The council uses the principle of reporting exceptions, rather than all indicators in each report. Most data presented is limited to tables and narrative with some historical trends presented. Any further analysis when issues are identified is usually the subject of a report such as the one to O&S on sickness absence in 2007, this did lead to an action plan and has been effective in reducing sickness absence figures.

The council has a data quality policy and data security arrangements in place and their risk management approach includes consideration of risks associated with poor data quality.

Within the arrangements identified above the council is able to manage performance and monitor performance against targets. Corporate targets are aligned with the priorities of the council through its corporate plans, and partners are engaged and involved through the indicators in the Sustainable Community Strategy. The council uses a hierarchy of indicators including locally defined ones to support the national framework of PIs. The results of consultation with local residents is considered as part of the decision making process for example for changes to waste collection and for proposals for car parking. Project plans are used to manage the changes for example the sickness absence work and waste collection changes.

## Appendix 1 – Use of resources key findings and conclusions

KLOE 2.3 Good governance	Level 2
<p><b>KLOE 2.3 Does the organisation promote and demonstrate the principles and values of good governance?</b></p> <p>For example does the organisation:</p> <ul style="list-style-type: none"><li>• adopt, promote and demonstrate, the principles of good governance;</li><li>• maintain focus on its purpose and vision;</li><li>• demonstrate a strong ethical framework and culture; and</li><li>• apply the principles and values of good governance to its partnership working?</li></ul>	
<p><b>Key findings and conclusions</b></p>	
<p>Council has a constitution, which is available on the Council website setting out the roles of the different committees, including scrutiny, it sets out the roles of officers and a protocol for officer/ member relations and the areas for which the council will have official spokespersons. The council has set out a clear vision key to this is enhancing the economic and social future of the Borough to meet the needs and aspirations of the community. The annual planning process followed by the authority takes into account the key priorities which are included in the business planning process and the priorities are clear and set out in key corporate documents. The sustainable community strategy sets out the key priorities for the authority, linked to aims, key outcomes and specific indicators. The sustainable community strategy specifically invites further consultation and comments.</p> <p>The role of the Executive Committee is clearly defined and published in the Council's Constitution. The allowances payable to different members are set out in the constitution. Total members allowances and expenses are published in the accounts, and expenses are authorised appropriately. It is a standard agenda item for members to declare interests in all meetings. Interests declared in council meetings and committees are published on the council's website linking the declaration made to the relevant meeting and explaining the action taken, or interests are presented by month. The Council's website includes details of how to make a complaint about a councillor. The council and democracy pages on the Council's website are clear and it is possible to find information on the different committees and the individual councillors.</p> <p>There is a programme for member development and learning monitored by a member training working group and supported by individual plans. There is also an induction programme for councillors setting out their roles and responsibilities.</p> <p>There are constructive working relationships between members and officers.</p> <p>The Council also works in partnership with Liberata in delivery of services. There is a partnership board which monitors the performance which reports to the scrutiny committee. Risks in respect of the services provided by Liberata are monitored. Following the critical findings of the HB inspection in 2008 a detailed action plan has been developed and is being monitored.</p> <p>The Council has appointed members to relevant partnerships and other interest</p>	

groups.

Codes of conduct for members and officers are set out in the constitution. The council has a standards committee. Standards Board for England return from the standards committee has been reviewed and there were no significant issues arising. Induction programme for new members includes training in respect of the ethical framework. The monitoring officer reports to the standards committee on a regular basis and the work of the standards committee is reported to full council on an annual basis. There have been a lot of complaints in the year. From discussion with Monitoring Officer there have been a lot of politically motivated complaints, further guidance on what should be reported to the standards committee has since been supplied to members.

The Council works in partnership with a number of organisations through the LSP. The Furness partnership has a framework document which sets out the membership arrangements.

There is not a common understanding of partnership governance arrangements across Cumbria Strategic Partnership (CSP). There is a lack of clarity amongst partner organisations around roles, responsibilities and accountability arrangements.

<b>KLOE 2.4 Risk management and internal control</b>	<b>Level 2</b>
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**KLOE 2.4 Does the organisation manage its risks and maintain a sound system of internal control?**

For example does the organisation:

- have effective risk management which covers partnership working;
- have a clear strategy and effective arrangements, including allocation of appropriate resources, to manage the risk of fraud and corruption; and
- have a sound system of internal control including internal audit?

**Key findings and conclusions**

The council monitors risks. Executive Management Board receives reports on the high level risks faced by the council. The risk register scores the risks based on likelihood and impact, including risks in relation to partnerships, highlights mitigating and contingency actions and identifies a responsible officer for the risks. The Executive management board considers the risk register which also is considered by the scrutiny committee. Training on risk management has been provided to relevant members and officers. There is a need to ensure that the arrangements for including risks on the register consistently includes relevant risks from all sources such as internal audit findings.

Our cross cutting project looking at risk management across the Cumbria Strategic partnership (CSP) found that there is not a common understanding of partnership governance arrangements. There is a lack of clarity amongst partner organisations around roles, responsibilities and accountability arrangements. There are tensions between the County and District/ LSP levels of the strategic partnership and links between CSP targets and their supporting, locally delivered, plans are not coherent

## Appendix 1 – Use of resources key findings and conclusions

or understood by those responsible for delivery. The CSP has a Governance Framework but this has a low profile and is not well understood by partner organisations. Greater promotion and understanding of what constitutes effective partnership governance would provide assurance that CSP targets are relevant at district level and that they are delivered effectively.

A counter fraud strategy is in place which is available on the Council's website, as is the whistleblowing policy and the fraud hotline is manned by internal audit.

Arrangements are in place to investigate fraud. Benefit fraud is investigated by Liberata which was found to be an area of strength by the benefits inspection. Successful fraud prosecutions are publicised via the local media. Staff are made aware of the arrangements in place. The Council is making use of the AC's NFI database by following up any matches identified.

The Council has an audit committee and effective internal audit in place. Triennial review of internal audit found no significant issues. Internal audit work is of a standard where we can place reliance upon it. Internal audit report to the audit committee and to the Borough Treasurer.

Management does not provide the Audit Committee with regular reports showing progress against internal and external audit recommendations. Doing so would improve the challenge provided by the audit committee.

There are arrangements in place to prepare the Annual Governance statement, which identifies control weaknesses. The Council has expanded the process for considering issues to prepare the statement in response to audit recommendations last year. The Constitution sets out standing orders, financial regulations and a scheme of delegation.

The Council has a good system of internal financial control, financial systems are generally well controlled and all major feeder systems are reconciled to the General Ledger. There is a business continuity plan in place, although there is no evidence that it has been tested.



**Table 4 Theme 3 - managing resources**

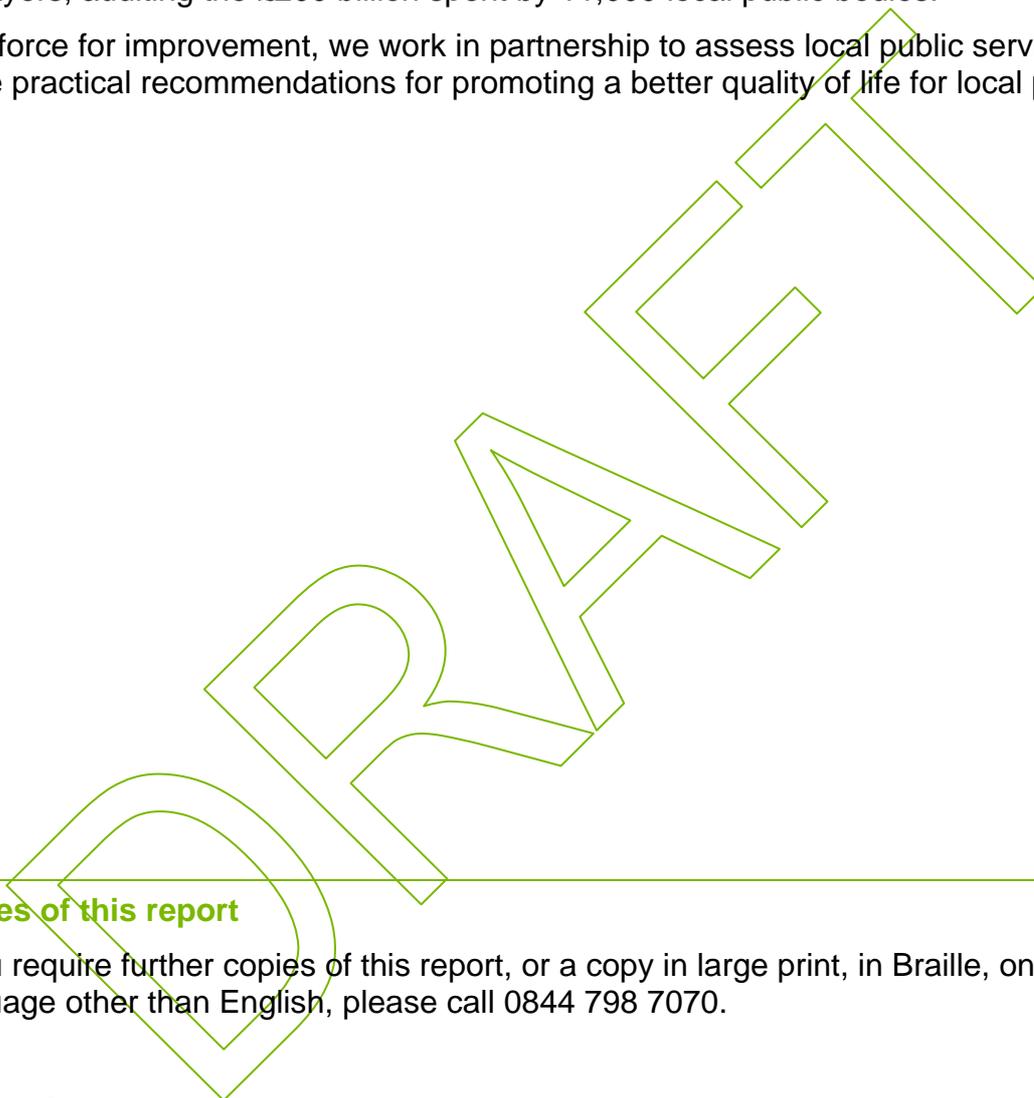
KLOE 3.3 Workforce planning	Level 2
<p><b>Does the organisation plan, organise and develop its workforce effectively to support the achievement of its strategic priorities?</b></p> <p>For example does the organisation:</p> <ul style="list-style-type: none"> <li>• have a productive and skilled workforce;</li> <li>• know in the medium to longer term what staff it will need, with what skills, and has plans to achieve this;</li> <li>• engage and support staff in organisational change; and</li> <li>• have policies which support diversity and good people management.</li> </ul>	
<p><b>Key findings and conclusions</b></p>	
<p>The council's workforce is small compared with similar sized districts as many services have been contracted out. The workforce is relatively productive and generally well skilled. However, the Council has not yet completed job evaluation in order to reach agreement over a single status pay arrangements. The council has an appraisal system in place and has a resourced annual training plan to help respond to training needs identified during appraisal. The council understands the profile of its workforce and reports on this annually to managers and councillors, the reports include equality and diversity figures. The council has only got level one of the LG equality standard.</p> <p>The council has produced a human resource strategy adopted from work done by Cumbria County Council, dealing with Cumbria wide issues covering the period from 2007 to April 2009. The council has an understanding of areas where further recruitment is needed to meet key priorities and has used traineeships and modern apprenticeships to fill known gaps. They also have an understanding of likely workforce issues arising out of major projects, for example capacity of planning as the marina development continues.</p> <p>The business planning undertaken by the council considers the human resources available to each core service and the associated costs. The business plan links to the financial plan and the key priorities of the Council. Within the council reporting of general HR and people performance indicators takes place quarterly. The council can show evidence of engaging staff at times of organisational change using staff newsletters, the intranet and specific briefings.</p> <p>The Council has a variety of policies for good people management, flexible working and well being which are well publicised on its intranet, including an externally sourced employee assistance programme. Regular reporting of activity takes place including the scrutiny review of sickness absence which began in 2007. This has led to immediate reductions in sickness absence which have continued so that absence is now at 7.5 to 8.5 days compared with the initial 12.5.</p>	

# The Audit Commission

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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Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 0844 798 1212, Fax: 0844 798 2945, Textphone (minicom): 0844 798 2946

[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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# Good Governance Standard Review

Barrow-in-Furness Borough Council

Audit 2008/09

December 2009



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# Introduction and Background

- 1 HM Treasury now estimates that public expenditure in the UK exceeds £500 billion. How this money is spent and the quality of services it provides is critically important to us all as users of services and as taxpayers. We all need the governance of our public services to be world class.
- 2 The Audit Commission believes that good governance can lead to better outcomes for citizens. Good governance leads to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and the taxpayer.
- 3 The Independent Commission for Good Governance in Public Services estimates that more than 450,000 people contribute as governors of one sort or another during each year. The Commission has found evidence that many governors have difficulties in fulfilling their responsibilities. They identified clarity of the purpose and role of governors, expansion of the supply of governors, improved induction programmes and good relationships between governors and executive teams as key to improving governance in public services.
- 4 The Audit Commission has developed a new governance diagnostic tool based on the work of the Independent Commission for Good Governance in Public Services. The diagnostic can be applied to all of the Audit Commission's audited and inspected bodies, as well as to other public and voluntary sector organisations.
- 5 "Governors", defined for the purpose of this diagnostic as members of the governing body of an organisation, whether elected or appointed, are responsible for delivering good governance.
- 6 We agreed to apply our diagnostic and to facilitate a workshop at Barrow Borough Council ("the Council") as part of this year's audit.

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# What is good governance?

- 7 We believe that good governance in the public sector is about ensuring that the organisation is doing the right things, in the right way, for the right people, in an open, honest, inclusive and timely manner. It is both the means and the ends; the brains and the central nervous system of an organisation.
- 8 Everyone in the Council has a role to play to ensure that there is good governance, for example by:
  - providing vision, leadership and focus on what matters most, by listening to the views and needs of stakeholders;
  - communicating consistently the organisation's key messages; and
  - providing effective and efficient services.

Good governance is particularly important in times of organisational change.

- 9 The workshop highlighted the importance of culture and behaviours underpinning good governance arrangements over and above effective policies and procedures.

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# Scope and objectives

- 10 The purpose of the diagnostic is to assess the strength of governance arrangements and in particular how well the Council is:
  - focusing on its purpose and on better outcomes for citizens and service users;
  - performing effectively in clearly defined functions and roles;
  - promoting values for the whole organisation and demonstrating the values of good governance through the behaviour of it's leadership,
  - taking informed, transparent decisions and managing risk;
  - developing the capacity and capability of members to be effective; and
  - engaging with stakeholders and staff.
  - Appendix 1 provides a summary of the Good Governance Standard 2004 under each of the six themes listed above.
- 11 The diagnostic focuses on "softer" issues around behaviours and understanding as well as on structures, processes and management arrangements.
- 12 The aim of the workshop was to reflect on the:
  - principles and cornerstones of good governance
  - results of the good governance diagnostic
  - key development areas.

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# Audit approach

13 To complete this audit we undertook:

- an electronic survey of members and officers;
- a document review of governance policies and procedures; and
- interviews with members and senior managers.

14 We received a very good response rate to the survey, from:

- 22 out of 36 members; and
- 18 out of 23 senior officers.

15 The survey, document review and interviews were carried out in July and August 2009 and we ran a workshop with members and senior officers in October 2009 to explore the results of the diagnostic and to agree an action plan. The workshop outputs are reflected in this report. The facilitated workshop to Members and senior staff was structured to consider the principles of good governance, the results from the diagnostic and to produce a governance development action plan.

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# Summary of outputs and main conclusions

- 16 We have shared the findings and recommendations in this report with the Council. Appendix 2 provides a detailed analysis of the survey results for officers including national comparators and for members<sup>1</sup>. Overall, the results are positive and consistent between members and officers responses with the latter in line with the national database of responses.
- 17 The action plan at Appendix 3 outlines the actions that were agreed at the workshop to strengthen the Council's governance arrangements. The workshop slides have been shared with the Monitoring Officer to enable wider distribution to all members and staff as required. The Leader of the Council and Monitoring Officer have agreed to oversee the implementation of the agreed actions.

## **Focusing on its purpose and on better outcomes for citizens and service users**

- 18 The survey results demonstrate that the Council has a clear focus on purpose and outcomes including positive responses on how it considers diverse community needs.
- 19 There is scope to improve on achieving desired outcomes moving forward with limited human and financial resources. There are some mixed results on staff being clear on how well the Council is achieving outcomes (Officer Survey (OS) question 1.5) and on how information is used to improve value for money (OS 1.10). Some Member perceive other Members as not being clear on understanding the outcomes the Council is trying to achieve (Member Survey (MS) question 1.2).

## **Performing effectively in clearly defined functions and roles**

- 20 The diagnostic identified that there are clearly defined functions and roles through a number of governance policies and procedures including the Constitution. The survey results show the Council is clear on functions, roles and responsibilities. The relationships between Members and officers are positive but there is scope to improve the constructive nature of the relationships further, as 1 in 4 Members are uncertain. (MS2.9).
- 21 Over 35% of officers are not aware of Members having clearly set roles and responsibilities (OS 2.5), which is not as positive as the national comparator response.

## **Promoting values for the whole Council and demonstrating the values of good governance through the behaviour of its leadership**

- 22 Members promote high ethical standards when they are representing the Council on their local partnerships. The values of good governance are implicit within a number of governance documents. The Council does not effectively promote its values or monitor compliance with them. (MS3.4/ 3.5) A value statement linked to corporate objectives

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<sup>1</sup> The national database for members does not yet include a sufficient number of responses for comparisons.

would bring together the values that drive the Council and link them in a meaningful way to what the Council is trying to achieve.

### **Taking informed, transparent decisions and managing risk**

- 23 There is transparency in decision making for both Members and officers to follow. The survey and diagnostic review support the existence of reasonably clear and understood delegation arrangements.
- 24 Risk management is still to be fully embedded and cascaded throughout the organisation. Risk Management should be a key element of decision making which involves Members in the process (MS 4.6/4.7).
- 25 The scrutiny function could also be strengthened through the adoption of a more focussed, prioritised approach (OS 4.7). This is vitally important in the context of potentially new ways of service delivery through partnerships.

### **Developing the capacity and capability of members to be effective**

- 26 Overall, Members are positive on the opportunity of becoming a member. Skills, training and development of members is structured and regular as evident in the comprehensive member development programme. Member performance and development will be assessed through the recently introduced personal development plans.
- 27 The Officers survey did highlight mixed views on Members having appropriate skills and knowledge (OS 5.2/ 5.3). Officers also have mixed views on the selection and election of members (OS5.3/5.4/5.5).

### **Engaging with stakeholders and staff**

- 28 The Council is involved in a number of partnerships, and overall engagement with users, public and stakeholders is positive. Internal and external consultation can be improved as not all Members are clear on staff, stakeholders and partners involvement in the review of outcomes (MS6.7/6.9). In addition officers have mixed views on systems in place to act on staff views which have an impact (OS 6.12). There is scope to improve communication and consultation with staff and consultation arrangements with external bodies.

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# Appendix 1 Summary of the Good Governance Standard 2004

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## **Issue 1: FOCUSING ON THE ORGANISATION'S PURPOSE AND ON OUTCOMES FOR CITIZENS AND USERS**

### **Focus**

Evidence that the organisation is:

- clear about its purpose and its intended outcomes for citizens and users;
- ensuring that users receive a high quality service; and
- ensuring that taxpayers receive value for money.

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## **Issue 2: PERFORMING EFFECTIVELY IN CLEARLY DEFINED FUNCTIONS AND ROLES**

### **Focus**

Evidence that the

- organisation is clear about the responsibilities of governors, officers and of partnerships; and
- organisation's governors and officers and partnerships are working constructively together to achieve their common purpose.

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## **Issue 3: PROMOTING VALUES FOR THE WHOLE ORGANISATION AND DEMONSTRATING THE VALUES OF GOOD GOVERNANCE THROUGH BEHAVIOUR**

### **Focus**

Evidence that in the organisation:

- governors and officers are putting organisation values into practice and are working effectively within the ethical framework;
- individual governors are behaving in ways that upholds and exemplify effective governance within the organisation and when representing it in partnerships; and
- governors and officers are managing effectively and learning from complaints, whistle blowing and ombudsman cases.

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## **Issue 4: TAKING INFORMED, TRANSPARENT DECISIONS, MANAGING RISK AND HAVING PROPER CONTROLS IN PLACE**

### **Focus**

Evidence that the organisation is

- rigorous and transparent about how and what decisions are taken;
- using good quality information, advice and support to help reach decisions; and
- making sure that there is an effective risk management system which covers partnership working.

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## **Issue 5: DEVELOPING THE CAPACITY AND CAPABILITY OF THE GOVERNING BODY AND OFFICERS TO BE EFFECTIVE**

### **Focus**

Evidence that the organisation

- makes sure that governors and officers have the skills and knowledge they need to perform well;
- develops the capability of people with governance responsibilities and evaluates their performance, as individuals and as groups, including when working in partnerships; and
- is governed and managed by an appropriate body of people.

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## **Issue 6: ENGAGING WITH LOCAL PEOPLE, PARTNERS AND OTHER STAKEHOLDERS TO ENSURE ROBUST ACCOUNTABILITY**

### **Focus**

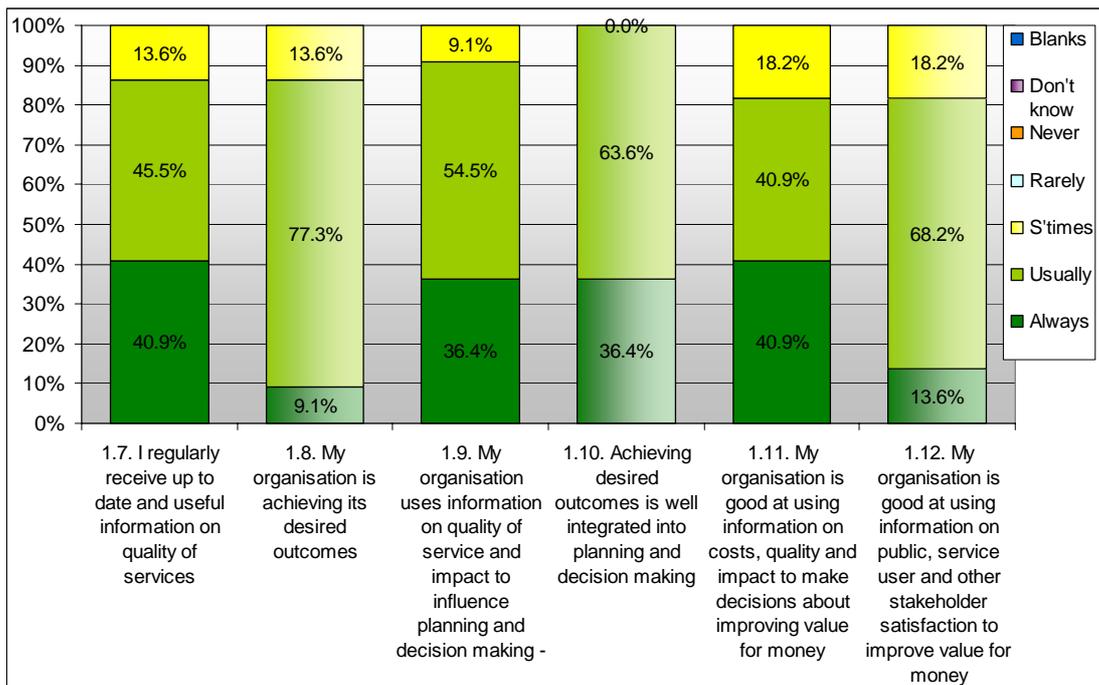
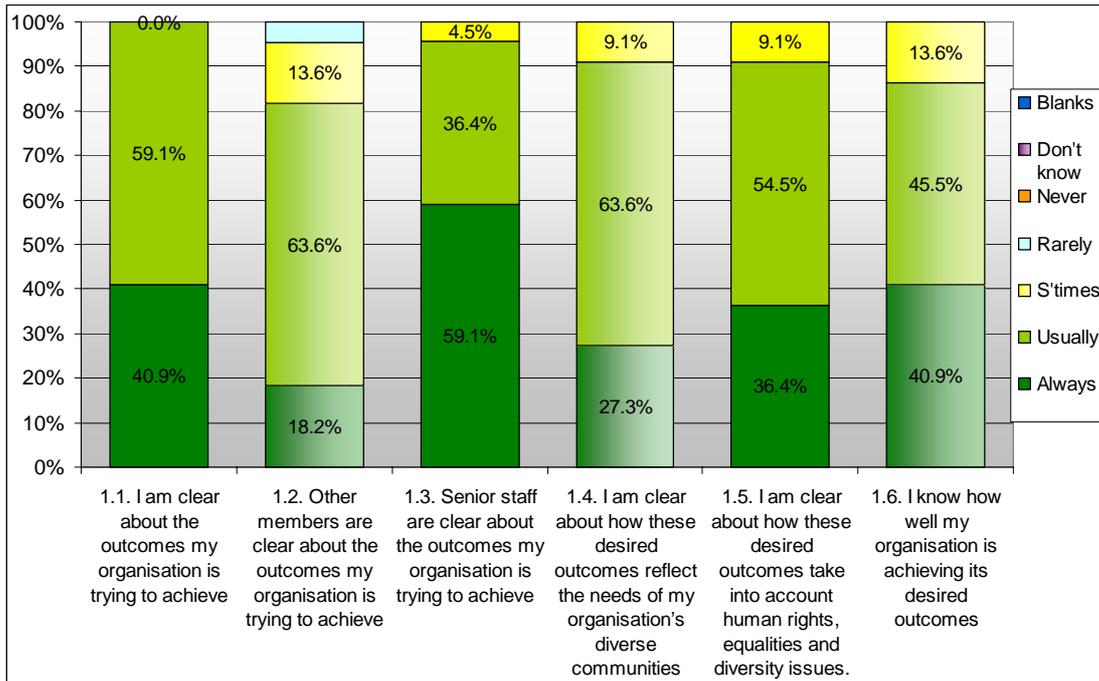
Evidence that the organisation

- understands formal and informal accountability relationships;
- takes an active, effective and planned approach to consultation, engaging and dialogue with and accountability to external stakeholders, the public and users; and
- takes an active and planned approach to responsibility to staff.

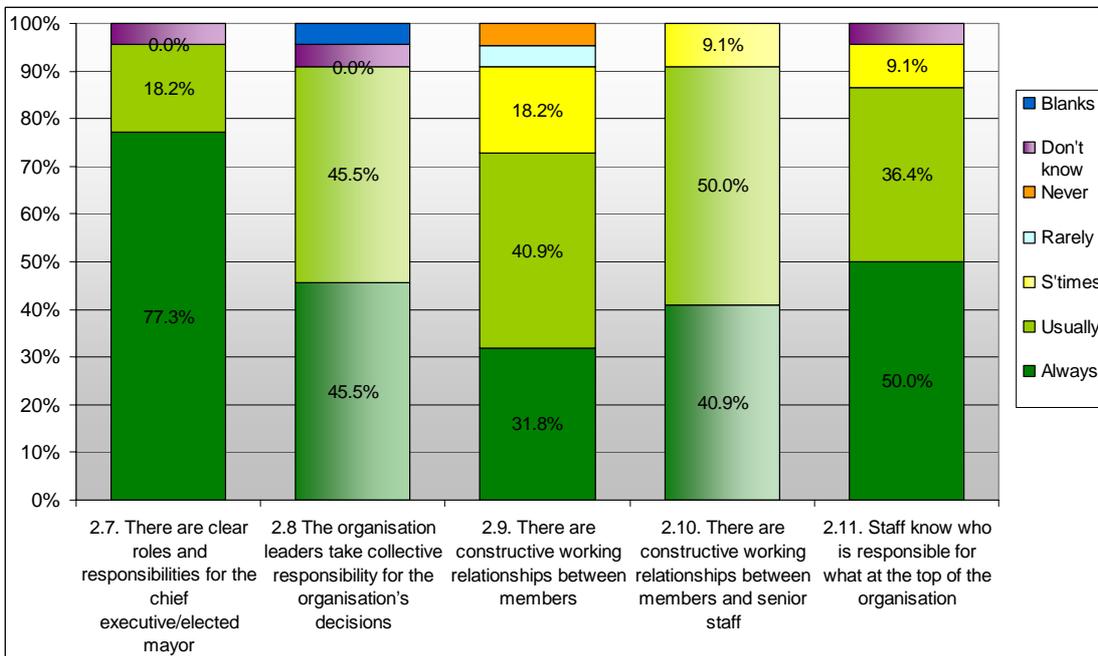
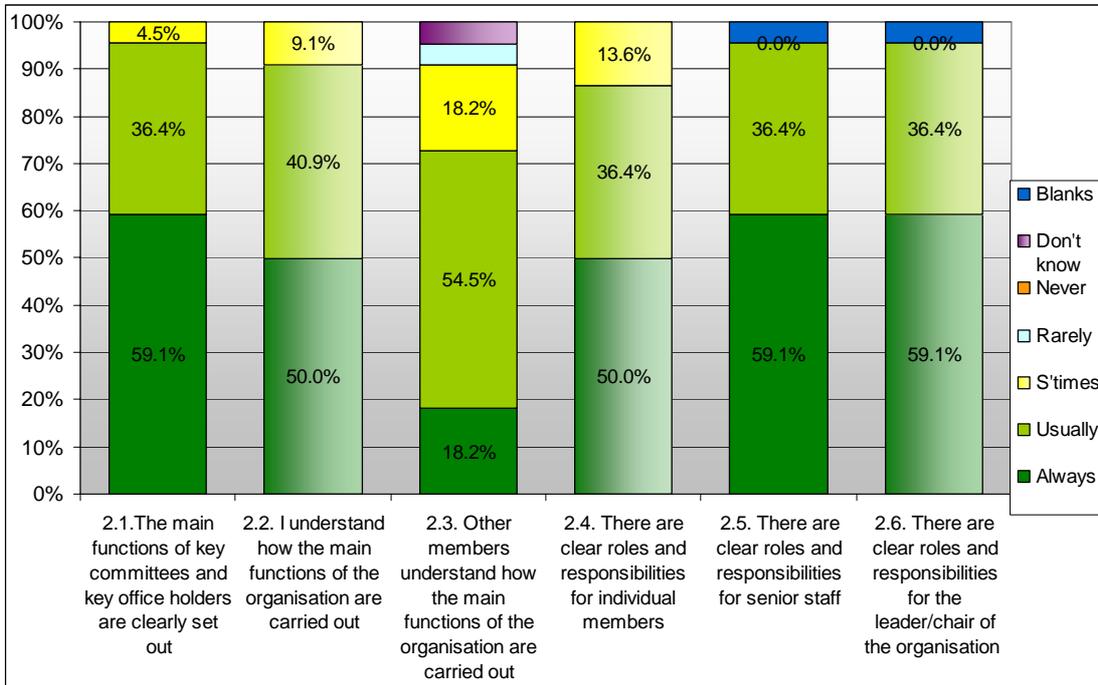
# Appendix 2 - Survey results

## Barrow Borough Council Member charts August 2009 (no comparison with national results)

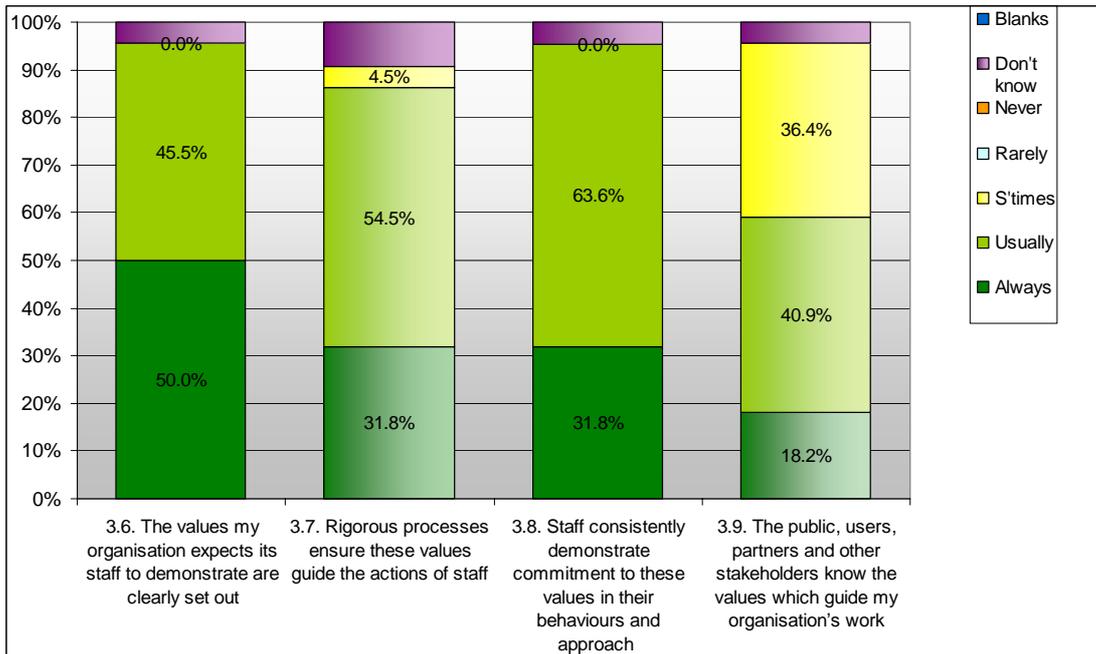
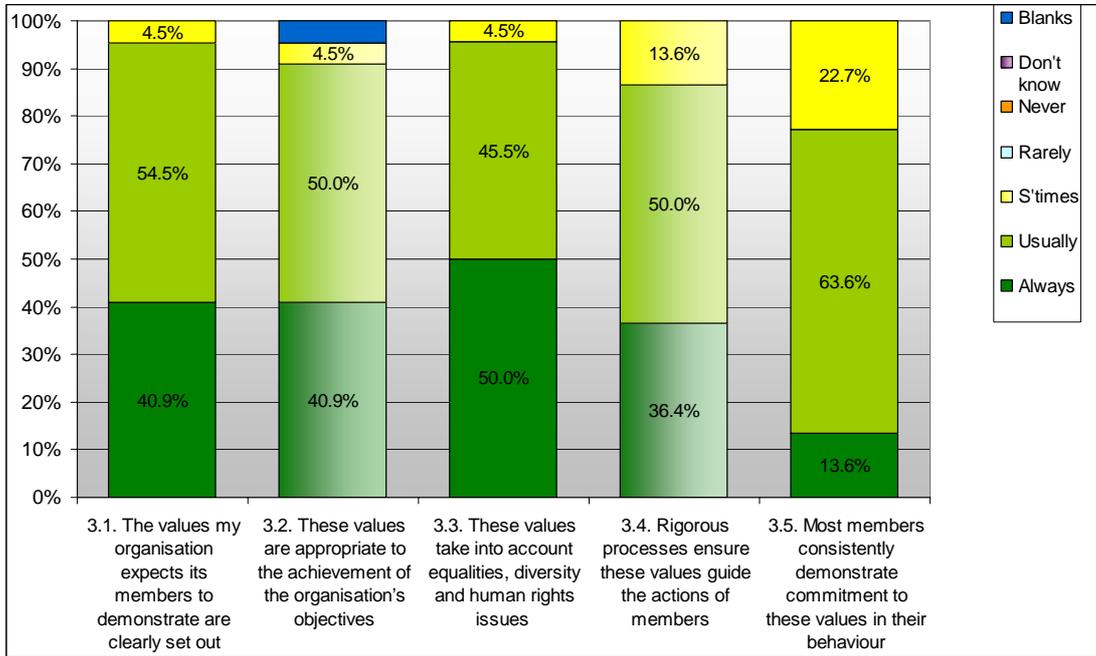
### Issue 1: Focusing on the organisation's purpose and on outcomes for citizens and service users



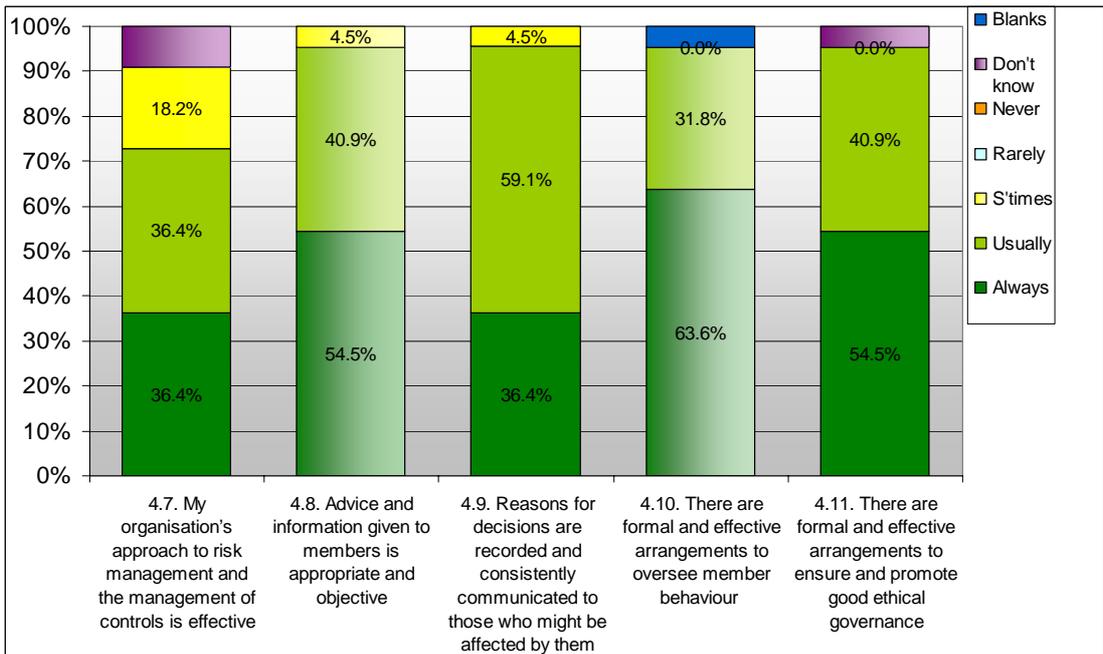
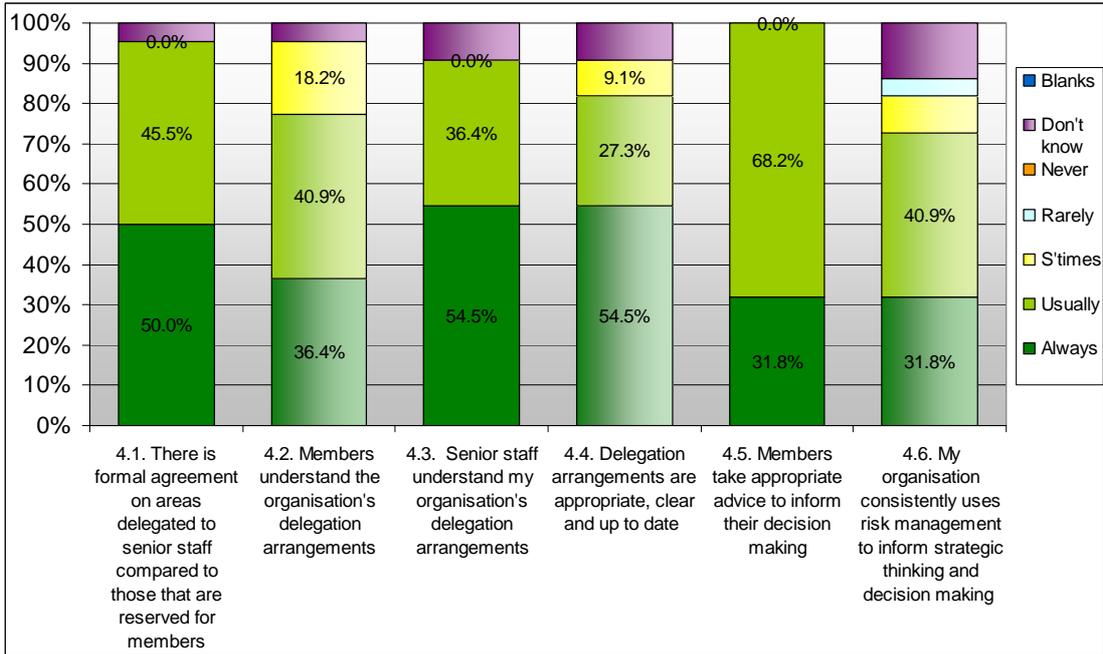
## Issue 2: Performing effectively in clearly defined functions and roles

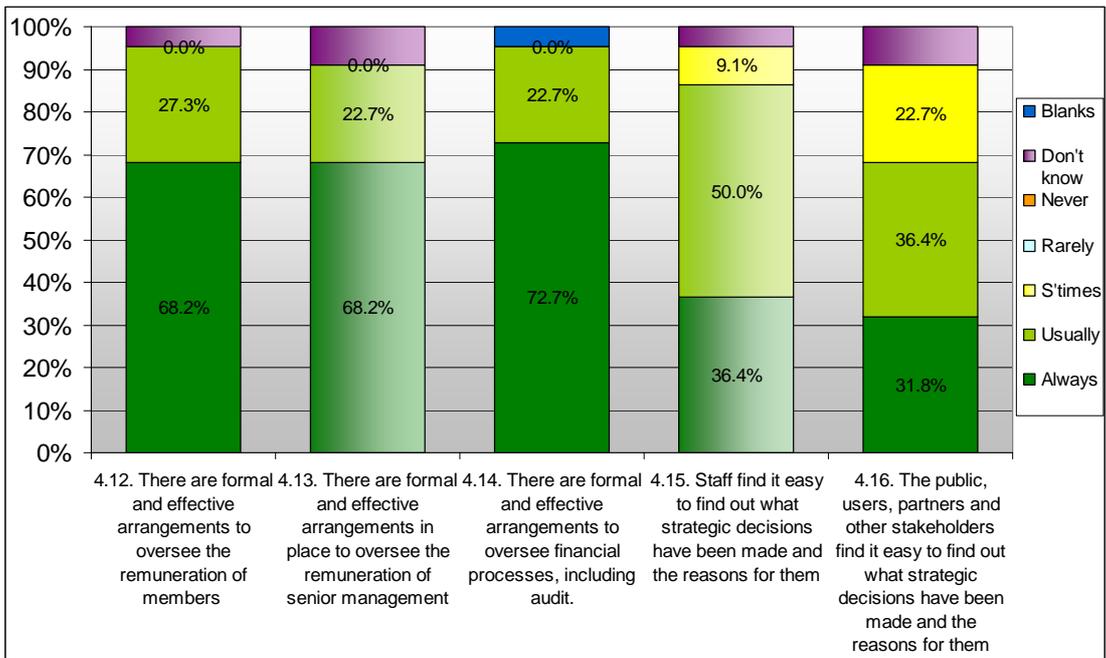


### Issue 3: Promoting values for the whole organisation and demonstrating the values of good governance through behaviour

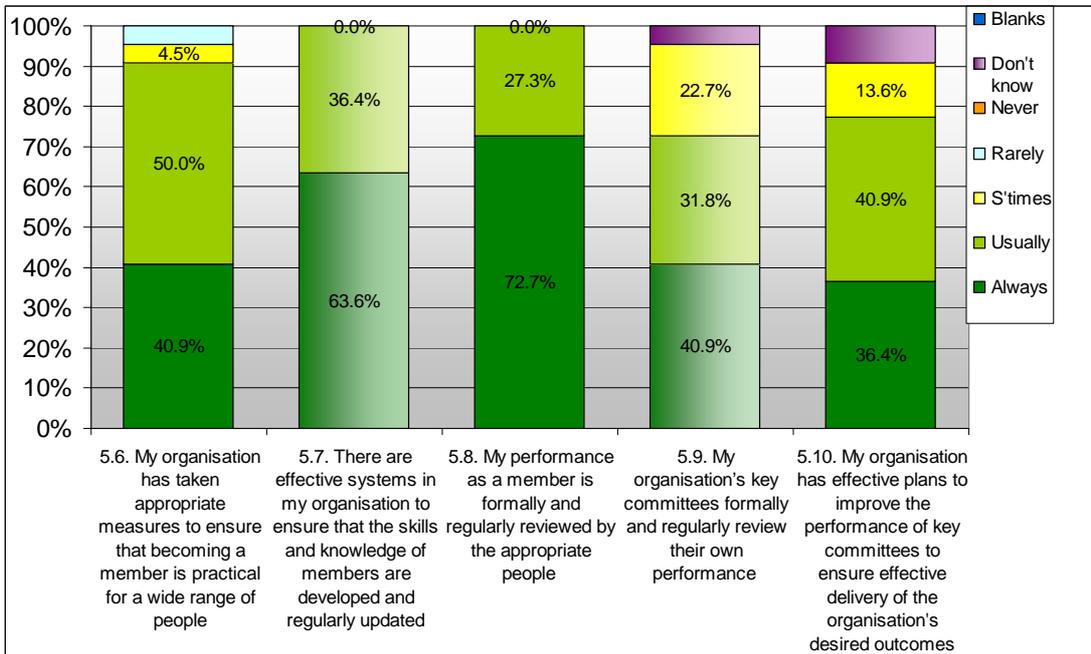
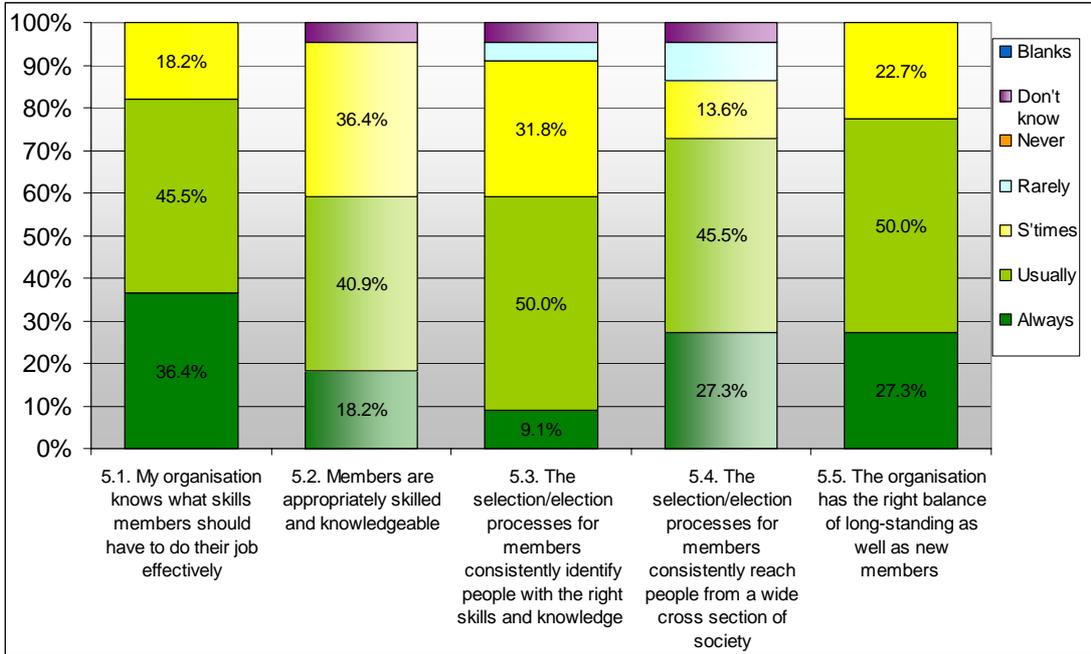


## Issue 4: Taking informed transparent decisions and managing risk

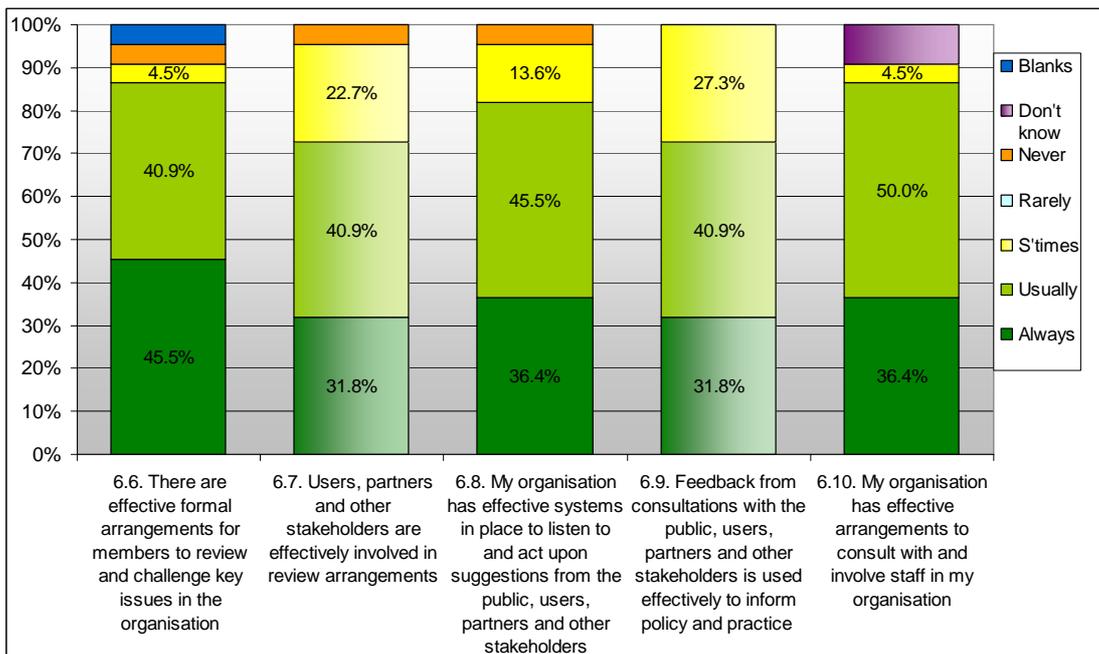
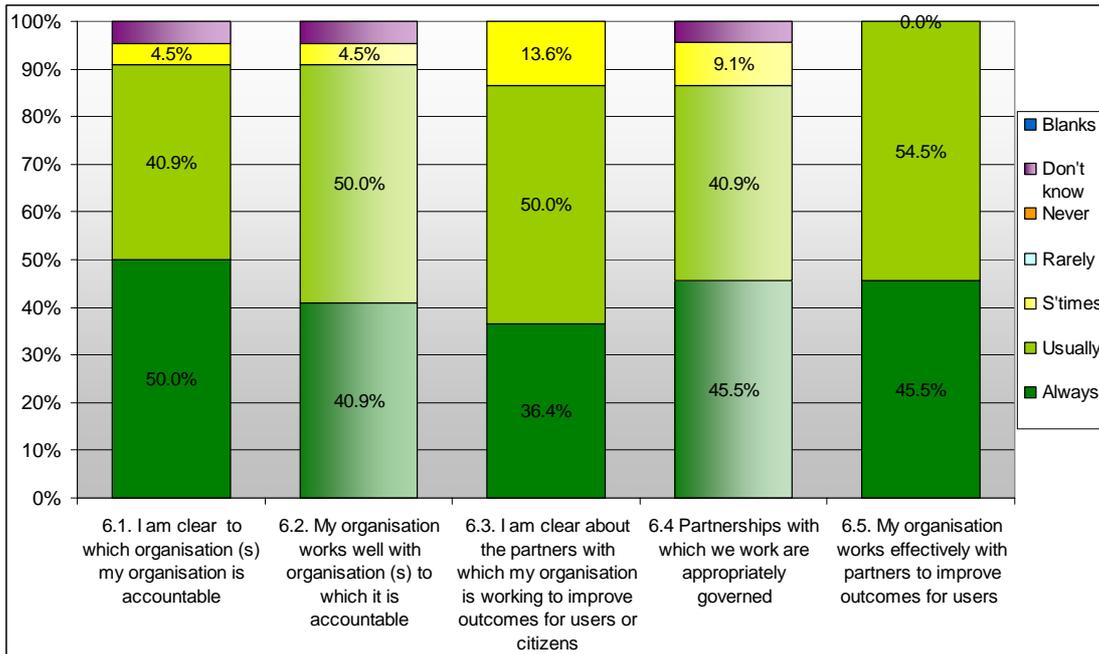


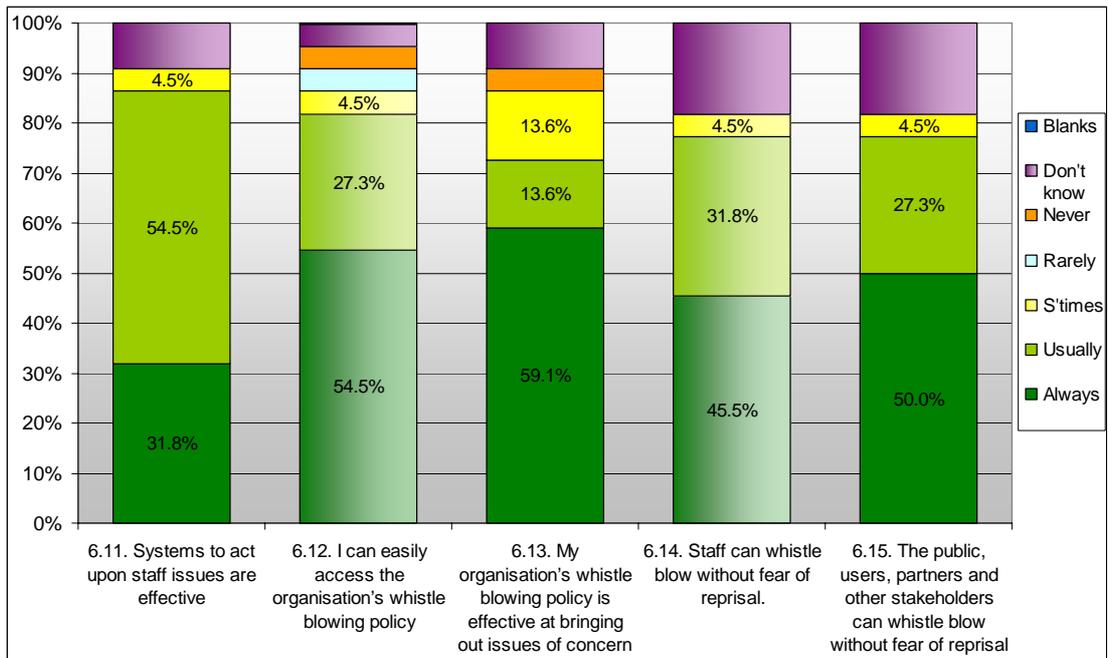


## Issue 5: Developing the capacity and capability of the governing body to be effective



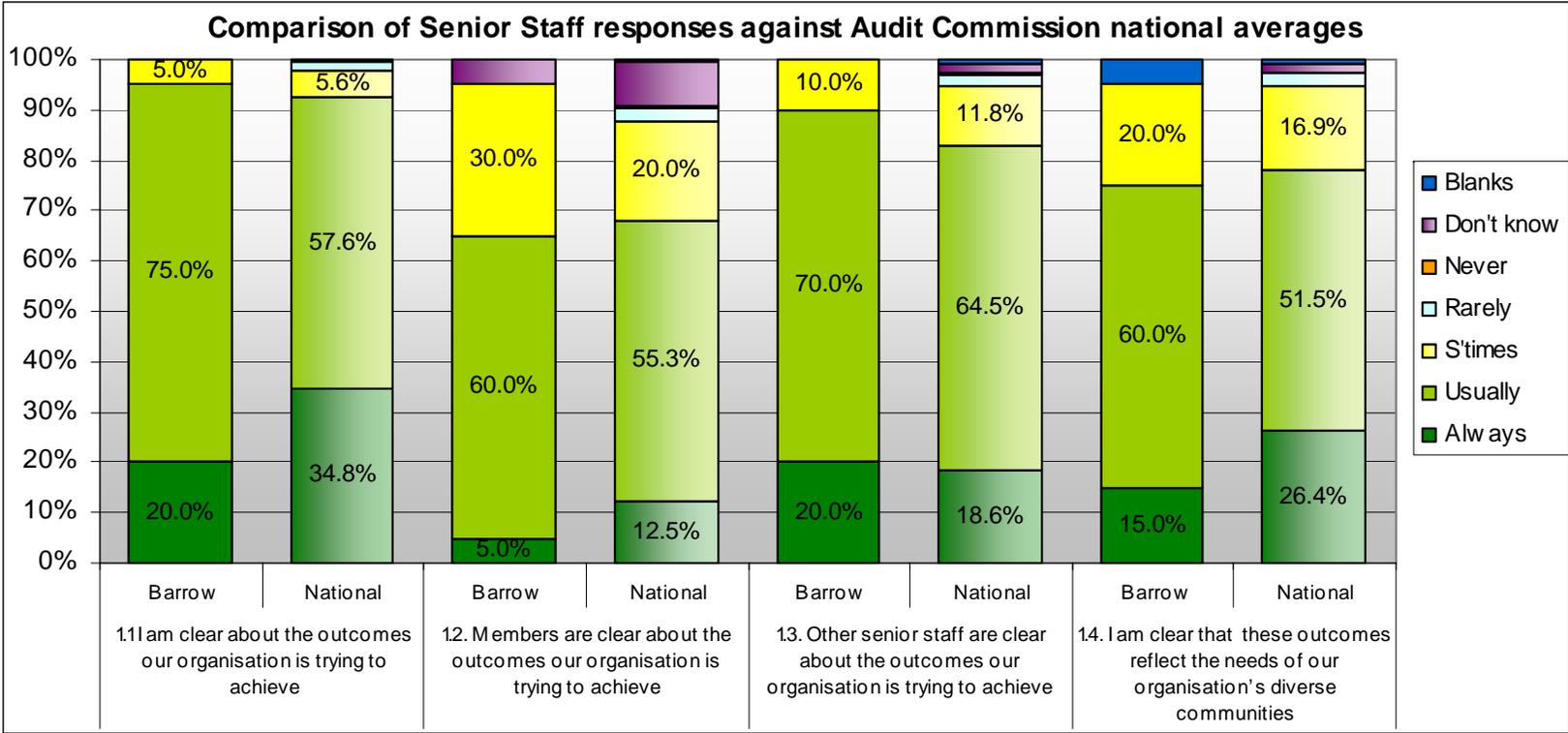
## Issue 6: Engaging users and other stakeholders, partnership working and making accountability real



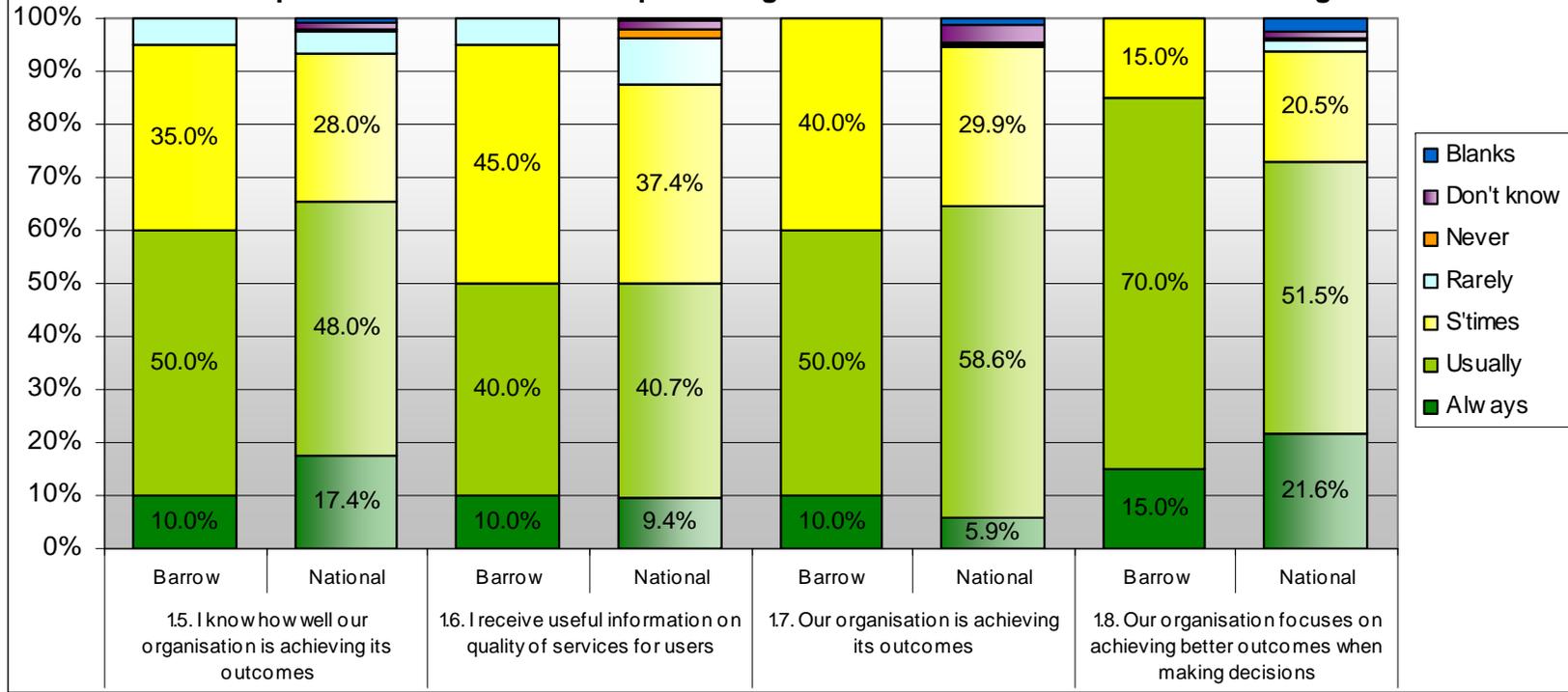


**Barrow Borough Council Senior Officer charts - August 2009 -including national comparisons**

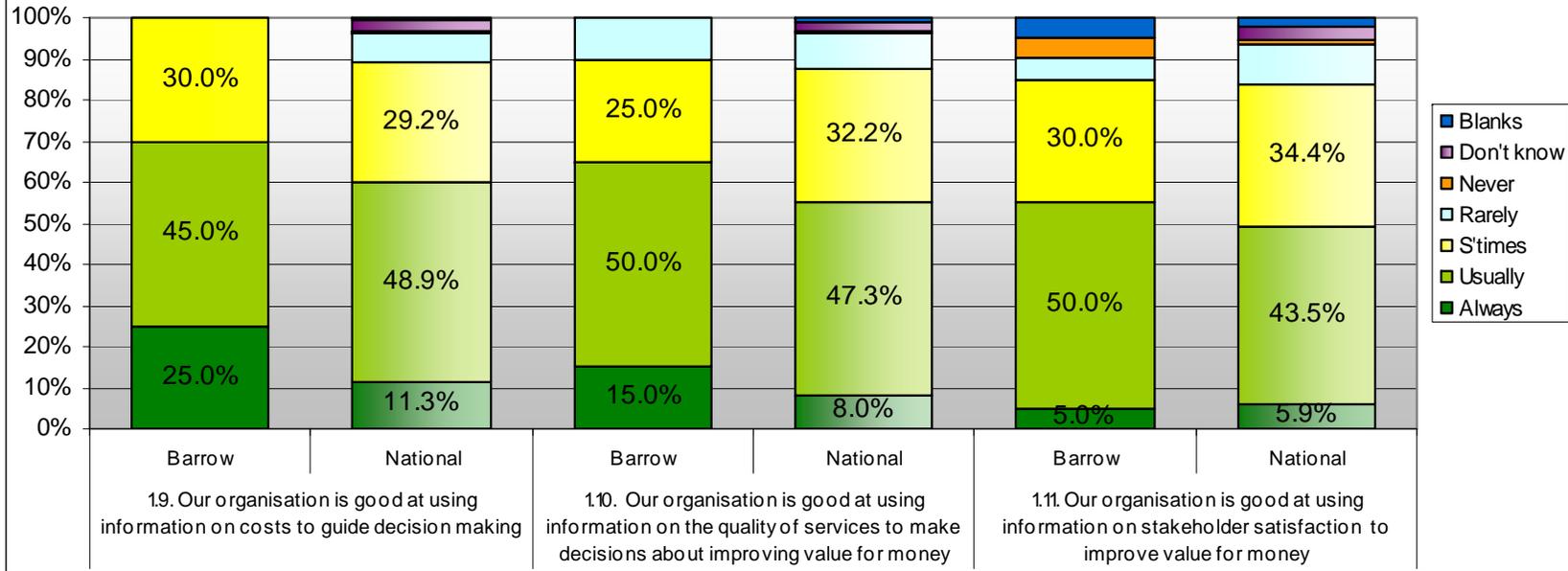
**Issue 1: Focusing on the organisation’s purpose and on outcomes for citizens and service users**



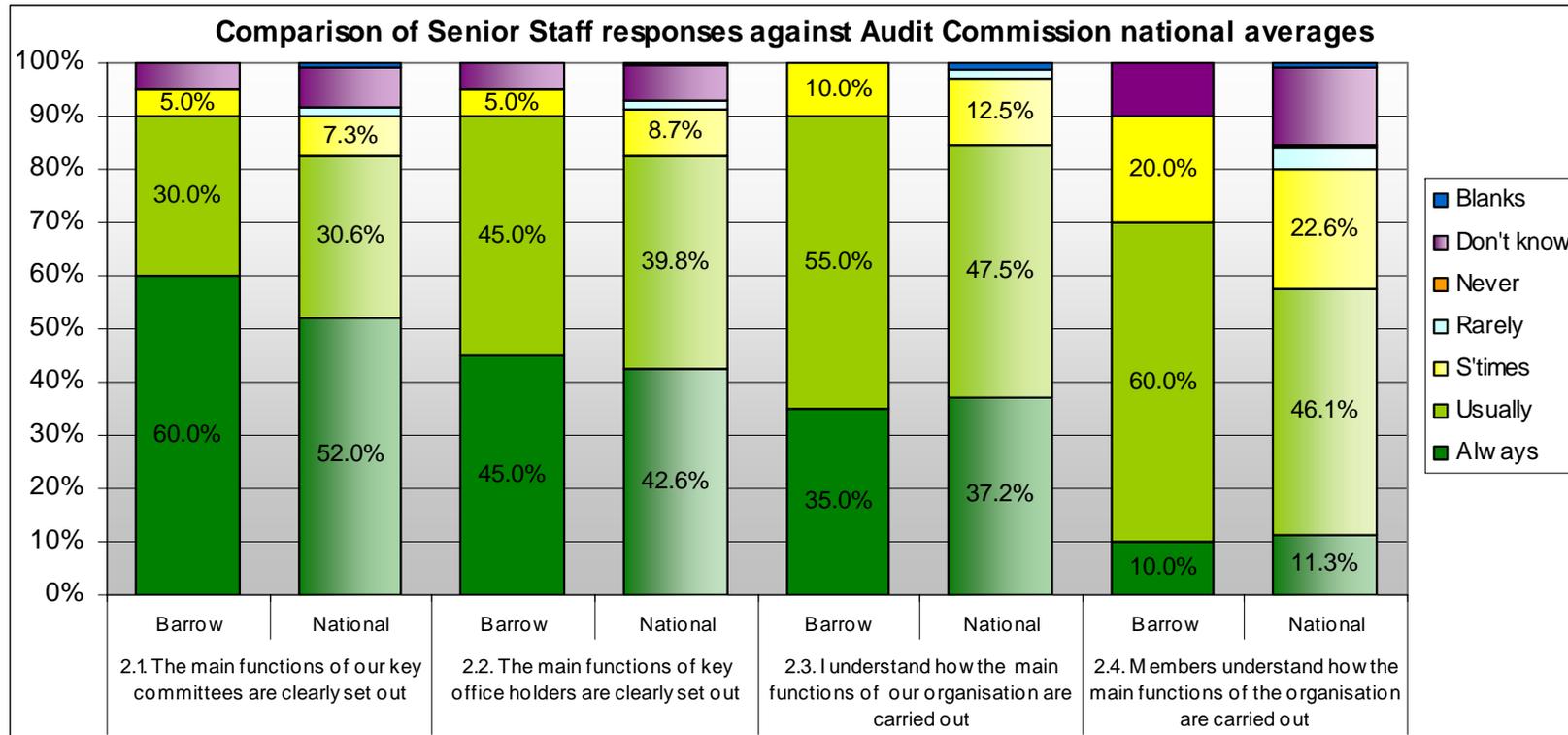
**Comparison of Senior Staff responses against Audit Commission national averages**



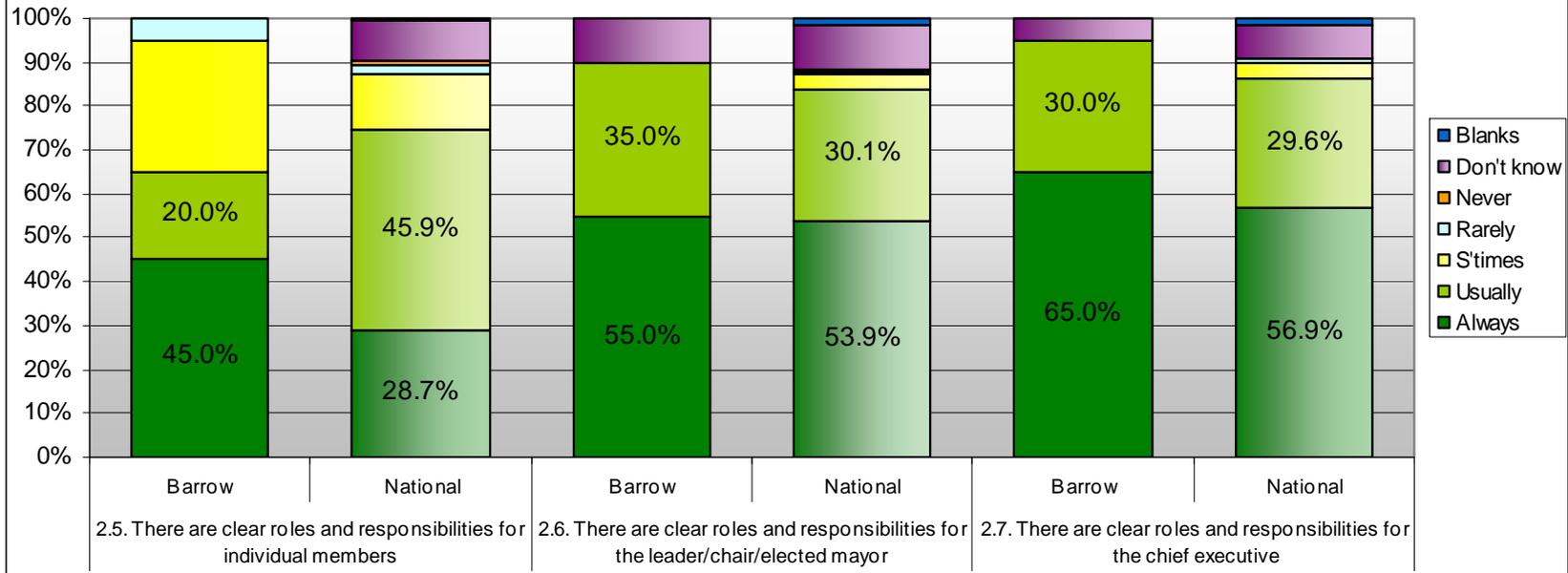
**Comparison of Senior Staff responses against Audit Commission national averages**



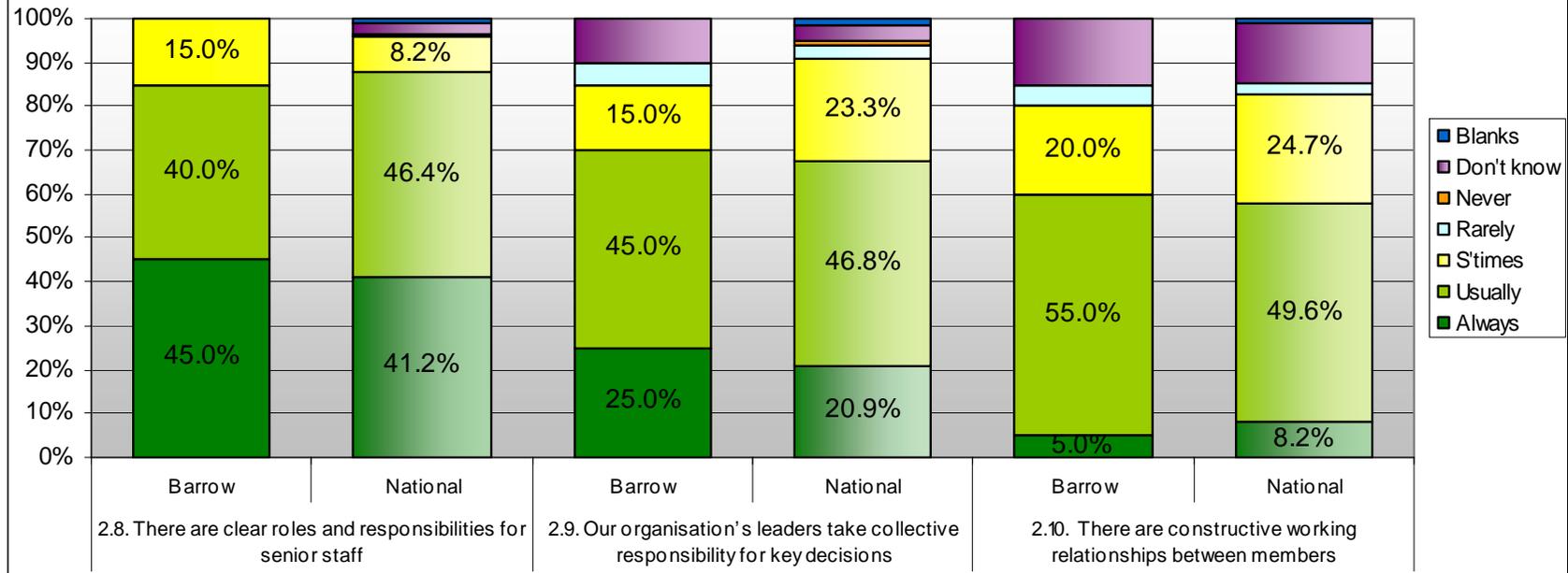
## Issue 2: Performing effectively in clearly defined functions and roles



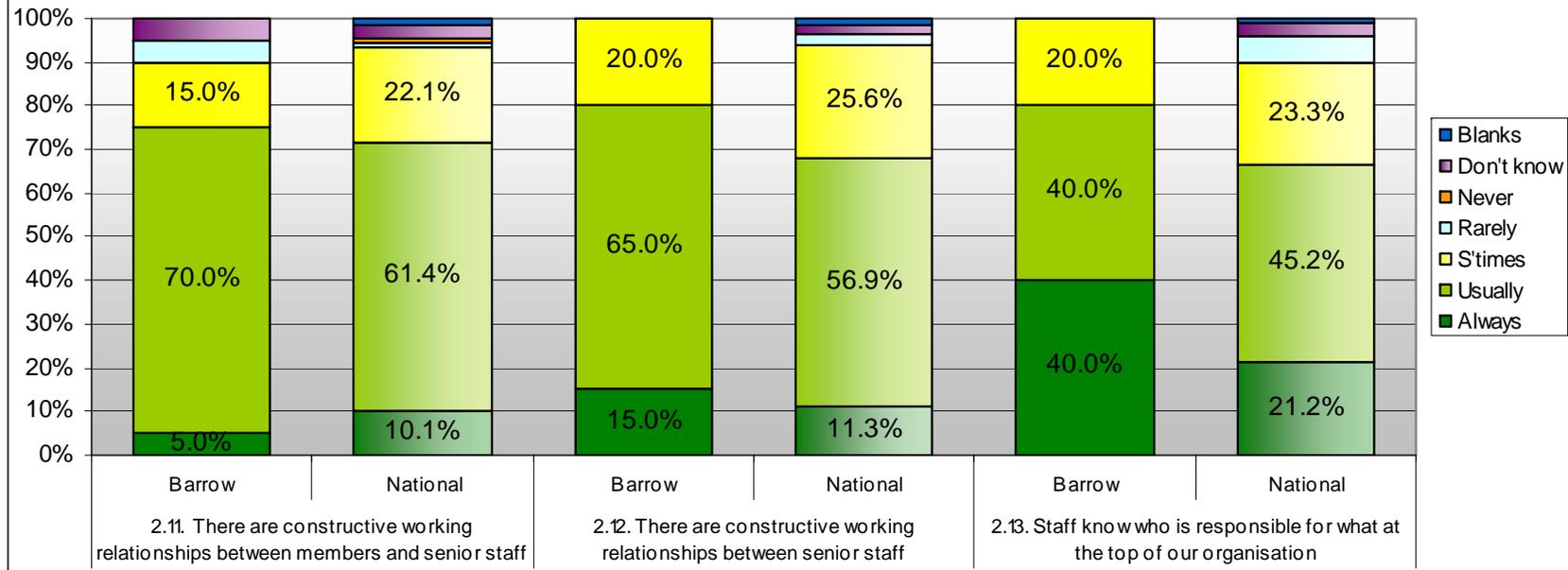
**Comparison of Senior Staff responses against Audit Commission national averages**



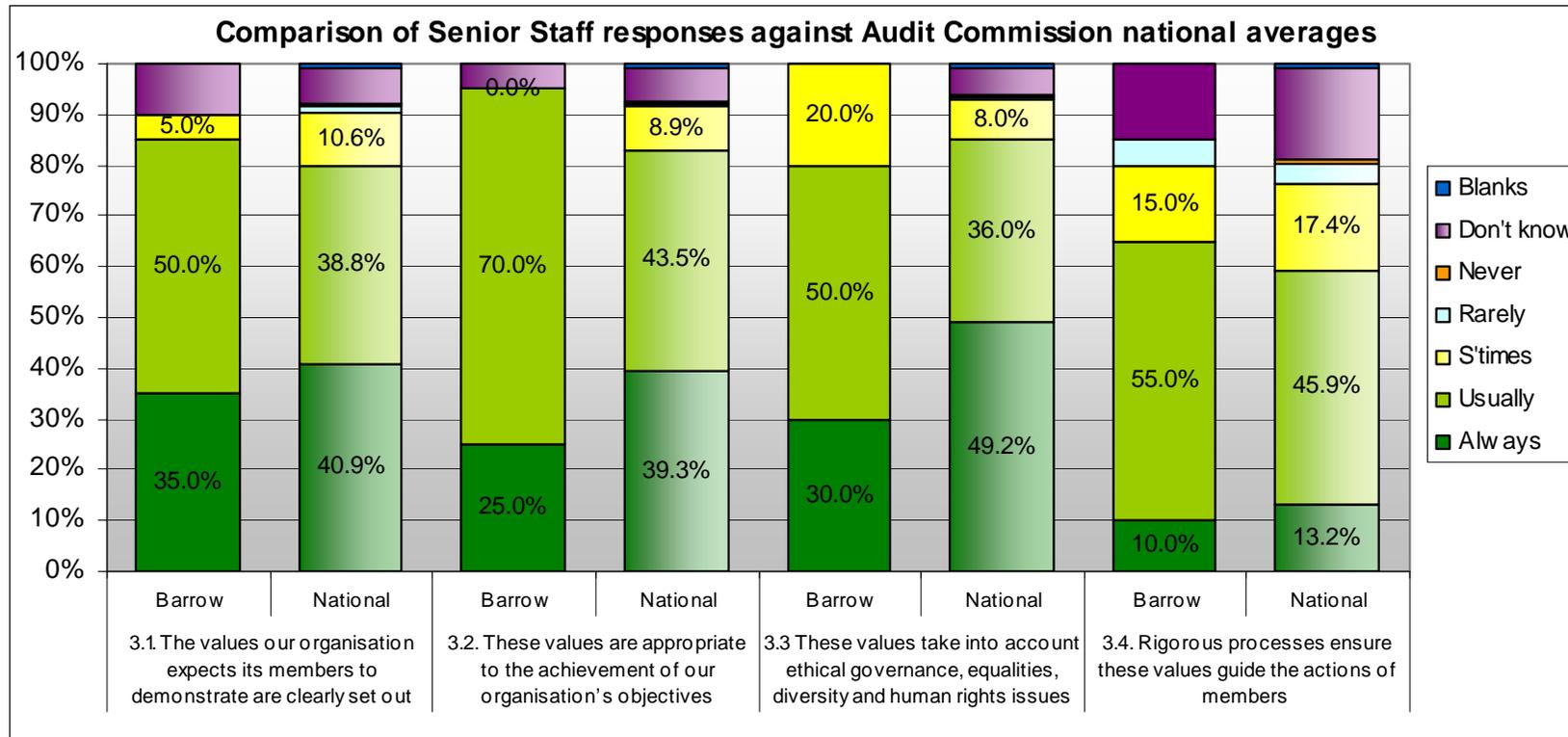
**Comparison of Senior Staff responses against Audit Commission national averages**



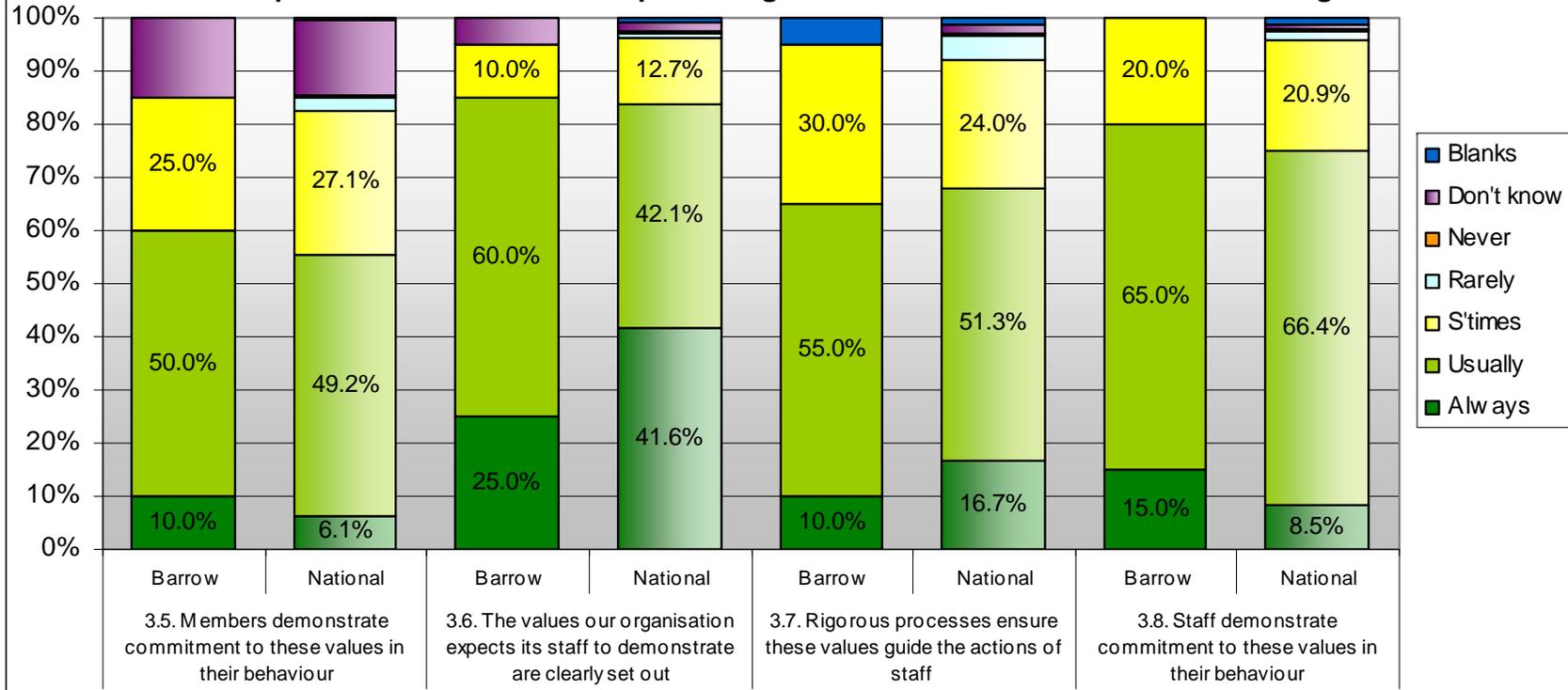
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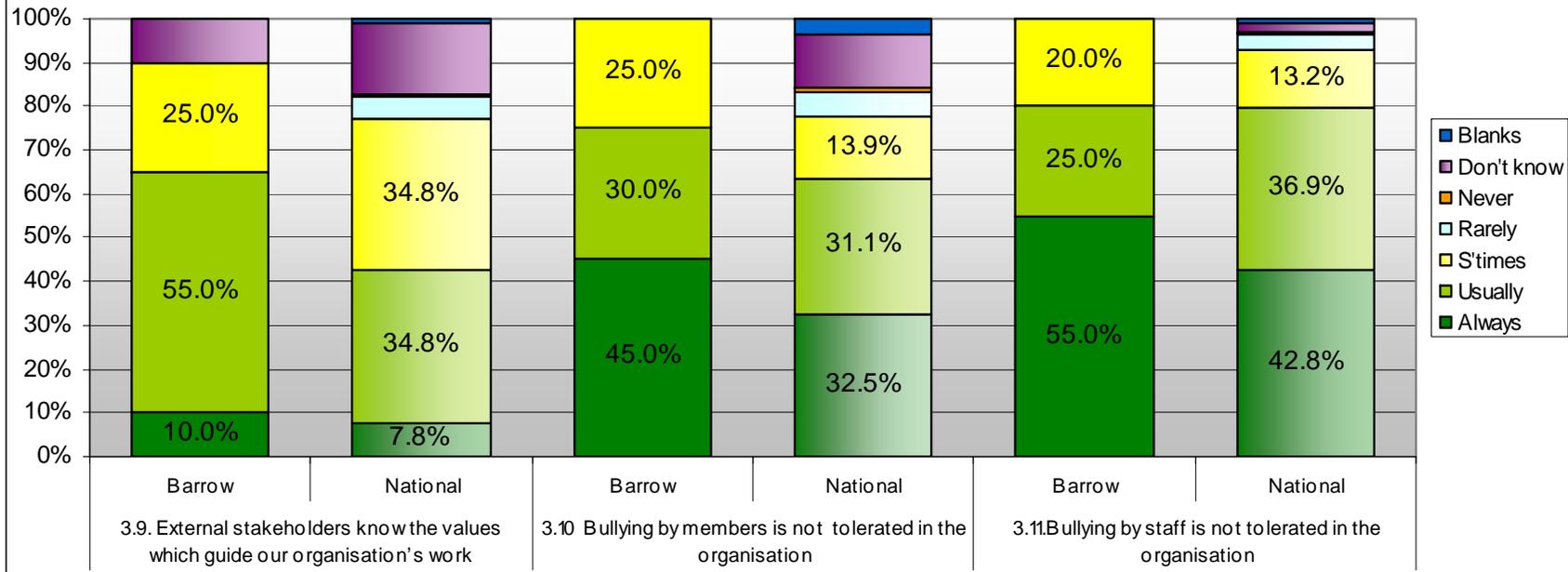
**Issue 3: Promoting values for the whole organisation and demonstrating the values of good governance through behaviour**



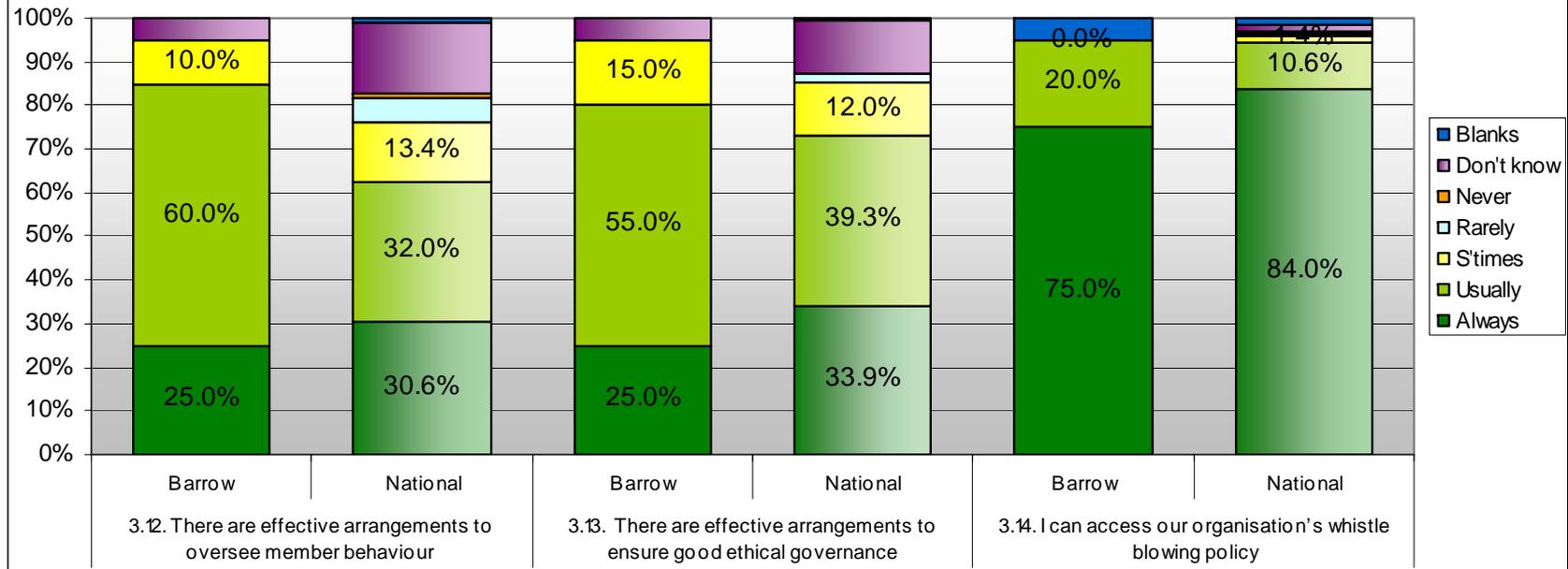
**Comparison of Senior Staff responses against Audit Commission national averages**



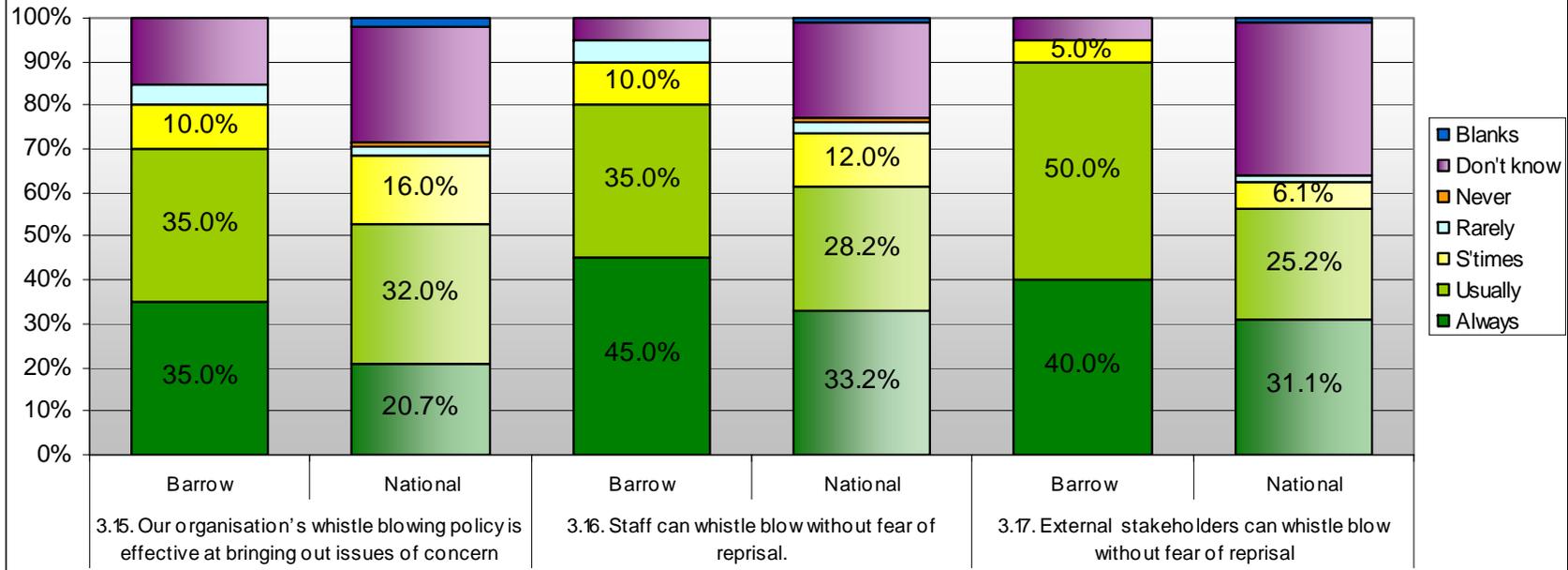
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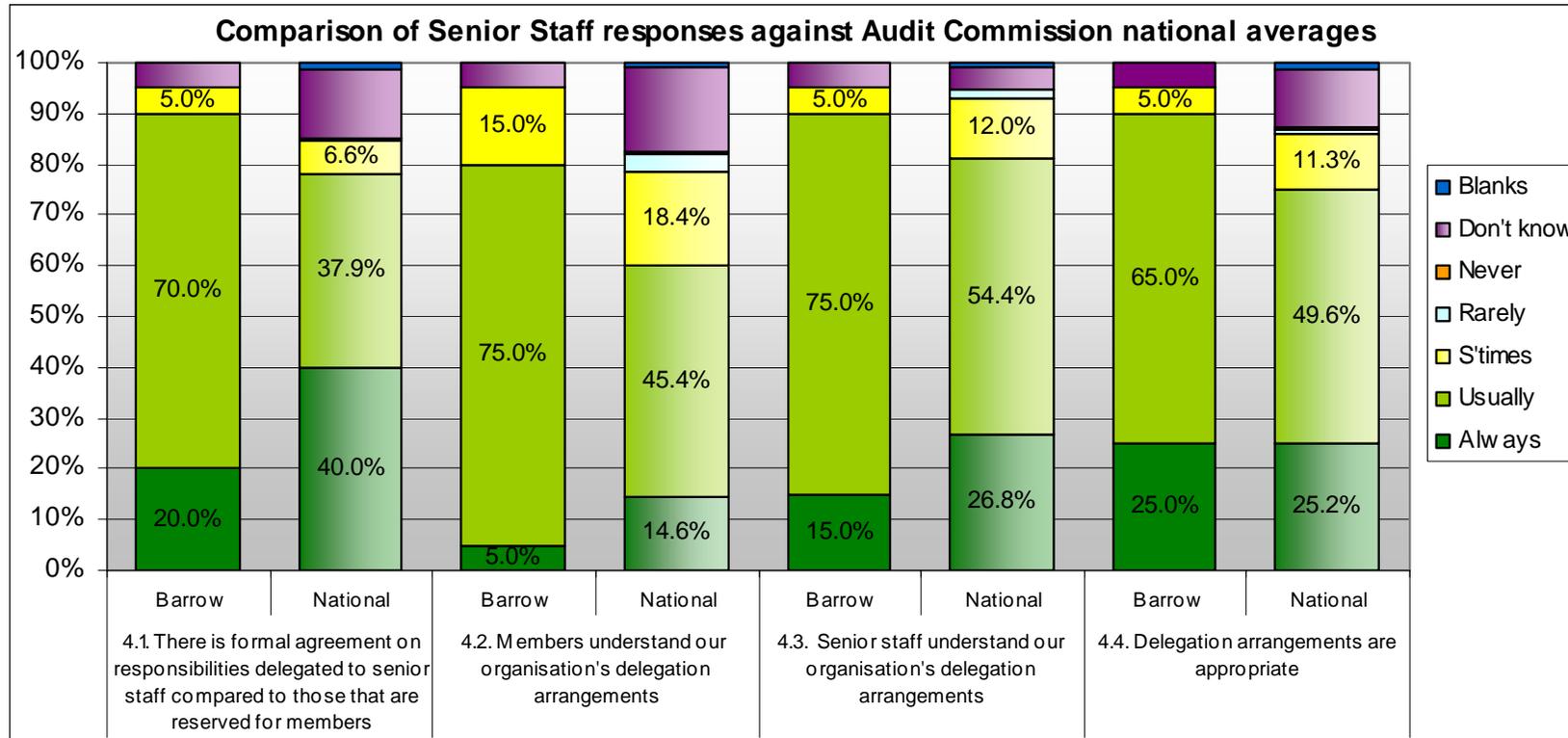
**Comparison of Senior Staff responses against Audit Commission national averages**



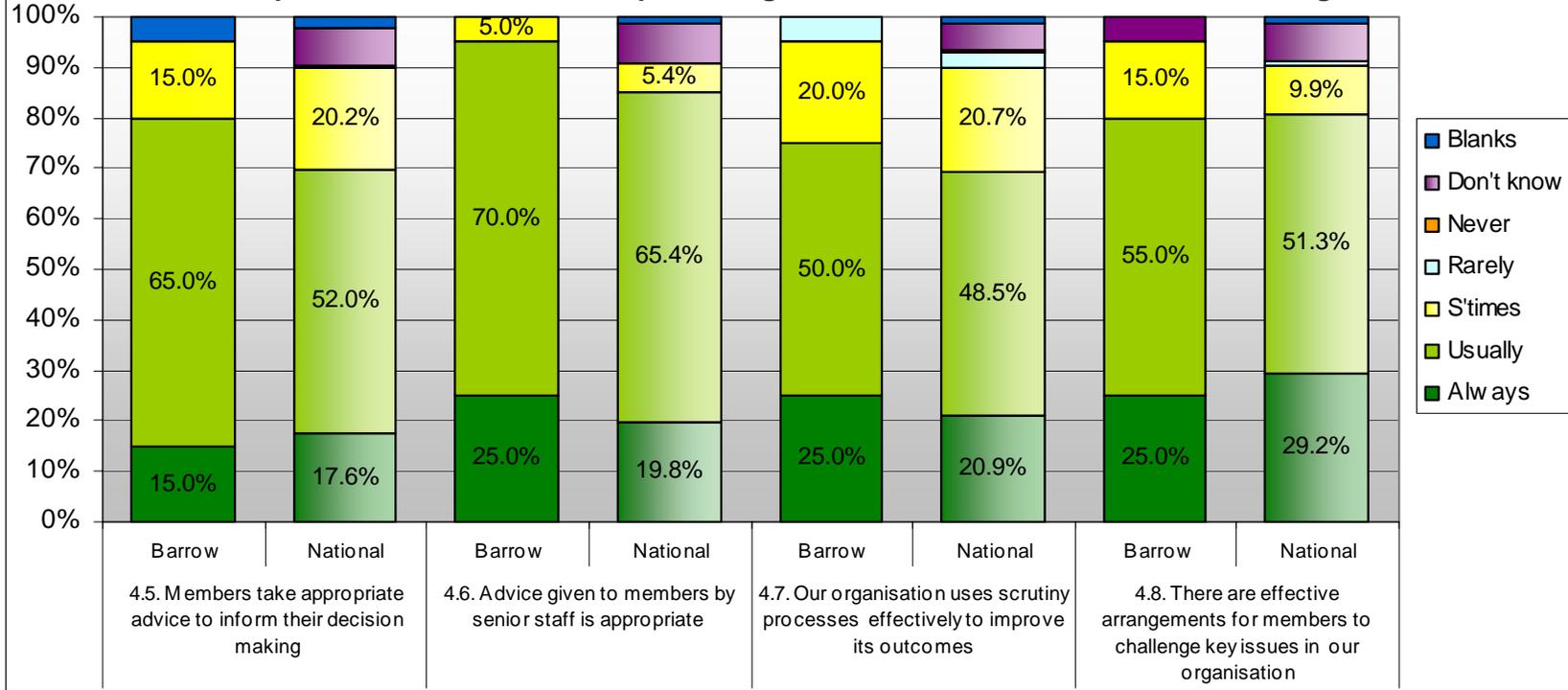
**Comparison of Senior Staff responses against Audit Commission national averages**



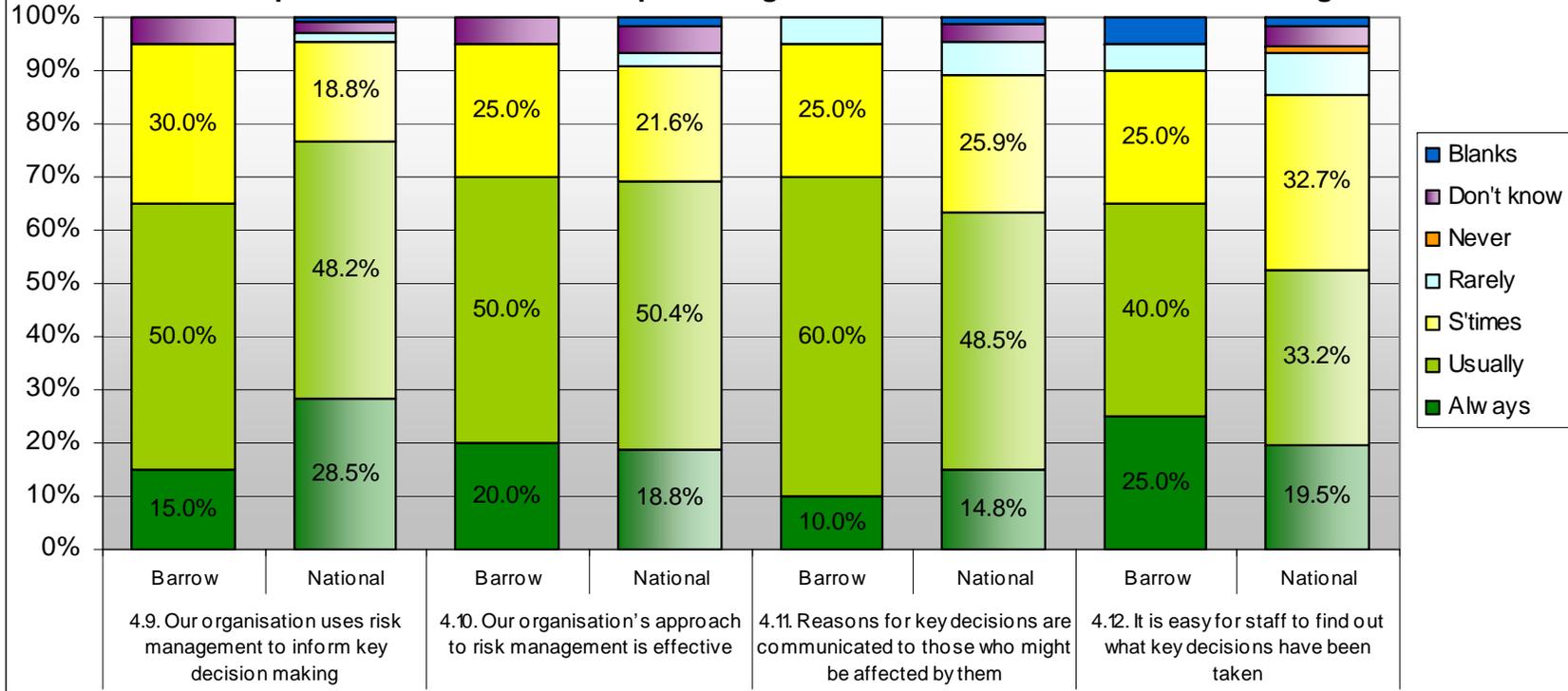
### Issue 4: Taking informed, transparent decisions and managing risk



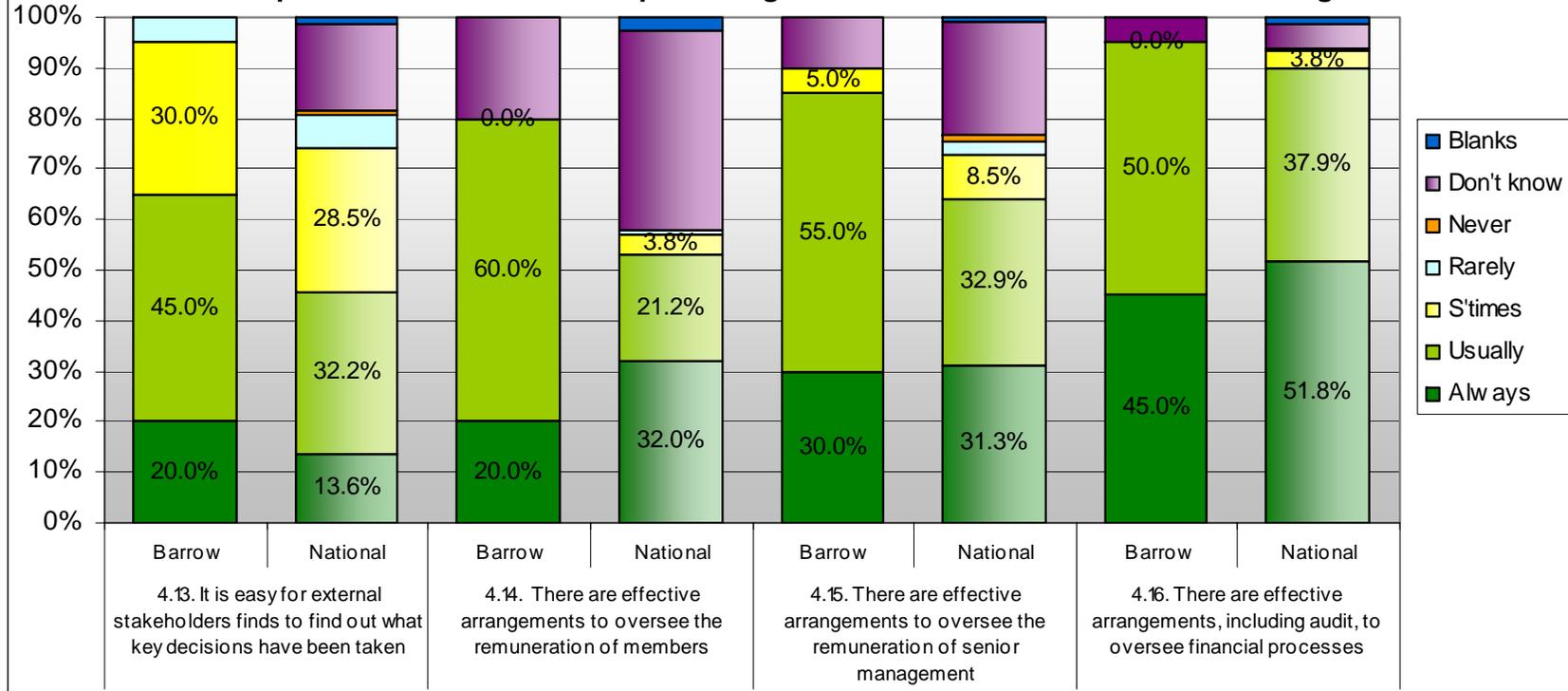
**Comparison of Senior Staff responses against Audit Commission national averages**



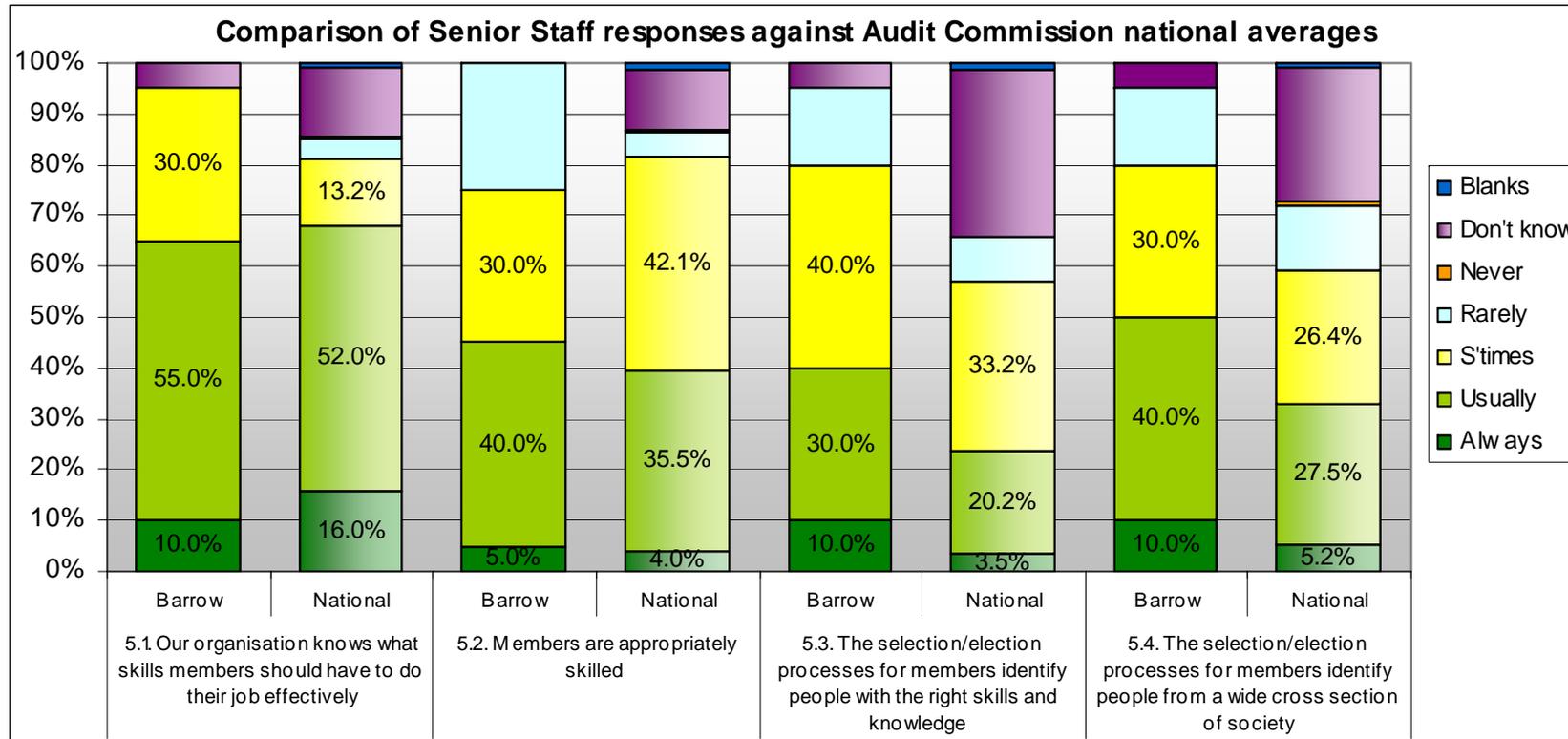
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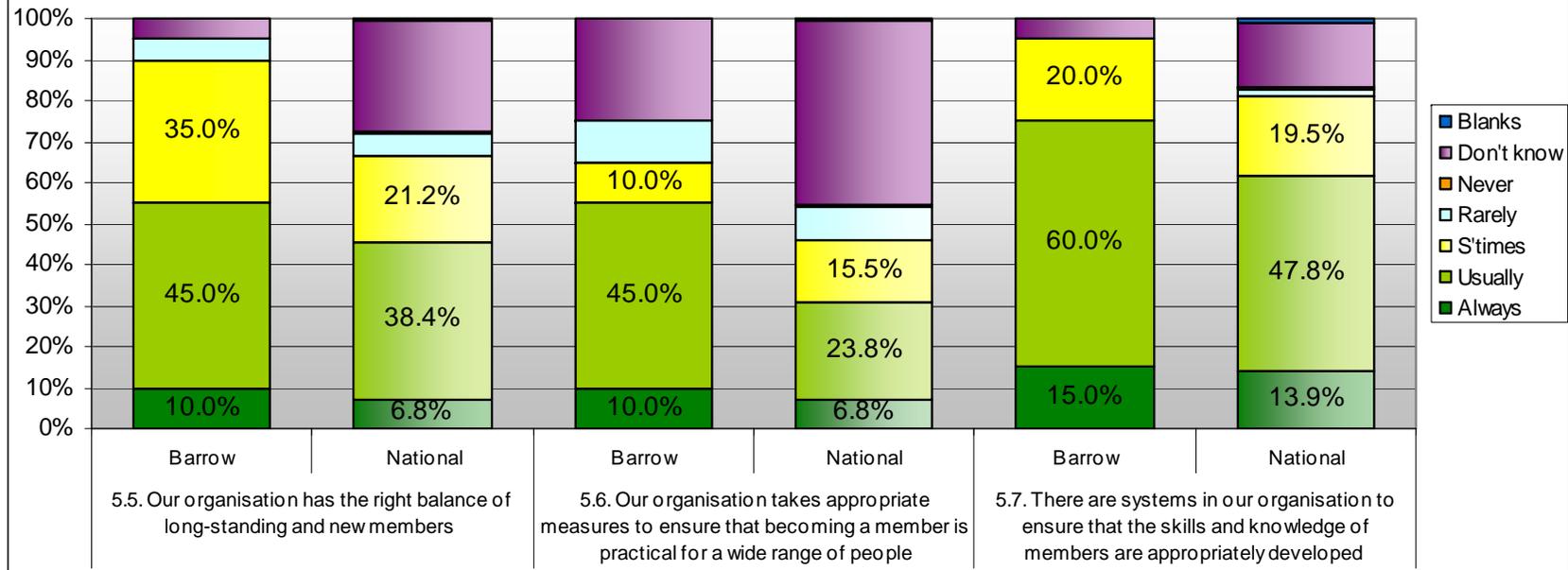
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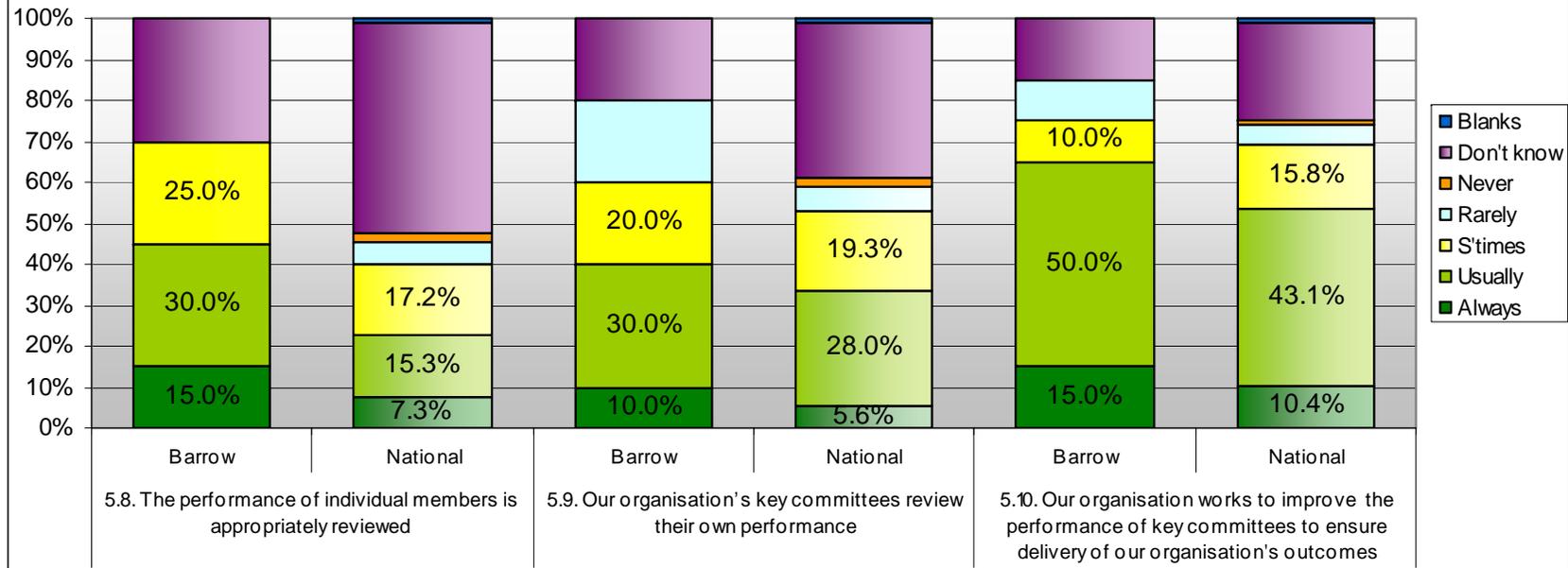
**Issue 5: Developing the capacity and capability of the governing body to be effective**



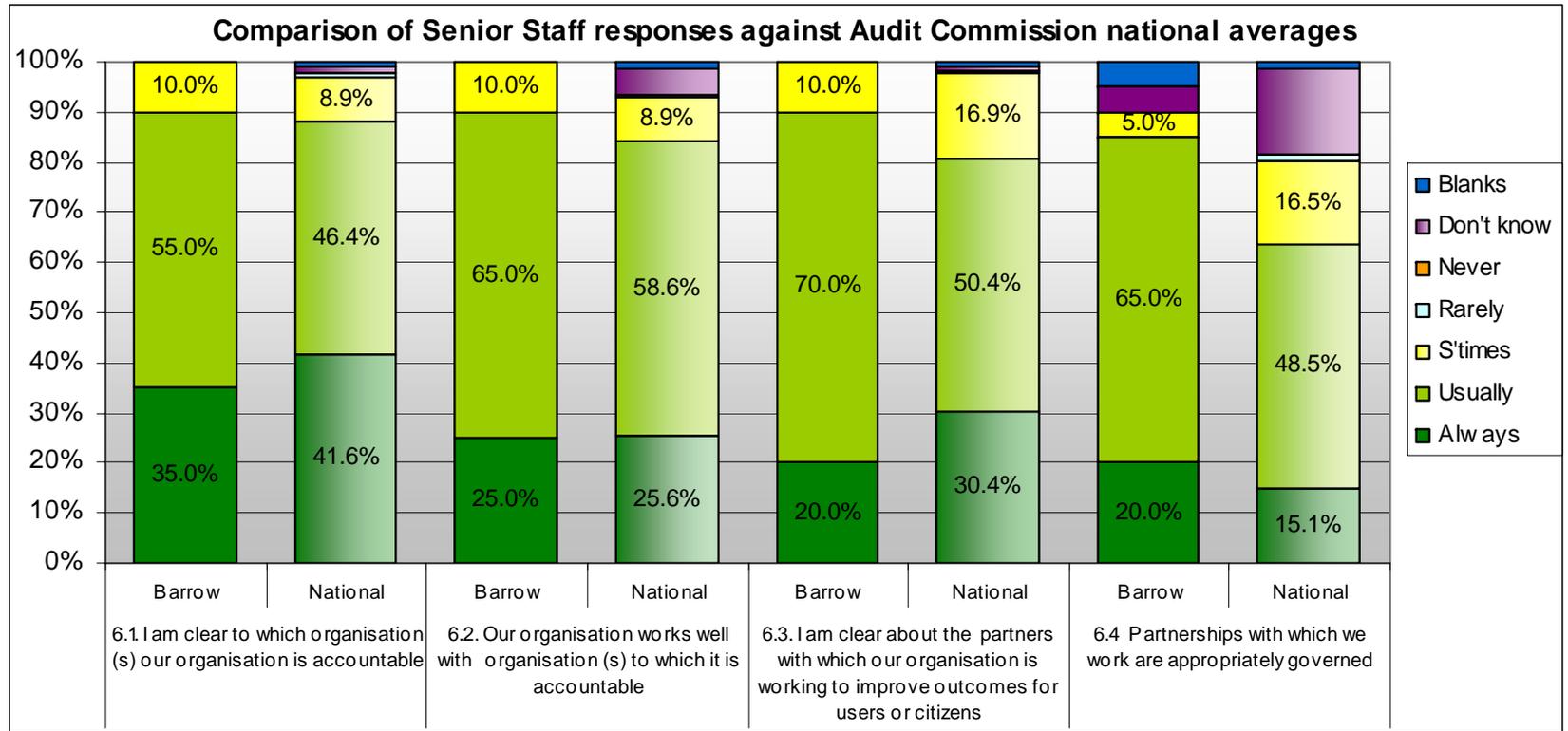
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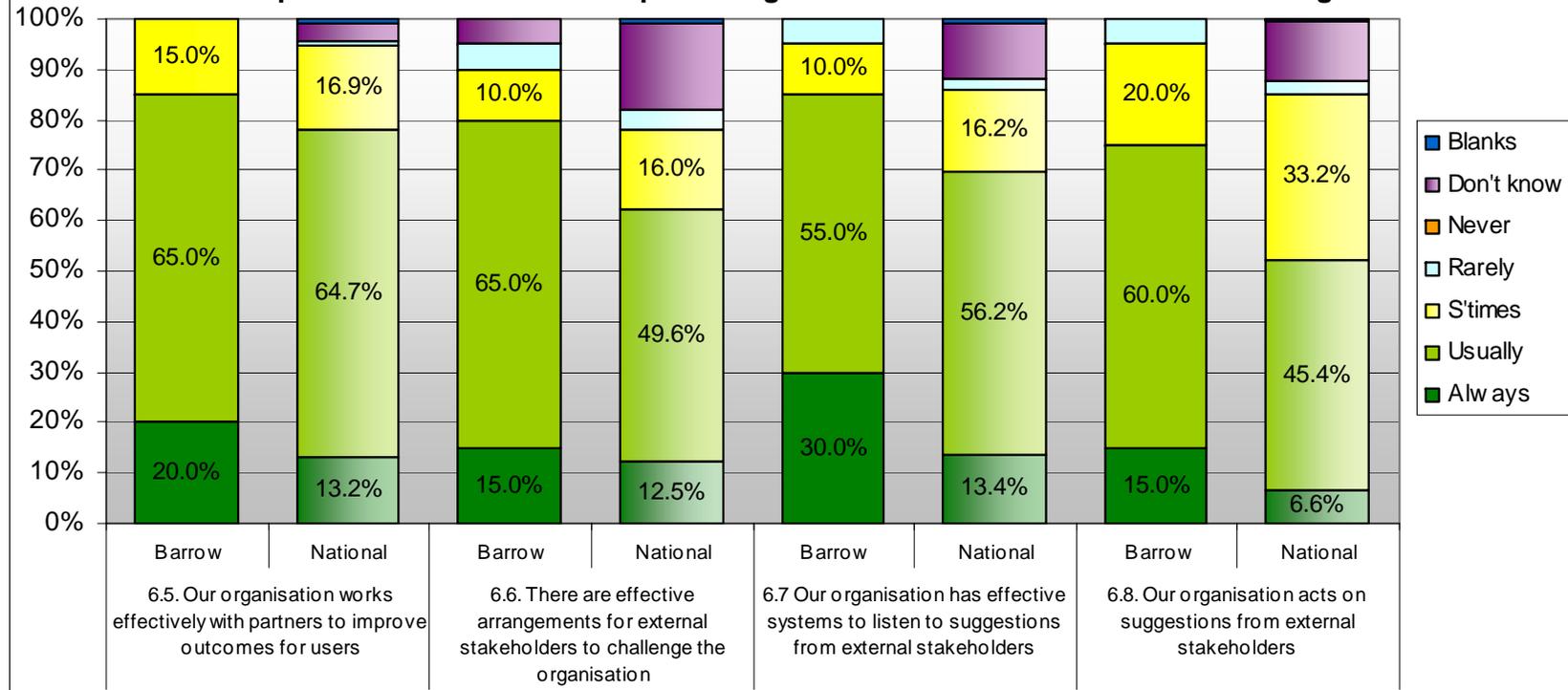
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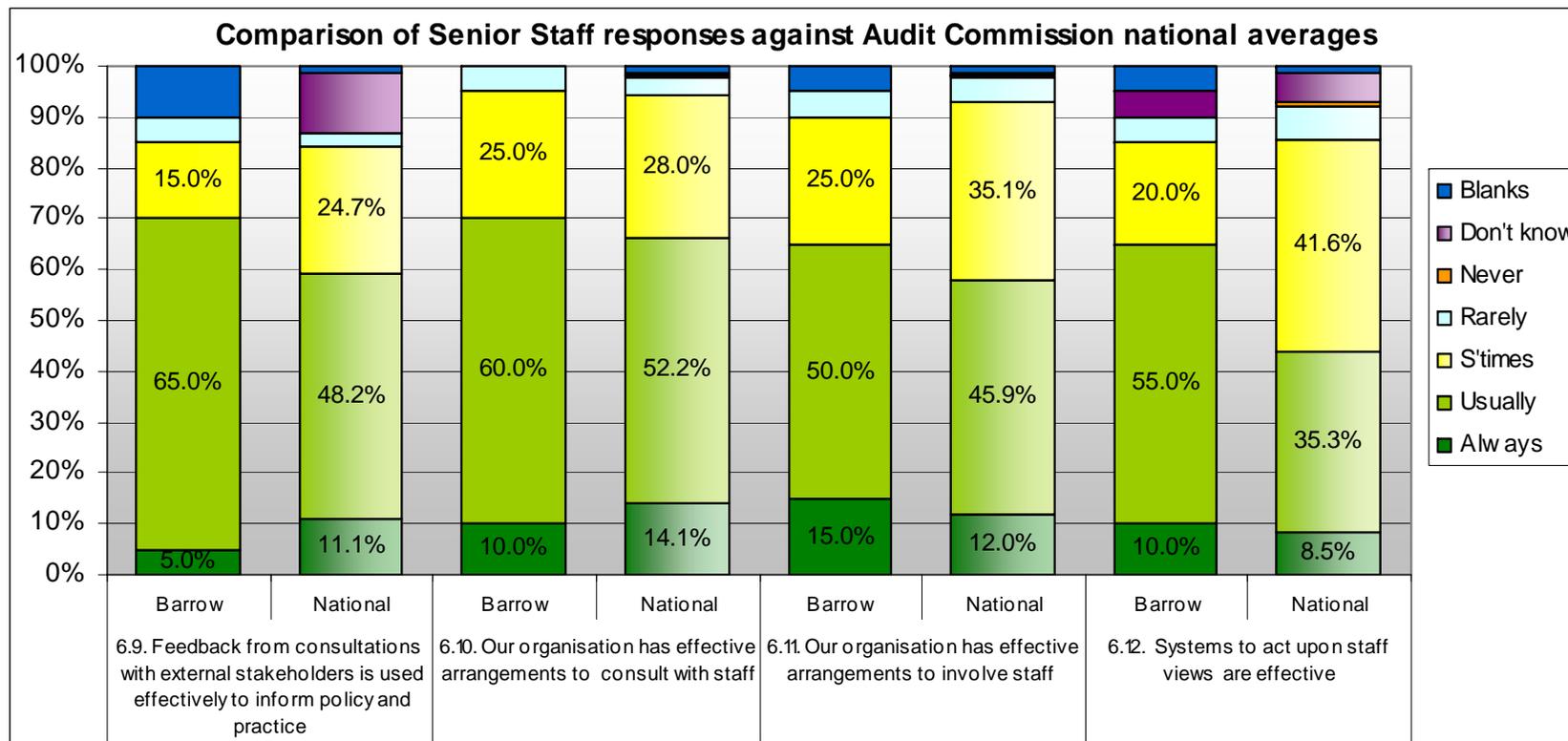


**Issue 6: Engaging users and other stakeholders, partnership working and making accountability real**



**Comparison of Senior Staff responses against Audit Commission national averages**





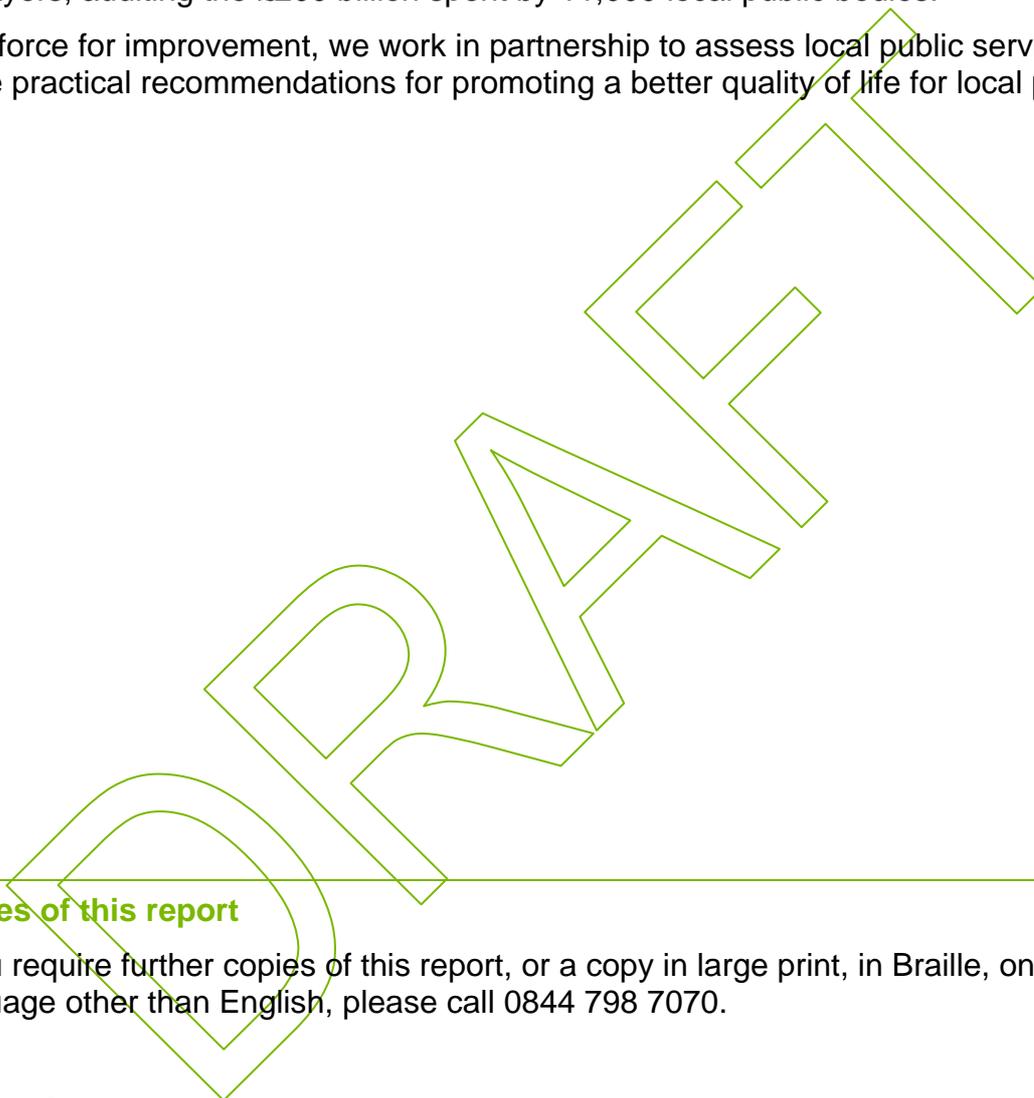
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# The Audit Commission

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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# Appendix 3 – Action Plan

Page no.	Recommendation	Priority Low Med High	Responsibility	Agreed	Proposed actions	Date
<b>Focus</b>						
7	R1 Review internal and external communications channels to promote both desired and achieved outcomes.	Med	Leader of the Council  Director of Corporate Services	Yes	Good things and achievements to be displayed in public places and drop in shop.	Ongoing
7	R2 Develop a broader range of information to support policy making and improve value for money.	Med	Director of Corporate Services	Yes	The Council will revisit decisions and implementation to assess delivery and achievement of Value for money through a "review date" process within executive papers.	Jan 2010
<b>Roles and responsibilities</b>						
7	R3 Ensure Members' roles and responsibilities are clearly defined and communicated to officers. Further develop the constructive member and officer relationships.	Med	Leader of the Council  Director of Corporate Services	Yes	Continue to develop Member and officer forums through the Member Development group  Introduce more flexible training and engagement evenings.  Promote confidence in others understanding of Members roles through use of the internet through You Tube style video clips and who does what blogs.	May 2010

## Appendix 3 – Action Plan

Page no.	Recommendation	Priority Low Med High	Responsibility	Agreed	Proposed actions	Date
<b>Values and behaviours</b>						
8	R4 Produce a value statement and communicate to all stakeholders and monitor future compliance.	High	Leader of the Council  Director of Corporate Services	Yes	Preparation of a separate value statement as it currently runs through a number of governance documents but it is not overtly stated.  Compliance with the value statement will be monitored via surveys of members, staff, and stakeholders including partners.	May 2010
<b>Transparency decision making and risk management</b>						
8	R5 Strengthen risk management by; <ul style="list-style-type: none"> <li>involving service managers in updating the corporate and operational risk registers,</li> <li>provide update awareness training to members on risk management,</li> <li>actively involve members in risk management as part of decision making,</li> <li>improve reporting to Members and Management Team on how key risks are being managed</li> </ul>	High	All	Yes	Training and information for members and senior managers to demonstrate links between corporate and operational risks and how risk management forms part of decision making process.	March 2010
8	R6 Improve the focus and prioritisation of Overview and Scrutiny Committee's agendas.	High	All	Yes	The Council proposes to carry out a specification of specific reviews and to identify key service delivery partners to ensure effective scrutiny arrangements are in place.  The Council will also seek out exemplar overview and scrutiny committees especially those that cover partnerships.	March 2010

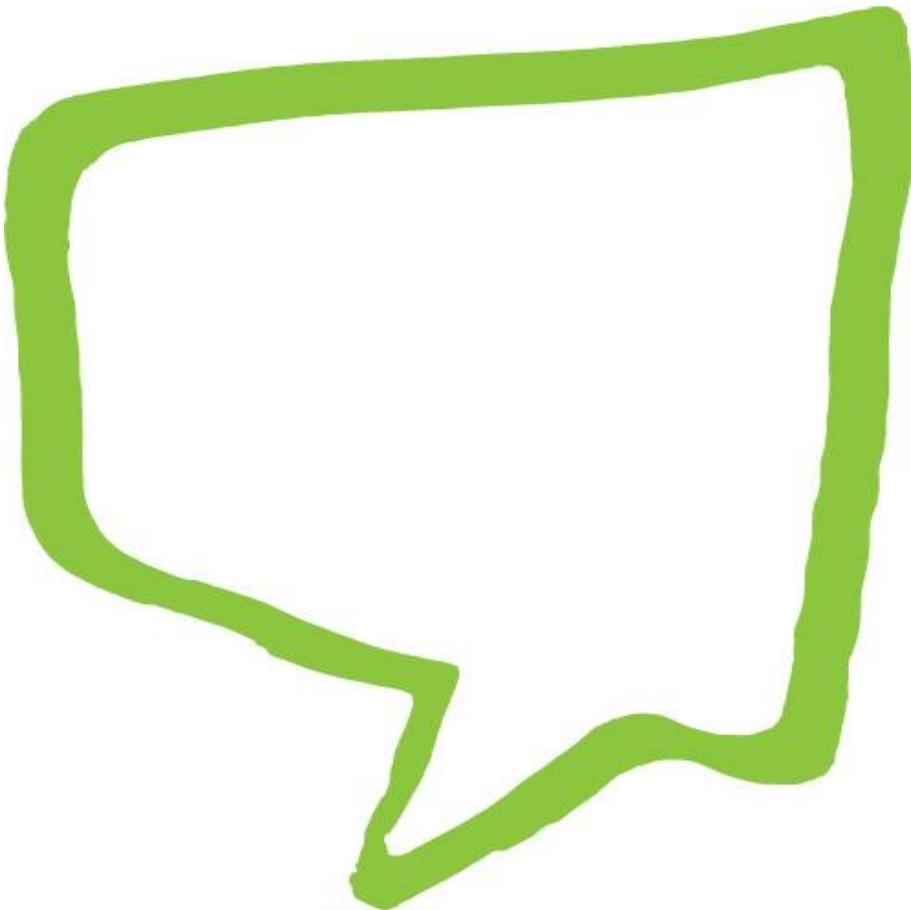
Page no.	Recommendation	Priority Low Med High	Responsibility	Agreed	Proposed actions	Date
<b>Capacity and Capability</b>						
8	R7 Ensure the recently introduced personal development plans improve Members capacity and capabilities.	Med	Leader of the Council  Director of Corporate Services	Yes	All Members now have PDPs but there is a drive to ensure ownership and delivery on member development needs over a 12 month cycle.	October 2010
8	R8 Develop a comprehensive peer and or independent committee performance review programme.	High	All	Yes	Use peer review or independent review including the use of checklists. For example, the Audit Committee effectiveness can be assessed against the CIPFA checklist.	April 2010
<b>Engagement and accountability</b>						
8	R9 Adopt a systematic approach to internal and external consultation and document the Council's response to feedback as part of the performance framework.	High	Leader of the Council  Director of Corporate Services	Yes	As part of the Council cycle a monthly or regular bulletin will be produced on progress and responsibility.  Consultation feedback loop will be included within the Bulletin	April 2010

# Review of Internal Audit

Barrow-in-Furness Borough Council

Audit 2008/09

November 2009



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# Contents

<b>Summary report</b>	<b>3</b>
<b>Detailed report</b>	<b>8</b>
<b>Appendix 1 – Action Plan</b>	<b>12</b>

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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.
-

# Summary report

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## Introduction

- 1 Internal audit provides both Councillors and Officers with an assessment as to whether Barrow-in-Furness Borough Council's (the Council's) systems of internal financial control are operating as intended. To be effective, Internal Audit must provide appropriate coverage and secure any necessary remedial action from management. The Borough Treasurer and the Audit Committee are responsible for ensuring that effective Internal Audit arrangements are maintained.
- 2 The Audit Commission's Code of Audit Practice covers the audit of all Local Government bodies to which the Commission appoints auditors. This requires us, as external auditors, to place maximum reliance on the work of internal audit whenever possible.
- 3 At least once every three years, we assess the internal audit function and its work to determine how much reliance may be placed on the work of internal audit.
- 4 We have undertaken this review of the Council's Internal Audit function:
  - to confirm that it complies with the requirements of the CIPFA Code of Practice for Internal Audit in Local Government;
  - to obtain assurance that their work is to a standard that we could rely on to inform our conclusions;
  - to inform our assessment of the Council's control environment in planning the opinion audit; and
  - to support our use of specific pieces of internal audit work should we wish to do this.
- 5 International Standard on Auditing (UK and Ireland) 610 *Considering the Work of Internal Audit* sets out the standards for, and provides guidance to, external auditors in considering the work of internal audit. It states that when obtaining an understanding and performing an assessment of the internal audit function the most important criteria are:
  - organisational status;
  - scope of function;
  - technical competence; and
  - due professional care.

We have considered each of these criteria by assessing Internal Audit's compliance with the eleven standards included in the CIPFA Code of Practice for Internal Audit in Local Government (the CIPFA Code).

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## Background

- 6** Section 151 of the Local Government Act 1972 requires that authorities ‘make arrangements for the proper administration of their financial affairs’. The Accounts and Audit (Amendment) (England) Regulations 2006, state that a relevant body must, ‘maintain an adequate and effective system of internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.’ The guidance accompanying the legislation states that, for principal local authorities, proper internal control practices for internal audit are those contained within the CIPFA Code of Practice for Internal Audit.
- 7** In order to fulfil these responsibilities the Council has outsourced this function to a third party provider, Furness Audit Ltd (the successor business to Furness Audit), an independent firm of auditors based within Barrow Borough Council. The Team has provided the service for some years and has experience in the locality of providing internal audit services for Local Government bodies.
- 8** The Council’s Audit Committee has defined terms of reference which include:

  - To consider the head of internal audit’s annual report and opinion, and a summary of internal audit activity (actual and planned) and the level of assurance it can give over the council’s corporate governance arrangements.
  - To consider summaries of specific internal audit reports.
  - To consider reports dealing with the management and performance of the internal audit provider.
- 9** The Council's Head of Internal Audit is the Director of Furness Audit Ltd. He is supported by a team of staff with a range of appropriate qualifications. The annual plan for 2008/09 was for the delivery of 450 days of internal audit work.
- 10** The Accounts and Audit Regulations (2003) require the Council to undertake an annual review of internal audit. Following the Council's internal review the Borough Treasurer confirmed to the Audit Committee, on the 18 March 2008, that the Council had an effective system of internal audit.

### Audit approach

- 11** Each year, as part of our assessment of the Council's control environment, we review whether Internal Audit is an effective management control. We may also seek to place reliance on relevant pieces of internal audit work as required by the Audit Commission's Code of Practice.
- 12** Every three years we undertake a more detailed review of Internal Audit. The last detailed review took place in 2005/06. For the audit year 2008/09 we needed to undertake a more detailed review of internal audit to:
  - assess the performance and effectiveness of Internal Audit;
  - review the role of Internal Audit as part of the Authority's arrangements for internal control; and
  - ensure that we can continue to place reliance on Internal Audit's work.
- 13** In order to meet our responsibilities under the Code of Audit Practice we have assessed the Council's internal audit arrangements by comparing the current practices of the Council and Furness Audit to the CIPFA Code of Practice for Internal Audit in Local Government.
- 14** We have reviewed appropriate documentation supplied by the Head of Internal Audit and discussed relevant matters with him.

---

### Main conclusions

- 15** In line with the Council's own assessment of Internal Audit we have concluded that the internal audit arrangements at Barrow-in-Furness Borough Council comply with standards set out in the CIPFA Code of Practice for Internal Audit in Local Government. The review has also identified some areas where arrangements could be strengthened.

**Table 1 Assessment of Internal Audit against the Code**

- 16** The Council's internal audit arrangements comply with CIPFA's Code of Practice for Internal Audit in Local Government.
- 17** For Standard 6, Staffing, training and continual professional development, we have seen that Furness Audit Ltd have a system to monitor skills, competencies, training and development needs. We have not seen evidence that this system is operational because the Head of Internal Audit has not allowed us access to the detailed records which he considers is confidential business information.

Standard	Standard Met?	Areas for improvement
1. Scope of Internal Audit	✓	There is an anti fraud and corruption policy but there are areas in which it should be strengthened.
2. Independence	✓	
3. Ethics for internal auditors	✓	
4. Audit Committees	✓	The audit strategy should be reviewed and approved by the Audit Committee. Internal and External Audit should have the opportunity to meet privately with the Audit Committee.
5. Relationships	✓	A protocol defining the working relationship between internal and external audit should be agreed.
6. Staffing, training and continual professional development	✓	We have only obtained assurance of the existence of the process.
7. Audit strategy and planning	✓	
8. Undertaking audit work	✓	
9. Due professional care	✓	
10. Reporting	✓	
11. Performance and effectiveness	✓	Internal Audit should report performance information to the Audit Committee. Consideration should be given to using peer review processes to develop performance further.

## Summary report

- 18** Further details of our findings are provided within the following detailed section of our report. An action plan has been agreed with the Borough Treasurer and Head of Internal Audit and this is provided in Appendix 1.

---

## Acknowledgements

- 19** We would like to thank the Head of Internal Audit and his colleagues for their help and assistance during our review.

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# Detailed report

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## Standard 1: Scope of internal audit

- 20** Internal Audit complies with the provisions of this Standard.
- 21** The CIPFA code of practice for Internal Audit recommends (paragraph 1.4.2) that the Anti Fraud and Corruption Policy should include the requirement that the Head of Internal Audit be notified of all frauds, corruption or impropriety, whether detected or suspected. The strategy at present does not contain this statement

Recommendation	
<b>R1</b>	Include a requirement in the Anti Fraud and Corruption Policy for the Head of Internal Audit be notified of all frauds, corruption or impropriety



---

## Standard 2: Independence

- 22** Internal Audit complies with the provisions of this Standard.
- 23** The Head of Internal Audit is the Director of Furness Audit Ltd. There are appropriate rights of access to the Chief Executive and Councillors. Appropriate arrangements exist to ensure the principles of independence are adhered to.

---

## Standard 3: Ethics for internal auditors

- 24** Internal Audit complies with the provisions of this Standard.
- 25** This standard sets the minimum standards for the performance and conduct of all internal auditors.

---

## Standard 4: Audit Committees

- 26** Internal Audit complies with the provisions of this Standard.
- 27** In line with best practice, Barrow Borough Council has a formally constituted Audit Committee. The Code stipulates that the Head of Internal Audit should have the opportunity to meet privately with the Audit Committee. This should be extended to external audit so that both auditors can see the Committee privately.

Recommendation	
<b>R2</b>	Arrange opportunities for Internal Audit and External Audit to meet privately with the Audit Committee

### Standard 5: Relationships

- 28 Internal Audit complies with the provisions of this Standard.
- 29 The Standard requires that the Council is able to demonstrate that it is a party to effective working relationships and our work has shown this to be the case.
- 30 The Audit Commission suggests it is good practice to have a formally agreed protocol between internal and external audit. A draft protocol has been prepared and this will be discussed with Internal Audit and the Borough Treasurer.

<b>Recommendation</b>
<b>R3</b> A protocol between internal and external audit should be formally agreed

---

### Standard 6: Staffing, training and continuing professional development

- 31 We have obtained assurance that Internal Audit complies with the provisions of this Standard.
- 32 The Head of Internal Audit should periodically assess individual auditors against predetermined skills and competencies. Any training or development need identified should be documented as part of an ongoing development programme.
- 33 All internal auditors have a personal responsibility to undertake a programme of CPD either through a professional body or through the organisations own appraisal and development programme.
- 34 We have seen that Furness Audit Ltd has a system to monitor skills, competencies, training and development needs. We have not seen evidence that this system is operational because the Head of Internal Audit has not allowed us access to the detail records which he considers is confidential business information.

---

### Standard 7: Audit strategy and planning

- 35 Internal Audit complies with the provisions of this Standard.
- 36 Barrow's Internal Audit complies with the CIPFA code requirement that the Chief Internal Auditor must produce an audit strategy which sets out at a high-level how the internal audit service will be delivered and developed in accordance with the terms of reference and how it links to the organisational objectives and priorities.
- 37 The Code stipulates that the strategy should be approved, but not directed, by the Audit Committee. However at Barrow this has not happened and the strategy has not been approved.

<b>Recommendation</b>
<b>R4</b> Internal Audit should present the strategy to the Audit Committee for its approval

---

### Standard 8: Undertaking audit work

- 38** Internal Audit complies with the provisions of this Standard.
- 39** This Standard requires that internal audit work is appropriately planned, approached and recorded.

---

### Standard 9: Due professional care

- 40** Internal Audit complies with the provisions of this Standard.
- 41** The Standard requires that both individual auditors and the Head of Internal Audit exercise due professional care in undertaking their roles.

---

### Standard 10: Reporting

- 42** Internal Audit complies with the provisions of this Standard.
- 43** The Code sets out standards for reporting on audit work; for follow up audits and their reporting; for annual reports and the presentation of the audit opinion.

---

### Standard 11: Performance and effectiveness

- 44** Internal Audit complies with the provisions of this Standard.
- 45** The CIPFA Code of Practice for Internal Audit Standard 11 covers performance, quality and effectiveness. In order to meet this standard, Furness Audit has devised performance indicators in its Audit Manual These performance indicators cover the following areas:
- Productivity and operations
  - Staff performance
  - Quality
  - Customer satisfaction
  - Financial performance
- 46** However these indicators have not been reported to the Audit Committee. If they were the Committee would be in a better position to judge the performance, quality and effectiveness of its Internal Audit service

Recommendation
----------------

<b>R5</b> Require Internal Audit to report its performance indicators to the Audit Committee
--

- 47** Furness Audit Ltd is a small organisation providing audit services to four local authorities. There is no requirement for any external review of their work and the Standard does not require an external peer review of either files or working practices. Such peer reviews can however assist in ensuring effective performance, particularly within small organisations.

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# Appendix 1 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
8	R1 Include a requirement in the Anti Fraud and Corruption Policy for the Head of Internal Audit be notified of all frauds, corruption or impropriety	2	Borough Treasurer	Yes		March 2010
8	R2 Arrange opportunities for Internal Audit and External Audit to meet privately with the Audit Committee	2	Borough Treasurer	Yes		March 2010
9	R3 A protocol between internal and external audit should be formally agreed	1	Audit Commission	Yes		March 2010
9	R4 Internal Audit should present the strategy to the Audit Committee for its approval	2	Head of Internal Audit	Yes		March 2010
10	R5 Require Internal Audit to report its performance indicators to the Audit Committee	1	Head of Internal Audit	Yes		2010/11

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<b>AUDIT COMMITTEE</b>	<b>(D) Agenda Item 8</b>
<b>Date of Meeting: 16th December, 2009</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<b>Title: Internal Audit – Progress Report April to December 2009</b>	
<b>Summary and Conclusions:</b>	
The Committee will receive regular progress reports on the programme of work carried out by the Internal Audit service. The attached report relates to the period April to December 2009.	
The Council's Internal Audit Manager will attend the meeting to present the report to members.	
<b>Recommendations:</b>	
Members are recommended to:	
1. Receive and consider the report;	
2. Raise any questions or concerns with the Internal Audit Manager.	

**Report**

The Internal Audit progress report is attached at **Appendix D**.

(i) Legal Implications

Statutory requirements under section 151 and the Accounts and Audit Regulations 2006.

(ii) Financial Implications

None.

(iii) Health and Safety Implications

None

(iv) Key Priorities or Corporate Aims

None

(v) Risk Assessment

None.

(vi) Equal Opportunities

None

Background Papers

Nil

# ***FURNESS AUDIT***

***BARROW BOROUGH COUNCIL***

**INTERNAL AUDIT PROGRESS REPORT**

**April to December**

**2009/10**

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# EXECUTIVE SUMMARY

## Purpose

The purpose of the report is to update Members of the Council's Audit Committee on:

- Internal Audit work performed up to 4<sup>th</sup> December 2009, including final reports issued relating to a previous reporting period; and
- Significant issues that have arisen during this period as a result of our work.

## Content

The information is presented in the following schedules:

1. *A Statistical Summary of Recommendations*

This schedule includes all audit recommendations to which Council management have responded between 1<sup>st</sup> April and 4<sup>th</sup> December 2009. The figures are analysed according to the 'priority' of the recommendations, and the extent to which each has been accepted by management for action.

2. *Accepted Priority 1 Recommendations*

This schedule provides details of all major recommendations which have been accepted by management.

3. *Rejected Recommendations*

This schedule provides details of major and significant (i.e. Priority 1 and Priority 2) recommendations, which have been rejected by Council Management.

4. *Audit Coverage*

Details of audit assignments carried out in the period, including any checks on external partner organisations.

5. *Classifications of Assurance and Recommendations*

An explanation of the classifications used for prioritising recommendations and assessing levels of assurance.

## 1. STATISTICAL SUMMARY OF RECOMMENDATIONS

The following table summarises the number of audit recommendations we made in our final reports issued up to 4<sup>th</sup> December 2009; analysed by their priority, including whether accepted by management.

<b>Recommendations</b>	<b>Total</b>	<b>Priority 1</b>	<b>Priority 2</b>	<b>Priority 3</b>
Made	<b>102</b>	1	67	34
Fully Accepted	<b>96</b>	1	62	33
Partly Accepted	<b>6</b>	0	5	1
Not Accepted	<b>0</b>	0	0	0

## 2. ACCEPTED PRIORITY 1 RECOMMENDATIONS

One priority one recommendation was made within the reporting period.

Audit Report	IT General Controls
<p><b>Recommendation</b></p>	<p>A member of the IT team dedicated to IT Disaster or an external consultant should undertake a project to introduce effective IT Disaster and User Business Continuity Plans, which would include:</p> <ul style="list-style-type: none"> <li>• User agreement on suitable recovery times for key systems.</li> <li>• Agreement between IT and Users on timescales for recovery of key application systems.</li> <li>• An estimate of the cost of disaster arrangements to meet user recovery requirements.</li> <li>• Issue of an IT Disaster Strategy to deliver user requirements.</li> <li>• User documentation on actions required to continue business while the system is unavailable.</li> <li>• Production of an IT Disaster Recovery Plan stating actions required by IT, prior to, during and subsequent to an IT Disaster.</li> <li>• Rigorous testing of plans on a regular basis.</li> </ul>
<p><b>Rationale</b></p>	<p>Currently an IT Disaster Plan, including local business plans, does not exist to enable the timely recovery of IT services, systems and communications, following a serious IT incident.</p> <p>This has been raised in previous IT General Control Audits. It is a key security issue; the impact of a serious IT incident without suitable contingency plans would seriously disrupt every aspect of the Council's business for many months.</p> <p>In order to progress this important area it is suggested that a member of staff is allocated the work as a dedicated project or a consultant is appointed to deliver a solution.</p>
<p><b>Response</b></p>	<p>Subject to budget approval, a specialist resource will be engaged in early 2010/11 to produce an IT Disaster plan.</p>

### **3. REJECTED RECOMMENDATIONS**

#### **3.1 PRIORITY ONE RECOMMENDATIONS**

There have been no rejected priority one recommendations during the reporting period.

#### **3.2 PRIORITY TWO RECOMMENDATIONS**

There have been no rejected priority two recommendations during the reporting period.

#### 4. INTERNAL AUDIT COVERAGE: APR-DEC 2009

<b>Audit Assignment</b>	<b>System Significance Band</b>	<b>Status</b>	<b>Assurance</b>
<b>ANNUAL AUDITS</b>			
Performance Management	1	Ongoing	
Risk Management	1	Final	Restricted
Income Collection	1	Final	Substantial
Financial Information System	1		
Housing and Council Tax Benefits	1	Commenced	
Council Tax	1	Commenced	
Business Rates (NNDR)	1	Commenced	
Corporate Control/Governance	2		
Procurement	2	Planning	
Standing Orders and Financial Regulations	2	Complete	-
Budgetary Control	2	Initial Draft	Substantial
Treasury Management	2		
Payroll (including expenses/allowances)	2	Field Work complete	-
Sundry Debtors	2		
Periodic Checks (inc. VAT) plus Accounts working paper review	2	Q2 complete	-
Payables	2		
Car Park Meter Charges	2	Final	Substantial
Housing Rents	2		
Housing Maintenance (Day to day repairs)	2	Cancelled time used for Sodexo review	

<b>Audit Assignment</b>	<b>System Significance Band</b>	<b>Status</b>	<b>Assurance</b>
<b>VFM Reviews/Other Projects/Spot Checks</b>			
Receipt Book Checks	-	Ongoing	-
Petty Cash Spot Checks	-	Complete	-
Maternity Policy Review	-	Complete	-
Landlords Grant Investigation	-	Complete	-
Sodexo Review	-	Initial Draft	Restricted
<b>RISK ASSESSED SYSTEMS</b>			
Capital Programme	3	Initial Draft	Substantial
Housing Strategy	3		
Concessionary Travel	3		
Property Portfolio Including Sales	3	Combined with Asset Register	
Asset Register including Capital Account	3	Draft	Restricted
Licensing	3		
Waste Management	4		
Refuse Collection (including Recycling)	4		
<b>COMPUTER ENVIRONMENT AUDITS</b>	1		
IT General Controls		Final	Restricted
<b>CONTRACT AUDIT</b>	1		
Refurbishment Ground Floor Male and Female Toilets		Draft	Substantial
Holker Street Car Park		Awaiting information	
Units 1-7 James Freel Close		Draft	Substantial
Alterations to the Park Leisure Centre		Awaiting information	
Emlyn Street Car Park		Initial Draft	

<b>Audit Assignment</b>	<b>System Significance Band</b>	<b>Status</b>	<b>Assurance</b>
External fabric repairs, 104 Abbey Rd		Awaiting information	
<b>AGREED ADDITIONAL WORK</b>			
<b>Community Centre Accounts</b>			
Hawcoat	-	Complete	-
Askam & Ireleth	-	Complete	-
Abbotsvale	-	Complete	-
Dalton Community Association	-	Complete	-
Roosegate	-	Complete	-
Barrow Playing Fields Users Association	-	Complete	-
Mayors Account	-	Complete	-
<b>External Funding Checks</b>			
Furness Enterprise	-	Complete	-
<b>National Fraud Initiative</b>	-	Ongoing	
<b>Implementation Review</b>			
Building Control	-	Complete	-
<b>CONTINGENCY</b> <i>(Previous year draft and final reports issued during period)</i>			
Barrow Park	*	Final	Restricted
FIS	1	Final	Substantial
Housing Rents	2	Final	Substantial
Receipt Book Checks	-	Final	Substantial
Housing and Council Tax Benefits	1	Final	Substantial
Sundry Debtors	2	Final	Substantial
Payables	2	Final	Substantial

<b>Audit Assignment</b>	<b>System Significance Band</b>	<b>Status</b>	<b>Assurance</b>
Alterations and Refurbishment of 77-79 Duke St, Barrow	1	Draft	Restricted
IT Asset Management	1	Draft	Restricted
Barrow Public Park Heritage restoration project	1	Draft	Restricted
Performance Management	1	Final	Substantial
Hindpool Urban Park	-	Final	Restricted

# 5. CLASSIFICATIONS

## 5.1 Classification of Assurance Levels

At the conclusion of each audit, we give an overall opinion on the level of assurance, which we consider is provided by the controls in place within the system audited. The following classification of assurance levels has been adopted:

Level	Definition
1. Unqualified Assurance	The controls appear to be consistently applied.
2. Substantial Assurance	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
3. Restricted Assurance	The level of non-compliance identified places the system objectives at risk.
4. None	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

The conclusions and assurance levels specified for each audit are used to support the Council's governance review arrangements, as required by the Accounts and Audit (Amendment) (England) Regulations 2006, and the 2007 CIPFA/SOLACE Framework and Guidance notes.

## 5.2 Priority of Recommendations

Our audit recommendations are categorised by three priority levels: -

- Priority 1* Major issues that we consider need to be brought to the attention of senior management.
- Priority 2* Important issues which should be addressed by management in their area of responsibility.
- Priority 3* Detailed issues of a relatively minor nature.

## APPENDIX 1 – DRAFT REPORTS ISSUED

<b>Ref</b>	<b>Audit</b>	<b>Date issued</b>
CR 47	Barrow Public Park Heritage restoration project	14 May 09
CR 50	Alterations and Refurbishment of 77-79 Duke St, Barrow	5 June 2009
IT 40	IT Asset Management	30 June 2009
CR 54	Units 1-7 James Freel Close	19 August 2009
09-24	Asset Management	5 November 2009
CR 52	Refurbishment Ground Floor Male & Female Toilets	16 October 2009

## Appendix 2 – Restricted Assurance Audits

Ref	Audit	Recommendations			Previous Recommendations			Total	Date Issued
		P1	P2	P3	P1	P2	P3		
CR 51	Hindpool Urban Park	0	9	1	N/a			10	14 May 2009
CR 49	Painting and Pre-painting repairs 2007/08	3	3	0	N/a			6	22 April 2009
CR 47	Barrow Public Park Heritage restoration project <i>(awaiting management response)</i>	3	2	0	N/a			5	14 May 2009
IT 40	IT Asset Management <i>(awaiting management response)</i>	0	11	2	N/a			13	3 June 2009
CR50	Alterations & Refurbishment of 77-79 Duke Street <i>(awaiting management response)</i>	0	8	1	N/a			9	5 June 2009
09-24	Asset Management <i>(awaiting management response)</i>	0	14	3	0	6	1	24	11 September 2009
09-02	Risk Management	0	6	5	0	0	0	11	16 November 2009
IT 42	IT General Controls	1	29	6	0	0	0	36	4 December 2009

<b>AUDIT COMMITTEE</b>	<b>(D) Agenda Item 9</b>
<b>Date of Meeting: 16th December, 2009</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<p><b>Title: Internal Audit – Final Reports</b></p> <p><b>Summary and Conclusions:</b></p> <p>Internal Audit have completed a number audits in accordance with the approved annual programme. On completion, final reports are presented to this Committee for consideration.</p> <p>The Council's Internal Audit Manager will attend the meeting to present the reports to members.</p> <p><b>Recommendations:</b></p> <p>Members are recommended to:</p> <ol style="list-style-type: none"> <li>1. Receive and consider the reports; and</li> <li>2. Raise any questions or concerns with the Internal Audit Manager.</li> </ol>	

### **Report**

There are 5 final reports for consideration, attached as **Appendices (E - I)** to this report. The following table sets out the assurance level assigned to each report and the number of issues identified.

The assurance levels are:

**None** – control is weak, causing the system to be vulnerable to error and abuse.

**Restricted** – significant weaknesses have been identified in the system of control, which put the system objectives at risk.

**Substantial** – while there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.

**Unqualified** – there is an adequate system of control designed to achieve the system objectives.

The recommendation levels assigned to issues identified are:

Priority 1 – **major issues** that Internal Audit considers need to be brought to the attention of senior management.

Priority 2 – **important issues** which should be addressed by management in their areas of responsibility.

Priority 3 – **minor issues** which provide scope for operational improvement.

**Previous issues** – are issues identified in a previous audit report that have not been entirely implemented at the time of this latest audit.

No.	Report	Assurance level	Major issues	Important issues	Minor issues	Previous issues
1	Risk Management	Restricted	0	6	5	0
2	IT General Controls	Restricted	1	29	6	0
3	Performance Management	Substantial	0	8	0	0
4	Income Collection	Substantial	0	0	1	2
5	Housing and Council Tax Benefits	Substantial	0	6	3	2

(i) Legal Implications

Statutory requirements under section 151 and the Accounts and Audit Regulations 2006.

(ii) Financial Implications

None.

(iii) Health and Safety Implications

None

(iv) Key Priorities or Corporate Aims

None

(v) Risk Assessment

None.

(vi) Equal Opportunities

None

Background Papers

Nil

**BARROW BOROUGH COUNCIL**  
**INTERNAL AUDIT FINAL REPORT 09-02**  
**RISK MANAGEMENT**

## Executive Summary

### Introduction

The Council's Risk Management Policy 2009 states that the Council's approach to risk management has been developed to support the key requirements of good corporate governance. The Council has developed a Corporate Risk Register. Risks are reviewed on a quarterly basis; for risks with a score of 15 or greater a SMART action plan is developed to eliminate or mitigate the risks. There are currently 29 corporate risks, of which 11 have been scored 15 or greater.

### Audit Objectives

An audit of this system forms part of the agreed 2009/10 programme. The audit objectives were to evaluate and test the internal controls over the Risk Management process. The scope and objectives of the audit were discussed and agreed in advance with John Penfold, Policy Review Officer.

Audit work included a control evaluation of the system design, and testing of the operation of key controls. Details of the audit methodology are provided in Appendix 1.

Key Points
Restricted Assurance
Six important issues
Five minor issues

### Audit Conclusion – *Restricted Assurance*

As a result of the audit we have concluded that while there is a basically sound system, there are weaknesses, which put some of the system objectives at risk. We have made six Priority 2 recommendations which relate to:

- Members formally approving the Risk Management Policy 2009;
- ensuring Member responsibility for risk management is formally assigned;
- reporting risk management activity to Executive Committee on an annual basis;
- the introduction of a risk management board;
- a specific risk for workforce planning requirements; and
- requesting Internal Audit to provide the Policy Review Officer with details of any Priority 1 recommendations for potential consideration and inclusion within the Authority's overall risk management process.

In addition, we have made five Priority 3 recommendations, which concern:

- presenting the revised risks specifically associated with the Council's "annual objectives" to Overview & Scrutiny Committee - Corporate Services;
- formally publicising the corporate risk register;
- formally signing/dating the Risk Analysis & Evaluation forms;
- presenting the Corporate Risk Register to Management Board on a quarterly basis; and
- circulating the amended Corporate risk register for approval.

### **Management Response**

We have received a constructive management response from John Penfold, Policy Review Officer, accepting nine recommendations and partially accepting two recommendations, relating to the introduction of a risk management board and including Priority 1 recommendations for potential consideration within the Authority's overall risk management process.

### **Acknowledgement**

Internal Audit would like to thank staff for their co-operation and assistance during the review.

<b>Recommendation 1</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that the Risk Management Policy 2009 is formally approved by Members.</p>		
<p><b>Rationale</b></p>		
<p>The Council's Risk Management Policy 2009 states that Executive Committee are responsible for approving the Council's Risk Management Policy Statement and any subsequent revisions. However, Internal Audit were informed that compliance with this requirement had not been achieved, as the Council's Risk Management Policy 2009 had not been submitted to the Executive Committee.</p>		
<p><b>Management Response</b></p>		
<p>The 2009 revision will be submitted to the next Executive Committee meeting on 9<sup>th</sup> December.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>

<b>Recommendation 2</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that Member responsibility for risk management is formally assigned.</p>		
<p><b>Rationale</b></p>		
<p>The Council's Risk Management Policy 2009 states that "a Member with responsibility for Risk Management" will "be responsible for overview of the Council's risk management activities." Internal Audit were informed by the Policy Review Officer that the Leader of the Council, has been assigned responsibility for risk management.</p> <p>However, Internal Audit identified that this has not been formally approved; it is stated in Management Board minutes, that progress on risks would be reported to the Leader of the Council, but no further evidence was identified, or provided to Internal Audit.</p>		
<p><b>Management Response</b></p>		
<p>The Leader of the Council was assigned responsibility this will be one of the recommendations when the 2009 policy is submitted to the Executive Committee.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>

<b>Recommendation 3</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure a report on risk management activity is presented to Executive Committee on an annual basis, or formally review the need for this reporting.</p>		
<p><b>Rationale</b></p>		
<p>The Council's Risk Management Policy 2009 states that an annual report on risk management activity should be presented to Executive Committee. However, through discussion we were informed that the required annual report has not been presented to Executive Committee. Reporting to Members on an annual basis will assist in providing the Authority with a more robust and transparent risk management function.</p>		
<p><b>Management Response</b></p>		
<p>It was subsequently agreed that risk management reports should go to Corporate Services O&amp;S, Management Board and the leader of the Council but this was not updated in the policy. This will be included in the policy that goes to the Executive Committee.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>

<b>Recommendation 4</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should consider the introduction of a risk management board.</p>		
<p><b>Rationale</b></p>		
<p>Currently risk management activity is monitored through Management Team and the Policy Review Officer; a specific working group has not been established. It may be beneficial for a board to be created, which can monitor the detail of the process, provide a broad operational input, and report to Management Team for overall control and ultimate responsibility.</p>		
<p><b>Management Response</b></p>		
<p>We have considered this recommendation, however risk management is reported to the leader, O&amp;S and Management Board on a regular basis, these arrangements are deemed to be adequate.</p>		
<b>Partially Accepted</b>	<b>Implementation Deadline:</b>	<b>Not Applicable</b>

<b>Recommendation 5</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should consider a specific risk for workforce planning requirements.</p>		
<p><b>Rationale</b></p>		
<p>The Council, like all other authorities, are required to consider 'workforce planning' arrangements; in order to ensure the right people, qualifications, experience etc are available to meet service delivery requirements; and that future requirements, consideration, turnover etc are taken into account.</p> <p>Without ensuring this process is managed effectively, there is a risk to continuous service delivery; additionally the Audit Commission expect formal consideration of such measures.</p>		
<p><b>Management Response</b></p>		
<p>Work force planning has now been identified as a risk and will be included in the next update of the Risk Register.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 January 2010</b>

<b>Recommendation 6</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should consider requesting Internal Audit to provide the Policy Review Officer with details of any Priority 1 recommendations for potential consideration and inclusion within the Authority's overall risk management process.</p>		
<p><b>Rationale</b></p>		
<p>Internal Audit in accordance with the annual audit plan produce a wide range of reports during each financial year providing assurance on the Council's financial and operational systems, in addition to other ad hoc reviews. The audit approach is "risk based" and ultimately recommendations raised relate to reducing or avoiding risk or improving control arrangements. Each audit recommendation is prioritised 1 to 3; with priority 1 being recommendations of major importance to the Council. However, Internal Audit Priority 1 recommendations are not considered as an integral part of the review process for the Council's Corporate Risk Register. Although all such recommendations may not necessarily be suitable for the risk register, consideration of their relevance would demonstrate a more robust approach to corporate risk management.</p>		
<p><b>Management Response</b></p>		
<p>We have considered this recommendation, however the existing internal control arrangements are deemed to be adequate.</p>		
<b>Partially Accepted</b>	<b>Implementation Deadline:</b>	<b>Not Applicable</b>

<b>Recommendation 7</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 3</b>
<p>The Policy Review Officer should consider presenting the revised risks, specifically associated with the Council's "annual objectives", to Overview &amp; Scrutiny Committee - Corporate Services.</p>		
<p><b>Rationale</b></p>		
<p>A separate Risk Register is produced for the Council's key "annual objectives". These risks were reported to Overview &amp; Scrutiny Committee - Corporate Services on 10<sup>th</sup> March 2009. This document has subsequently been reviewed and revised in June 2009; however, revised risks have yet to be presented to Overview &amp; Scrutiny Committee for review. The provision of such information would assist in ensuring that the Council are fully aware of all potential risks, and kept up to date with changes.</p>		
<p><b>Management Response</b></p>		
<p>The risk of not achieving the Key Priorities forms part of the Performance Monitoring report that goes to Corporate Services O&amp;S on a quarterly basis. The performance report is presented on an exceptions basis and in June (Q1) there were no exceptions so there wasn't a report submitted. I have subsequently agreed with the Chief Executive that I will submit the report irrespective of exceptions.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 November 2009</b>

<b>Recommendation 8</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 3</b>
<p>The Council should ensure that the approved Risk Register is formally publicised in accordance with Risk Management Policy requirements.</p>		
<p><b>Rationale</b></p>		
<p>The Council's Risk Management Policy 2009 states that corporate risks will be "recorded in the Council's Risk Register, which will be published on the Council's intranet," and will also "be published on the Council's website." However, Internal Audit were unable to confirm that the Corporate Risk Register is on either the Council's intranet or internet site.</p>		
<p><b>Management Response</b></p>		
<p>The risk register is now available on the intranet and website.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 9</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 3</b>
<p>The Council should consider formally signing/dating the Risk Analysis &amp; Evaluation forms.</p>		
<p><b>Rationale</b></p>		
<p>A Risk Analysis &amp; Evaluation form is completed by the Policy Review Officer for any risks with a score greater than 15. Internal Audit obtained the latest risk analysis and evaluation forms which were completed in June 2009. Eleven risks have been scored greater than 15; on each occasion a Risk Analysis &amp; Evaluation form had been completed.</p> <p>However, the review identified that the Risk Analysis &amp; Evaluation forms are not signed/dated to confirm who has responsibility for completion, nor are they signed/dated to confirm review/approval.</p> <p>Introducing the requirement to sign the Risk Analysis &amp; Evaluation forms may assist in encouraging greater ownership and accountability of risk; with the addition of senior managerial sign-off as a further internal control measure.</p>		
<p><b>Management Response</b></p>		
<p>I have completed these forms to compliment our current risk management arrangement and I will sign these and forward them to the Director of Corporate Services for approval.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 January 2010</b>

<b>Recommendation 10</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 3</b>
<p>The Council should ensure that the Corporate Risk Register is presented to Management Board on a quarterly basis.</p>		
<p><b>Rationale</b></p>		
<p>Internal Audit reviewed the minutes of Management Board meetings during 2008-09. A report relating to the Corporate Risk Register had been presented to Management Board by the Policy Review Officer for quarters 1 and 2 for 2008-09.</p> <p>However, Internal Audit were unable to locate evidence that a report for quarter 3 had been presented to Management Board.</p> <p>In addition, we were informed that a report for quarter 4 2008/09 had not been presented. The Council's Risk Management Policy states that corporate risks "will be reviewed on a quarterly basis," and that Management Team should "receive regular reporting on corporate risks and identify necessary actions."</p>		
<p><b>Management Response</b></p>		
<p>I have agreed with the Chief Executive that it will be reported to Management Board irrespective of whether it has changed.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>

<b>Recommendation 11</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 3</b>
<p>The amended Corporate Risk Register should be circulated for approval, to confirm accuracy following the update process.</p>		
<p><b>Rationale</b></p> <p>Internal Audit were informed that the Corporate Risk Register is reviewed by Members of Management Team and the Policy Review Officer. Any comments are written on the risk register document, following which these are input to the risk register; however the handwritten copy is not retained as evidence of the review. In addition, the updated corporate risk register is not subsequently circulated to Management Team for approval.</p>		
<p><b>Management Response</b></p> <p>Changes will be recorded on the Risk analysis and Evaluation forms. Updated versions of the risk register will be forwarded to members of Management Board as appropriate</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 January 2010</b>

**APPENDIX 1****AUDIT FRAMEWORK****Coverage**

The review covered the following areas which were agreed as part of the preliminary planning stage:

- policy and procedures;
- risk register & risk assessment;
- monitoring;
- information and communication;
- reporting; and
- security of data.

**Methodology**

A system based audit approach has been used for this audit, involving the following key procedures:

- determine specific management objectives for each area under review;
- identify the risk applicable to each area;
- evaluate controls against each of the key risks;
- test key controls to establish whether they are operating as prescribed; and
- report findings, with practical recommendations for improvement where appropriate.

**Performance**

Auditors: Claire Jackson and Keith Jackson

The fieldwork was performed: July to October 2009

***All final Internal Audit reports from April 2007 will be presented to the Council's Audit Committee.***

## APPENDIX 2

## CLASSIFICATIONS

## Assurance Level

	<i>Evaluation</i>	<i>Testing</i>
<i>Unqualified</i>	There is an adequate system of controls designed to achieve the system objectives.	The controls appear to be consistently applied.
<i>Substantial</i>	While there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
<i>Restricted</i>	Significant weaknesses have been identified in the system of control, which put the system objectives at risk.	The level of non-compliance identified places the system objectives at risk.
<i>None</i>	Control is weak, causing the system to be vulnerable to error and abuse.	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

## Audit Recommendations and Follow-up

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year
<i>Priority 3</i>	Minor issues which provide scope for operational improvement.	Follow-up performed by the end of the next audit year.

**BARROW BOROUGH COUNCIL**  
**INTERNAL AUDIT FINAL REPORT IT 42**  
**IT General Controls**

## Executive Summary

### Introduction

Internal Audit has developed an audit programme, covering general IT controls. The programme was based upon guidance provided by the Audit Commission, who defined 4 key areas of review – Data Centre and Network Operations, System Software Acquisition, Change and Maintenance, Access Security and Application System Acquisition, Development and Maintenance. The 4 key areas have been sub-divided into 13 control areas, referred to below.

Completion of this audit enables Internal Audit to express an opinion on a wide area of IT activity, and helps to satisfy External Audit requirements for an assessment of IT general controls.

### Audit Objectives

An audit, 'IT General Controls' was agreed with the IT Manager as part of the 2009/10 IT Audit coverage. The purpose of the audit was to provide reasonable assurance that adequate controls are in place over 13 areas associated with IT.

The objectives of the audit and the key risks were discussed and agreed with Mick McKinnell, the IT Manager, at the start of the audit.

This was an overview of a wide area of IT activity, rather than a detailed audit review, and involved discussion with management responsible for development, implementation and operation of the controls. There was a limited review of policies, procedures and system documentation, and observation of operational activities.

Key Points
<b>Restricted Assurance</b>
<b>One major issue</b>
<b>Twenty-nine important issues</b>
<b>Six minor issues</b>

### Audit Conclusion – *Restricted Assurance*

As a result of the audit we have concluded that there are one major, twenty-nine important and six minor issues, which put the system objectives at risk.

The one major issue relates to the need for a comprehensive IT Disaster Plan. Without such a plan the Council is vulnerable to unacceptable interruption to business in the event of an IT disaster.

A significant number of issues (36) have been raised, resulting in an Audit opinion of Restricted Assurance. However, given a large number of tests (150) over a wide area of general IT activities, the Council should not be unduly concerned by the number of findings, subject to the majority being addressed over the next 12 months.

## **Management Response**

We have received a constructive response from Mick McKinnell, IT Manager, accepting thirty-three recommendations and partially accepting three recommendations.

## **Acknowledgement**

Internal Audit would like to thank staff for their co-operation and assistance during the review.

<b>Recommendation 1</b>	<b>Responsibility: IT Manager</b>	<b>Priority: 1</b>
<p>A member of the IT team dedicated to IT Disaster or an external consultant should undertake a project to introduce effective IT Disaster and User Business Continuity Plans, which would include:</p> <ul style="list-style-type: none"> <li>• User agreement on suitable recovery times for key systems.</li> <li>• Agreement between IT and Users on timescales for recovery of key application systems.</li> <li>• An estimate of the cost of disaster arrangements to meet user recovery requirements.</li> <li>• Issue of an IT Disaster Strategy to deliver user requirements.</li> <li>• User documentation on actions required to continue business while the system is unavailable.</li> <li>• Production of an IT Disaster Recovery Plan stating actions required by IT, prior to, during and subsequent to an IT Disaster.</li> <li>• Rigorous testing of plans on a regular basis.</li> </ul>		
<b>Rationale</b>		
<p>Currently an IT Disaster Plan, including local business plans, does not exist to enable the timely recovery of IT services, systems and communications, following a serious IT incident.</p> <p>This has been raised in previous IT General Control Audits. It is a key security issue; the impact of a serious IT incident without suitable contingency plans would seriously disrupt every aspect of the Council’s business for many months.</p> <p>In order to progress this important area it is suggested that a member of staff is allocated the work as a dedicated project or a consultant is appointed to deliver a solution.</p>		
<b>Management Response</b>		
<p>Subject to budget approval, a specialist resource will be engaged in early 2010/11 to produce an IT Disaster plan.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 June 2010</b>

<b>Recommendation 2</b>	<b>Responsibility: Technical Support Unit</b>	<b>Priority: 2</b>
<p>The ground floor glass windows, providing access to server and communications rooms from the public street, should be reinforced with security guard protection.</p>		
<p><b>Rationale</b></p>		
<p>There are external windows to both the server room and communication room on the ground floor of the Town Hall. The server room window has frosted glass, and communications room has plain glass.</p> <p>There is a risk of break-in to the rooms and vandalism to the servers. The result would be severe disruption of and interruption to business.</p> <p>Protecting the computer room equipment by installing window guard protection would significantly reduce the risk, at a minimal cost.</p> <p>The current position provides inadequate physical security to network and server equipment and is in breach of the Code of Connection.</p>		
<p><b>Management Response</b></p>		
<p>Agreed: review within current programme.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 3</b>	<b>Responsibility: Technical Support Unit</b>	<b>Priority:</b>	<b>2</b>
<p>The emergency exit door in the IT communications room, providing access to the outside corridor, should provide the normal secure exiting facilities.</p>			
<p><b>Rationale</b></p>			
<p>A door is located in the IT communications room connecting to the outside corridor, marked as an emergency exit. It is bolted on the inside; there is no alarm or auto close door system.</p> <p>This is an unsatisfactory emergency exit as it is bolted, and insecure as it remains open and unlocked if one exits through it, thus providing access to the server room and vulnerable equipment.</p>			
<p><b>Management Response</b></p>			
<p>Agreed: We will review within current programme.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>31 March 2010</b>

<b>Recommendation 4</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should ensure a procedure is documented relating to the regular checking of all UPS equipment.</p> <p>(For key servers, there should be server controllers within the UPS to provide automatic closedown out-of-hours.)</p>			
<b>Rationale</b>			
<p>The risk review undertaken by IT Services identified that current software does not allow automatic close-down of systems should there be a power failure out-of-hours. In addition, there are no written procedures to ensure that the UPS equipment is checked on a regular basis, although some of the UPS equipment self check.</p> <p>Without the above controls and disciplines, there is a danger of business disruption, caused by the failure to achieve a controlled closedown, following a power failure.</p>			
<b>Management Response</b>			
Agreed.			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>31 March 2010</b>

<b>Recommendation 5</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>IT Services should overhaul the server room and all redundant kit and unnecessary furniture should be removed.</p> <p>Once the server room is clear consideration should be given as to whether it is feasible to move the communications equipment into the server; alternatively, if a move is too costly, a small cooling device (e.g. domestic cooler) could be installed within the comms room.</p>			
<b>Rationale</b>			
<p>The Internal Audit review identified that there is no loose cabling in the vicinity of the IT processing area, except behind certain server boxes. However, there appears to be redundant equipment and spare desks in the server room. An overhaul of the room would provide more space, and possibly enable the communications equipment to be moved to the server room, addressing the concern of overheating in the comms room; subject to a cost evaluation of the transfer. Alternatively a small domestic cooler would help reduce heat in summer.</p>			
<b>Management Response</b>			
<p>Agreed.</p> <p>Redundant equipment and furniture to be removed by December 2009. Provision of additional cooling has been referred to Technical Support Unit for action ASAP after April 2010.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 6</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should ensure IT Services document the key steps for full server re-build.</p>			
<p><b>Rationale</b></p>			
<p>The Council have in place procedures for system/data back-up. These were reviewed in previous IT General Controls audits, and not reassessed as part of this audit.</p> <p>Although, there is guidance provided relating to recovery on VMware there are no procedures regarding full rebuild for non-VM servers.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. An outline procedure will be produced as a guide to individual server rebuilds.</p>			
<b>Accepted</b>	<b>Implementation Deadline: 31 March 2010</b>		

<b>Recommendation 7</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council's back-up and recovery process should include periodic testing of the full system restore for each server.</p>			
<p><b>Rationale</b></p>			
<p>Internal Audit were made aware that restoration of Council data occurs regularly. However, there is no regular testing of the full system rebuild. Regular testing will help to minimise disruption and problems should a rebuild be required.</p>			
<p><b>Management Response</b></p>			
<p>Partially agreed. Resources do not exist to achieve this on all servers. Where possible, and with agreement of third party application providers, a sample will be tested.</p>			
<b>Partially Accepted</b>	<b>Implementation Deadline:</b>		<b>30 September 2010</b>

<b>Recommendation 8</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>IT Services should reconsider their back-up strategy to only store weekly tapes in a remote location.</p>			
<p><b>Rationale</b></p>			
<p>Current Council procedure requires back-up media is stored in a relatively secure remote safe on a weekly basis. However, the major issue is that if an IT incident severely damaged the server room area, the data on the recovery tapes could be up to a week old. Therefore, the frequency of this control measure may benefit from formal management review.</p>			
<p><b>Management Response</b></p>			
<p>Backup strategy and facilities will be reviewed in early 2010/11. This aspect will be included in the review.</p>			
<p><b>Accepted</b></p>	<p><b>Implementation Deadline:</b></p>		<p><b>30 June 2010</b></p>

<b>Recommendation 9</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>IT Management should ensure that Cisco network management facilities are introduced as part of the project being undertaken with CAE IT Services on IPS (Image Packaging System) addressing.</p>			
<p><b>Rationale</b></p>			
<p>The Council only has limited monitoring and diagnostic software in place, which is provided within the windows operating system. Effective monitoring tools and diagnostic software will enable any problems on the network to be identified swiftly and corrective action taken. Work planned with CAE IT Services to address IPS addressing issues, associated with Code of Connection requirements, should result in the introduction of Cisco Network Management Monitoring tools.</p>			
<p><b>Management Response</b></p>			
<p>Partially agreed. The review should include enablement of improved monitoring facilities for local staff but management of the equipment should remain with the third party specialist.</p>			
<b>Partially Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 10</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should ensure a record is maintained of key measures of IT performance, such as Internet and email availability.</p>			
<p><b>Rationale</b></p>			
<p>The Council does not currently have procedures in place to report on system performance. Such reporting and monitoring of usage and performance could be useful in providing management with an objective picture of current network performance.</p>			
<p><b>Management Response</b></p>			
<p>Statistics will be collated and published.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 April 2010</b>

<b>Recommendation 11</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council firewall should provide “logging” which records external access to the internal network and highlights attempted security breaches. Copies of such reports should be provided to the IT Department.</p>			
<p><b>Rationale</b></p>			
<p>The Council firewall is managed externally by CAE IT Services. The Council has not received any details of centralised logging to collate security events and threats for security analysis. Without such controls and the provision of associated information in place, there are increased risks to the Council’s IT environment. It is understood that a project is underway with CAE IT Services which will deliver security logs and alerts.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. The firewall is already set up by CAE to provide logging data. Log management tools are being implemented (this is a GC requirement) but project is not complete.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>	

<b>Recommendation 12</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Networks Team Leader should undertake a risk assessment relating to the resilience of communications links between the Town Hall and remote sites.</p>			
<p><b>Rationale</b></p>			
<p>Key Town Hall applications are used mainly by the Services based at the Town Hall. There are a number of remote sites, such as the Cemetery, Museum, TIC and Neighbourhood Services, which use data and telephony links to the Town Hall. In addition, there is a link to South Lakeland District Council for the provision of mutually shared services.</p> <p>However, there is little resilience in terms of links to remote sites and in view of the increasing importance of IT communication, particularly the link to SLDC.</p> <p>A regular risk assessment should be undertaken to assess whether the implementation of more resilient communications is justified.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. An assessment will be carried out and documented.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 13</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The IT Department should undertake a network risk assessment to identify the major threats, and describe the controls in place or plans to address the threats.</p>			
<p><b>Rationale</b></p>			
<p>The Council does not have a specific network security risk assessment document, although there is reference to this within the information security policy.</p> <p>The Information Security Policy for IT Services states 'Network access control will be documented' but does not cross-reference this to a document.</p> <p>A risk assessment helps to ensure that a consistent and efficient approach is adopted to network security.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. We will combine with recommendation 12 above.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 14</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>IT Services management should produce a formal report showing required and actual privileges allocated to IT Services staff.</p>			
<p><b>Rationale</b></p>			
<p>Within the Borough Council's IT Services it has been the practice (as reported in the 2006 IT General Controls audit) that a group system administration account be used. However, the use of group ID/passwords increases the risk of unauthorised access, and reduces accountability by not identifying individual users.</p> <p>Every user, with system privileges, is now given his/her own ID, and appropriate privileges are allocated. The next step is to ensure that no use is made of the group system user account, by changing the password and not disclosing the new password.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. Allocation of administrative privileges will be documented.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 15</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should identify the types of information it transmits remotely. A risk assessment of the transmission of data should be completed, and appropriate guidance provided to management.</p>			
<p><b>Rationale</b></p>			
<p>Although reference is made, within the Information Security Policy for the need to take care over transmission of spoken, electronic and written word, there is no formal guidance provided to Council staff. In order to address this weakness, information transmitted remotely should be identified and appropriate risk assessment undertaken.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. The Security Policy will be updated to provide guidance (probably via a separate document similar to the Acceptable Use Policy).</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 16</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>There should be an access control policy/user registration procedure for remote access to the Council network. All remote user access should be protected by strong authentication, e.g. one time password token.</p>			
<p><b>Rationale</b></p>			
<p>Access for remote users to the Council network is via the web. A remote access control policy does not exist, and access is not supported by strong authentication (token).</p> <p>External remote users, can be based anywhere and cannot be controlled in the same way as internal users. Therefore, a remote access policy will help to prevent unauthorised access, and strong authentication greatly reduces the threat of hacking.</p>			
<p><b>Management Response</b></p>			
<p>Partially Agreed. This is also recommended (but not yet required) for GC. A national scheme (EAS) is to be implemented this year for access to DWP CIS. This may be available for further rollout later.</p> <p>Suggest review when DWP intentions are clearer.</p> <p>Target for review March 2010.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 17</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The IT Manager should agree with management and document user service requirements in the form of a Service Level Agreement (SLA).</p>			
<b>Rationale</b>			
<p>The Council's IT Services have not agreed user service requirements in the form of a Service Level Agreement (SLA).</p> <p>SLAs enable the IT service provider to establish and formally agree the support requirements of their clients. Without this agreement users may be uncertain as to the level of service to expect and IT staff may be unsure of the level of service which they are expected to provide.</p>			
<b>Management Response</b>			
<p>Agreed.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 September 2010</b>	

<b>Recommendation 18</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
IT Staff involved in first line IT Helpdesk support should receive training in call/customer handling.			
<b>Rationale</b>			
There is no specific call/customer handling training provided to Council officers responsible for providing first line IT Helpdesk support. Such training will help staff dealing with user problems and complaints to resolve issues raised promptly and effectively.			
<b>Management Response</b>			
Agreed subject to inclusion in corporate training plans (i.e. not limited to IT staff).			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 September 2010</b>	

<b>Recommendation 19</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The IT Manager should agree suitable criteria and targets for measuring IT Service Support.</p>			
<p><b>Rationale</b></p>			
<p>Currently the Council does not have in place any criteria for measuring IT service support. Such criteria could include the number of calls taken, speed of response, time taken to correct problem or answer query and recurring faults.</p> <p>Setting and reviewing targets helps to ensure that an acceptable quality of IT service is maintained. The introduction of an electronic Helpdesk system would enable such statistics to be collected and analysed.</p>			
<p><b>Management Response</b></p>			
<p>Agreed – This will be scheduled as a dedicated project in the next financial year.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 September 2010</b>	

<b>Recommendation 20</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>A short satisfaction survey relating to IT Service should be issued to a selected group of users on a six-monthly basis, based on SOCITM guidance.</p>			
<b>Rationale</b>			
<p>IT services have not recently undertaken user satisfaction surveys throughout the Council, though the possibility has been discussed with Policy and Strategy.</p> <p>A survey is an effective way of measuring the overall effectiveness of IT service delivery and identifying any improvement to or deterioration of service.</p>			
<b>Management Response</b>			
<p>Agreed.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 21</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should identify a member of staff to manage the full implementation of the TrackIT Helpdesk software, or alternatively the work should be allocated to an outside contractor.</p>			
<p><b>Rationale</b></p>			
<p>The helpdesk software TrackIT was obtained by the Borough Council in 2007/08 and parts of the system relating to inventory of assets have been implemented. However, as yet the helpdesk aspects have not been implemented. This software is critical to the effective delivery of the IT service and to provide monitoring to ensure standards are maintained.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. This will be scheduled as a dedicated project in the next financial year.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>30 September 2010</b>	

<b>Recommendation 22</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should re-adopt the PC replacement strategy for PCs over 4 years old.</p>			
<p><b>Rationale</b></p>			
<p>Over the past few years the Council have regularly replaced a selection of PCs over 4 years old. In 2007 there were three such updates, and this seemed to be working in that fewer problems were reported. A spreadsheet was maintained of all PCs due for replacement.</p> <p>Over the past year replacement in this way has been halted. Although this shows a short term financial gain, IT Services staff reported that it ultimately was costly in that PCs started to break down or lacked the power to efficiently process new software, and that this took an increasing amount of IT Service staff time and was inconvenient to the users.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. The programme was deferred due to resources required on GC Security Implementations and the Financials upgrade rather than for financial gain. The refresh programme has now been restarted.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>Implemented</b>

<b>Recommendation 23</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The IT Manager should agree with CAE IT Services a service agreement covering the management and maintenance of the Council firewall. This should include the associated security and documentation requirements.</p>			
<p><b>Rationale</b></p>			
<p>Firewall Support is provided to the Council by CAE IT Services. CAE have issued a support agreement to the Council's IT Services, which covers general IT support and advice, although the firewall duties were not specified. Such information is needed to ensure adequate security over the firewall.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. CAE will be asked to vary the support agreement to reflect this. Target March 2010.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>31 March 2010</b>

<b>Recommendation 24</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>All users should be requested to confirm that they will abide by the requirements of the Data Protection, Code of Connection and Borough Council; as documented in the Council's Information Security Policy and associated policies; and that electronic communication and Internet access may be intercepted and monitored.</p> <p>The most effective way to achieve this would be for confirmation on-line, on an agreed date and then periodically (possibly annually or when there is a change to the policy).</p>			
<p><b>Rationale</b></p>			
<p>New documentation associated with the Code of Connection has been issued; and all staff with access to GSi are required to sign a new usage form. It is also understood that all new staff will also be required to sign this form, although this process has not as yet been implemented.</p> <p>An effective way to protect the integrity and confidentiality of the Council's information is to make sure that all staff understand the IT Security requirements and are signed up to meeting these requirements</p>			
<p><b>Management Response</b></p>			
<p>Agreed. This will be recommended to Management Board for adoption from April 2010 as part of the IT Security Policy revisions.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 April 2010</b>

<b>Recommendation 25</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Information Incident reporting procedures, referred to in the Council's Information Security Policy, should be produced, issued and enforced.</p>			
<p><b>Rationale</b></p>			
<p>There is reference to Incident Reporting within the Council's Information Security Policy. However, the process has not as yet been implemented, e.g. production of full incident reporting and analysis procedures, use of a log to record incidents, etc.</p> <p>Without such documentation there is a potential weakness to the Council's Information Security procedures.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. The process will be reviewed and relaunched.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 26</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>IT services should request that CAE IT Services provide business rules associated with the access requirements rules currently in place over the main firewall.</p>			
<p><b>Rationale</b></p>			
<p>Firewall maintenance and protection is provided to the Borough Council by CAE IT Services. Information passing in and out of the network is controlled by password rules. As yet, these have not been made available to the Council, for review and update.</p> <p>The firewall rules are critical to network security and need to be checked by IT Services to confirm that they are still correct and up-to-date.</p>			
<p><b>Management Response</b></p>			
<p>Agreed. This has already been actioned and documentation will be available in current quarter.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>	

<b>Recommendation 27</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The Authority should adopt a change control process to cover all new applications and developments, possibly based on the principles established for VM.</p>			
<p><b>Rationale</b></p>			
<p>The Council has established formal procedures for change control and management for VM, which are in use. However there is no formal change control procedure for new applications and developments.</p> <p>This potential weakness does not ensure a consistent and formalised approach to change control processes.</p>			
<p><b>Management Response</b></p>			
<p>Agreed.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 April 2010</b>

<b>Recommendation 28</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>A single overview guidance document should be issued to all relevant staff on the approach adopted by the Authority to manage projects effectively.</p>			
<p><b>Rationale</b></p>			
<p>The Council have devised a process based upon PRINCE 2 for the management of projects, and includes guidance for individual stages. This needs to be assimilated into a single standard and used for all projects by IT Services and Users.</p>			
<p><b>Management Response</b></p>			
<p>This is in place for projects managed within IT Services. Adoption for all major projects across the council will be recommended for consideration by Management Board.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 29</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>2</b>
<p>The IT Department should produce a document defining the physical security requirements for the Council's main server room; including details of physical security for which they are not directly responsible, such as hazard and entry controls.</p>			
<p><b>Rationale</b></p>			
<p>The IT Manager, supported by his senior staff, is responsible for the Council's server room security.</p> <p>There is no single document defining physical security requirements for the server room, or how these requirements are currently met, although there is a risk assessment identifying some of the key risks.</p> <p>There are aspects of server room such as maintenance of fire alarms, responsibility for which rests with Technical Support, details of which are not provided to IT.</p> <p>Control over this area is required to meet the mandatory requirements of the Code of Connection.</p> <p>The most effective way to ensure that there is effective physical security to protect the Authority's servers is to agree the controls required, based upon risk assessment, and to document the controls in place to meet these requirements.</p>			
<p><b>Management Response</b></p>			
<p>Agreed.</p>			
<b>Accepted</b>	<b>Implementation Deadline: 31 December 2009</b>		

<b>Recommendation 30</b>	<b>Responsibility: Technical Support Unit</b>	<b>Priority:</b>	<b>2</b>
<p>All cabling both within and outside the Council premises should be checked to confirm it is still in use. Redundant wiring should be removed. Live wiring, particularly outside the building or public areas inside the building, should be housed within appropriate conduit. Additionally, all wiring should have clear identification marking.</p>			
<p><b>Rationale</b></p>			
<p>There is loose wire on the outside of the building, in a public area by windows close to reception, and in the cellar area, where the large number of wires has caused the cabling to spill outside the conduit.</p> <p>It is understood that some of the cabling is no longer in use. Excessive wiring is untidy and sometimes results in wiring overflowing from the protective conduits. Where live wiring is outside the building or in public areas within the building it is vulnerable to damage. It may be difficult to identify purpose of some cabling and therefore whether it is still needed, indicating the need for identification marking on all cabling.</p>			
<p><b>Management Response</b></p>			
<p>Agreed: review in current year for possible inclusion in next year's programme.</p>			
<b>Accepted</b>	<b>Implementation Deadline: 31 March 2010</b>		

<b>Recommendation 31</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>3</b>
<p>The Council should ensure the problems associated with WSUS (Windows Server Update Services), which impacts on patching of PC and server software are addressed. Additionally, there should be a written protocol covering patching of software.</p>			
<b>Rationale</b>			
<p>Internal Audit identified that an issue currently exists associated with patching with the PC WSUS server, which the Council's IT Services are currently trying to address. However, and additionally, the process is not supported by a formal written procedure.</p>			
<b>Management Response</b>			
<p>Agreed. Standard process will be documented as guidance.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 June 2010</b>

<b>Recommendation 32</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>3</b>
<p>The server room risk assessment document, created by IT Services, should be extended to record all risks and controls and to clearly specify risks.</p>			
<b>Rationale</b>			
<p>IT Services have listed currently perceived risks, in the form of a risk assessment. There are a limited number of items on the register at present. A complete analysis of all the main risks, even where a suitable control is in place would provide a complete picture of current IT security. It would also be helpful to clarify description of risk in some cases, e.g. 'windows in computer room are single pane/standard glass.' Which could read as 'break-in or stone through unprotected glass windows resulting in damage to IT equipment, and interruption of service.'</p>			
<b>Management Response</b>			
Agreed.			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 33</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>3</b>																								
<p>The IT Manager should review current entry rights to the server room, with a view to limiting access to those who use the server room on a regular basis.</p>																											
<b>Rationale</b>																											
<p>Entry to the Council's server room is by card and access permissions are restricted to staff approved by the IT Manager.</p> <p>There is a report Net2, which identifies who has access to the server room; this is reviewed by the IT Manager on a quarterly basis, the most recent being March 2009. The following currently have access:</p>																											
<table border="1"> <thead> <tr> <th>Department</th> <th>Number</th> </tr> </thead> <tbody> <tr> <td>Admin Services</td> <td>6</td> </tr> <tr> <td>Admin</td> <td>5</td> </tr> <tr> <td>Admin</td> <td>14</td> </tr> <tr> <td>Directors Office</td> <td>1</td> </tr> <tr> <td>Personnel</td> <td>1</td> </tr> <tr> <td>Fire</td> <td>1</td> </tr> <tr> <td>FTS</td> <td>1</td> </tr> <tr> <td>Audit</td> <td>1</td> </tr> <tr> <td>Community Services</td> <td>1</td> </tr> <tr> <td>Design Services</td> <td>1</td> </tr> <tr> <td>Total</td> <td>32</td> </tr> </tbody> </table>				Department	Number	Admin Services	6	Admin	5	Admin	14	Directors Office	1	Personnel	1	Fire	1	FTS	1	Audit	1	Community Services	1	Design Services	1	Total	32
Department	Number																										
Admin Services	6																										
Admin	5																										
Admin	14																										
Directors Office	1																										
Personnel	1																										
Fire	1																										
FTS	1																										
Audit	1																										
Community Services	1																										
Design Services	1																										
Total	32																										
<p>A key objective of computer room security is to restrict entry to a minimum number of staff, who require access to undertake their duties.</p> <p>The most effective control would be achieved by restricting access to IT management, IT staff who explicitly require access, the Audit Manager for inspection purposes, two or three admin staff who support IT operations duties and emergency access.</p>																											
<b>Management Response</b>																											
<p>Agreed. User list will be reviewed and reduced subject to Management approval.</p>																											
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>																									

<b>Recommendation 34</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>3</b>
<p>The process for managing visitor access to the restricted server room area should be documented and/or referred to in the Information Security Policy.</p>			
<b>Rationale</b>			
<p>There is a log in the server room for visitors and an internal memo to IT staff re computer room visitors. The control is not documented.</p> <p>In order that this control is consistently enforced IT should document the procedure or include reference to it in the Information Security Policy.</p>			
<b>Management Response</b>			
<p>Agreed. This will be included in current revision of the Policy.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 December 2009</b>	

<b>Recommendation 35</b>	<b>Responsibility: IT Manager</b>	<b>Priority:</b>	<b>3</b>
<p>Staff accessing the server room should be advised only to use the fire fighting appliances, if they have been formally trained. (Fire notices should be consistent with this instruction.) Alternatively, all staff could be provided with a fire fighting awareness session by those responsible for Health and Safety.</p>			
<p><b>Rationale</b></p>			
<p>The fire notice within the server room indicates that for minor fires the appliances should be used. However, a member of IT staff trained in fire safety, expressed the view that appliances should only be used by trained individuals, as without training there is an increased risk to the safety of staff.</p>			
<p><b>Management Response</b></p>			
<p>Refer to H&amp;S Officer for definitive view on policy, then document and/or train accordingly.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

<b>Recommendation 36</b>	<b>Responsibility: Technical Support Unit</b>	<b>Priority:</b>	<b>3</b>
<p>IT Services should check the “power switch” to establish whether it controls server room power. If so it should be labelled; if not the method of isolating the server room and switching off the power should be established.</p>			
<p><b>Rationale</b></p>			
<p>It may be necessary to isolate the Council's server room and switch off the power, should a minor incident, such as a fire, occur.</p> <p>There is a switch in the server room located by the windows, the purpose of which is uncertain, but may be a power-off switch.</p>			
<p><b>Management Response</b></p>			
<p>Agreed: review within current programme.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>	

**APPENDIX 1****AUDIT FRAMEWORK****Coverage**

The review covered the following areas, which were agreed as part of the preliminary planning stage:

- Physical Security
- Operating Procedures and Staff Training
- IT Disaster and Business Continuity
- Network Management
- IT Helpdesk and IT Service Performance
- PC Procurement, Management and Control
- Management of Internet Access and Email
- Management of Contractors
- Information Asset Management and Classification
- System Planning and Acceptance, and Change Control
- Project Management
- Service Support Agreements
- Application Systems Access Control

**Methodology**

While a system based audit approach was still adopted for this audit, it was of an overview nature and physical testing was kept to a minimum. The key procedures followed were:

- determine specific management objectives for each area under review;
- identify the risk applicable to each area;
- evaluate controls against each of the key risks;
- test key controls to establish whether they are operating as prescribed; and
- report findings, with practical recommendations for improvement where appropriate.

**Performance**

Auditor: David Widger

The fieldwork was performed: July to September 2009.

***All final Internal Audit reports from April 2007 will be presented to the Council's Audit Committee.***

**APPENDIX 2****CLASSIFICATIONS****Assurance Level**

	<i>Evaluation</i>	<i>Testing</i>
<i>Unqualified</i>	There is an adequate system of controls designed to achieve the system objectives.	The controls appear to be consistently applied.
<i>Substantial</i>	While there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
<i>Restricted</i>	Significant weaknesses have been identified in the system of control, which put the system objectives at risk.	The level of non-compliance identified places the system objectives at risk.
<i>None</i>	Control is weak, causing the system to be vulnerable to error and abuse.	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

**Audit Recommendations and Follow-up**

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year
<i>Priority 3</i>	Minor issues which provide scope for operational improvement.	Follow-up performed by the end of the next audit year.

**BARROW BOROUGH COUNCIL**  
**INTERNAL AUDIT FINAL REPORT 08-07**  
**PERFORMANCE MANAGEMENT**

## **Executive Summary**

### **Introduction**

Best Value was a statutory requirement for all local councils from April 2000 and is defined in the Local Government Act 1999 as “a duty to deliver services to clear standards – covering both quality and cost – by most effective means available”. Performance management of Local Authorities, from 2008/09, forms part of the Comprehensive Area Assessment undertaken by the Audit Commission.

Barrow Borough Council has nominated departmental officers ('owners') to report their performance against defined Local and National Performance Indicators. This information is either obtained directly by 'owners', or from officers within their department. In addition to the monitoring of 29 National Indicators (not including Place Survey indicators) the Council have adopted a further two Local Indicators (some of which are old BVPIs) to form the basis for their performance monitoring framework.

### **Audit Objectives**

An audit of this system forms part of the agreed 2008/09 programme. The audit objectives were to perform a high level assessment of the internal control arrangements for performance management. The scope and objectives of the audit were discussed and agreed in advance with John Penfold, Policy Review Officer.

Audit work included a high level assessment of the control arrangements. Details of the audit methodology are provided in Appendix 1.

<b>Key Points</b>
<b>Substantial Assurance</b>
<b>Eight important issues.</b>

### **Audit Conclusion – *Substantial Assurance***

As a result of the audit we have concluded that there are weaknesses which put some of the system objectives at risk. We have made eight Priority 2 recommendations, which concern:

- producing formal procedures and process documentation for all Local and National Indicators. In particular consideration should be given to the use of a standard template, in order to formalise and strengthen the corporate control arrangements;
- reviewing the level of documentation held for each indicator and determining, possibly through risk assessment, where full or more comprehensive documentation needs to be provided, and where a 'lighter touch' may be sufficient;

- ensuring that procedures and process documentation are reviewed, updated and formally maintained; signed/acknowledged to confirm acceptance and understanding;
- formally documenting officers' roles and responsibilities with regard to the production of Local and National Indicators within procedures;
- establishing procedures for the collection and recording; validation; and secure retention of supporting information, relating to each individual performance indicator – and incorporating such information within dedicated, detailed and formalised procedures and process documentation;
- establishing mechanisms for monitoring and reporting PI results and formally allocating responsibility for testing the procedures;
- ensuring officers involved in the calculation and production of PI data are aware of the specific deadlines involved; and
- considering the requirement for formal agreements between any third party providers of performance information to be in place, including the completion of signed data quality protocols, in order to ensure the quality of data provided is of a sufficient standard.

### **Management Response**

We have received a constructive management response from John Penfold, Policy Review Officer accepting each of the recommendations.

### **Acknowledgement**

Internal Audit would like to thank staff for their co-operation and assistance during the review.

<b>Recommendation 1</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that formal procedures and process documentation are produced and made available for all Local and National Indicators. In particular consideration should be given to the use of a standard template, in order to formalise and strengthen the corporate control arrangements.</p>		
<p><b>Rationale</b></p>		
<p>There are a total of 31 Local and National Indicators (excluding 18 Place Survey indicators) which are monitored by the Council, as an integral part of their performance management arrangements.</p> <p>During the audit review, it was identified some procedural documentation was held for each indicator; however, the level and standard of documentation provided ranged from a copy of the indicator definition to comprehensive procedures on collection, validation and reporting of outturn figures. In order to ensure robust arrangements are in place to produce, control and monitor each specific indicator, formal procedures and process documentation, i.e. flowcharts, process maps etc. need to be in place from the outset of the reporting period. Details/analysis are provided in Appendix 3, specifically Risk 1.</p> <p>From the information provided, it appears consideration should be given to introducing a standard template for all indicators, which specifies as a minimum the required information; i.e. responsible officer, definition of indicator, deadline, etc. This information would aid consistency and compliance and provide a point of reference during staff absence.</p>		
<p><b>Management Response</b></p>		
<p>Formal procedures were not in place at the outset of the reporting period because of uncertainties regarding how the data would be collected. Now we have identified a formal collection method we will write the procedures.</p>		
<p><b>Accepted</b></p>	<p><b>Implementation Deadline:</b></p>	<p><b>31 March 2010</b></p>

<b>Recommendation 2</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should review the level of documentation held for each indicator and determine, possibly through risk assessment, where full or more comprehensive documentation needs to be provided, and where a 'lighter touch' may be sufficient.</p>		
<p><b>Rationale</b></p>		
<p>Of the 31 applicable Indicators reported by Barrow Borough Council, 29 are National Indicators and 2 are Local Indicators.</p> <p>Internal procedural guidance was provided to Internal Audit for only three of the National Indicators and one of the Local Indicators.</p> <p>However, for 17 of the National Indicators, whilst documented departmental procedures were not in place, externally produced guidance manuals/information were held by the relevant Data Officer. Details/analysis are provided in Appendix 3, specifically Risk 1.</p>		
<p><b>Management Response</b></p>		
<p>This will be undertaken during the writing of the procedures as agreed in recommendation 1.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 3</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that procedures and process documentation are:</p> <ul style="list-style-type: none"> <li>• reviewed, updated and formally maintained; and</li> <li>• signed/acknowledged to confirm acceptance and understanding.</li> </ul>		
<b>Rationale</b>		
<p>Of the 31 Local and National Indicators adopted by the Council, procedures and process documentation were only provided for 21 indicators. Of these indicators, 14 were found to be dated or have some indication that they had been reviewed and updated, however none had evidence to confirm they had been “read and understood”. Details/analysis are provided in Appendix 3, specifically Risks 2 and 4.</p> <p>Without formalised control to the production, monitoring and understanding of documented procedures; they are unlikely to fulfil their objective. For example, reliance on an officer’s understanding of a procedure may cause problems in times of absence, when the knowledge is not available.</p>		
<b>Management Response</b>		
<p>This will be undertaken during the writing of the procedures as agreed in recommendation 1.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 4</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that officers' roles and responsibilities with regard to the production of Local and National Indicators have been formally documented within procedures.</p>		
<p><b>Rationale</b></p>		
<p>Of the 31 Local and National Indicators adopted by the Council, procedures and process documentation were only provided for 21 indicators. However, the review identified that roles and responsibilities had only been formally documented on one occasion. Details of non-compliance are included on the attached matrix, specifically Risk 5.</p>		
<p><b>Management Response</b></p>		
<p>Roles and responsibilities are currently documented in the Data Quality Policy and this will be incorporated within the procedures.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 5</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>The Council should ensure that procedures are established for:</p> <ul style="list-style-type: none"> <li>• collecting and recording;</li> <li>• validating; and</li> <li>• securely retaining supporting information</li> </ul> <p>relating to each individual performance indicator – and such information is incorporated within dedicated, detailed and formalised procedures and process documentation.</p>		
<b>Rationale</b>		
<p>Of the information provided relating to the 31 Local and National Indicators adopted by the Council, varying levels of documentation was provided for each indicator. It was identified:</p> <ul style="list-style-type: none"> <li>• procedures for collecting and recording data were included on 16 occasions;</li> <li>• procedures for validating data were documented on 9 occasions; and</li> <li>• procedures for securely recording data and supporting information were available within 14 of the documents provided.</li> </ul> <p>Details/analysis are provided in Appendix 3, specifically Risks 7, 8 and 9.</p> <p>Therefore, for several of the Council's recognised indicators, there are weaknesses regarding the documentation for the control, monitoring and validating of related performance information.</p>		
<b>Management Response</b>		
<p>This will be undertaken during the writing of the procedures as agreed in recommendation 1.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 6</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>For each applicable indicator, the Council should ensure that there is an established mechanism for the monitoring and reporting of indicator results; and ensure responsibility has been formally allocated for testing the mechanism and procedures.</p>		
<p><b>Rationale</b></p>		
<p>Internal Audit were provided with information relating to the 31 Local and National Indicators adopted by the Council; varying levels of documentation was provided for each indicator. It was identified:</p> <ul style="list-style-type: none"> <li>• a mechanism for monitoring and reporting the indicator had been established for 20 of the 31 indicators; and</li> <li>• responsibility had been formally allocated for testing the systems and procedures in place, for only 2 of the 31 indicators.</li> </ul> <p>Details/analysis are provided in Appendix 3, specifically Risks 10 and 11.</p> <p>Establishing a mechanism for the monitoring and reporting of indicator results may assist in providing the Authority with a more robust and transparent performance management function.</p>		
<p><b>Management Response</b></p>		
<p>Mechanisms for monitoring and reporting will be included in the procedures when they are written.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 7</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority: 2</b>
<p>Management should ensure all officers involved in the calculation and production of Local and National Indicator data are aware of the specific deadlines involved.</p>		
<p><b>Rationale</b></p>		
<p>Of the information provided relating to the 31 Local and National Indicators adopted by the Council, it was identified that deadlines for the production and submission of performance data were included in the documentation on 14 occasions. Details/analysis provided in Appendix 3, specifically Risk 12.</p> <p>Without deadlines being formally communicated to officers, the Council may not have adequate assurance that the Indicator data will be prepared within required timescales.</p>		
<p><b>Management Response</b></p>		
<p>In they first year of the National indicators the initial deadlines were transient, now that firmer deadlines have been established they can be incorporated into the procedures.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>31 March 2010</b>

<b>Recommendation 8</b>	<b>Responsibility: Policy Review Officer</b>	<b>Priority:</b>	<b>2</b>
<p>The Council should consider requiring formal agreements between any third party providers of performance information to be in place, including the completion of signed data quality protocols, in order to ensure the quality of data provided is of a sufficient standard.</p>			
<p><b>Rationale</b></p>			
<p>Of the 31 Local and National Indicators adopted by the Council, we were informed that there are 10 indicators where information is required from third party providers. However; from a review of the information provided, there was evidence of a signed data quality protocol being in place on only 3 occasions. Details/analysis are provided in Appendix 3, specifically Risks 13 and 14.</p> <p>In order to ensure that the Council are submitting accurate data of sufficient quality, it is imperative that full assurance is obtained from third party data providers through signed protocol agreements or other suitable arrangements.</p>			
<p><b>Management Response</b></p>			
<p>A data quality protocol currently exists with Liberata. The Cumbria performance officers group are currently working on a third party data sharing protocol which will be introduced in April 2010.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>30 April 2010</b>

## APPENDIX 1

### AUDIT FRAMEWORK

#### Coverage

The review covered the following areas, which were agreed as part of the preliminary planning stage:

- procedures
- process maps;
- monitoring arrangements;
- responsibility; and
- supporting material.

#### Methodology

A system based audit approach has been used for this audit, involving the following key procedures:

- determine specific management objectives for each area under review;
- evaluate controls against each of the key risks; and
- report findings, with practical recommendations for improvement where appropriate.

#### Performance

Auditors: Keith Jackson and Sarah Williams

The fieldwork was performed: July to October 2009

***All final Internal Audit reports from April 2007 will be presented to the Council's Audit Committee.***

**APPENDIX 2****CLASSIFICATIONS****Assurance Level**

	<i>Evaluation</i>	<i>Testing</i>
<i>Unqualified</i>	There is an adequate system of controls designed to achieve the system objectives.	The controls appear to be consistently applied.
<i>Substantial</i>	While there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
<i>Restricted</i>	Significant weaknesses have been identified in the system of control, which put the system objectives at risk.	The level of non-compliance identified places the system objectives at risk.
<i>None</i>	Control is weak, causing the system to be vulnerable to error and abuse.	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

**Audit Recommendations and Follow-up**

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year.
<i>Priority 3</i>	Minor issues which provide scope for operational improvement.	Follow-up performed by the end of the next audit year.

Ref	R1	R2	R3	R4	R5	R6	R7	R8	R9	R10	R11	R12	R13	R14	Comments
1	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
2	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
3	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
4	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
5	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
6	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
14	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	✓	✓	ESD toolkit used as procedural guidance. Data quality clause within Liberata contract.
17	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
21	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
22	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
23	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
27	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
35	Partially	✗	✓	✗	✗	✓	✓	✓	✓	✓	✗	✓	✓	✓	Communities and Local Government Self assessment guidance is used as procedural guidance. Data quality agreements in place but not provided.
37	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
41	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
42	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
119	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
138	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
139	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
140	•	•	•	•	•	•	•	•	•	•	•	•	•	•	Communities and Local Government Place Survey Manual is used as procedural guidance.
154	Partially	✓	✓	✗	✗	✓	✓	✗	✗	✓	✗	✓	N/a	N/a	Regional Spatial Strategy and Local Development Framework Core Output Indicators' guidance is used as procedures.
155	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	N/a	N/a	
156	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	N/a	N/a	
157	Partially	✗	✓	✗	✗	✓	✗	✗	N/a	✗	✗	✗	N/a	N/a	System guidance notes are held. All data held on Planning system and also manual application files. The quarterly report is run by the Senior Admin Officer (Planning). Figures are checked to previous quarter totals to ensure mathematical correctness. Discrepancies are investigated with the GIS and Information Officer and corrected. Deadlines are the last day of the month following the quarter end. Outturn figures are reported to CLG and also the Policy Review Officer who inputs onto Hub
a	Partially	✗	✓	✗	✗	✓	✗	✗	N/a	✗	✗	✗	N/a	N/a	
b	Partially	✗	✓	✗	✗	✓	✗	✗	N/a	✗	✗	✗	N/a	N/a	
c	Partially	✗	✓	✗	✗	✓	✗	✗	N/a	✗	✗	✗	N/a	N/a	
158	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	N/a	N/a	
159	Partially	✓	✓	✗	✗	✓	✓	✗	✗	✓	✗	✓	N/a	N/a	Regional Spatial Strategy and Local Development Framework Core Output Indicators' guidance is used as procedures, plus Annual Monitoring Report.
160	✗	✗	✗	✗	✗	✓	✗	✓	✓	✓	✗	✗	N/a	N/a	Survey results published on Council's website
170	✗	✗	✗	✗	✗	✓	✓	✗	✗	✓	✗	✗	N/a	N/a	
179	Partially	✓	✓	✗	✓	✓	✓	Partially	✓	✓	✗	✓	N/a	N/a	Communities and Local Government 'Measuring and Reporting Value for Money gains' is used as procedural guidance.
180	✓	✗	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	Data quality clause within Liberata contract. Dedicated Quality Team within Liberata
181	✓	✗	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	Data quality clause within Liberata contract. Dedicated Quality Team within Liberata
182	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	✗	N/a	N/a	
184	✗	✗	✗	✗	✗	✓	✓	✗	✓	✓	✗	✗	N/a	N/a	All results recorded on 'Authority' system. PI figure generated by system.
185	✗	✗	✗	✗	✗	✓	✗	✗	Partially	✗	✗	Partially	Partially	Partially	All Data is retained however, this is not documented. Staff aware of deadline but not documented.
186	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	Reported by DEFRA
187	✓	✓	✓	✗	✗	✓	✓	✓	✓	✗	✗	Partially	N/a	N/a	Specific responsibility for tasks not set within procedures. Aware of deadlines, but not documented within procedures. Figures reported to Policy Review Officer.
188	Partially	✓	✓	✗	✗	✓	✓	✓	✓	✓	✗	✗	N/a	N/a	Adapting to Climate Change Guidance. Noted Used as procedures.
191	Partially	✓	✓	✗	✗	✓	✗	✓	✗	✓	✗	✓	✗	✗	Waste Data Flow Guidance Manual Used as procedures.
192	Partially	✓	✓	✗	✗	✓	✗	✓	✗	✓	✗	✓	✗	✗	Waste Data Flow Guidance Manual Used as procedures.
193	Partially	✓	✓	✗	✗	✓	✗	✓	✗	✓	✗	✓	✗	✗	Waste Data Flow Guidance Manual Used as procedures.
194	✗	✗	✗	✗	✗	✓	✗	✗	Partially	✗	✗	Partially	Partially	Partially	All Data is retained however, this is not documented. Staff aware of deadline but not documented.
195	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	N/a	N/a	DEFRA guidance manual is used in addition to 'Street Select' programmed developed by Council. Sample check of figures entered onto database is performed by Policy Review Officer but no formal procedures documenting this.
a	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	N/a	N/a	
b	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	N/a	N/a	
c	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	N/a	N/a	
d	Partially	✓	✓	✗	✗	✓	✓	✗	✓	✓	✗	✓	N/a	N/a	
196	Partially	✓	✓	✗	✗	✓	✗	✗	✗	✓	✗	Partially	N/a	N/a	Fly Capture Guidance text from Environment Agency used. All daily flytipping reports are retained on file, however this is not documented within procedures.
197	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	N/a	Reported by LDNP
LI 12	✓	✗	✓	✗	✗	✓	✓	✗	✓	✓	✗	✗	N/a	N/a	
LI 126	✗	✗	✗	✗	✗	✓	✗	✗	✗	✗	✗	Partially	✗	✗	Staff aware of deadlines but not documented.

✓	4	14	21	0	1	31	16	9	14	20	2	14	4	4
✗	10	17	10	31	30	0	15	21	12	11	29	12	4	4
No information provided	0	0	0	0	0	0	0	0	0	0	0	0	0	0
N/a	2	2	2	2	2	2	2	2	5	2	2	2	23	23
Partially	17	0	0	0	0	0	0	1	2	0	0	5	2	2
Place Survey/APACS	18	18	18	18	18	18	18	18	18	18	18	18	18	18
<b>Total</b>	<b>51</b>													

**BARROW BOROUGH COUNCIL**  
**INTERNAL AUDIT FINAL REPORT 09-03**  
**INCOME COLLECTION**

## Executive Summary

### Introduction

The Borough Council, like many other Councils has removed facilities for the receipt of cash at its main Town Hall. Income is received by a number of methods including cheques and credit/debit cards. In addition, the Council have introduced new methods which include debit/credit card via a dedicated payment hotline, the Internet, Touchtone phone and Allpay. A total of 410,748 transactions with a value in excess of £159 million were processed/receipted during the financial year 2008/09.

### Audit Objectives

An audit of this system forms part of the agreed 2009/10 programme. The audit objectives were to evaluate and test the internal controls for the collection and receipting of income within the Council. The scope and objectives of the audit were discussed and agreed in advance with Sue Roberts, Deputy Borough Treasurer.

Audit work included testing of the operation of key controls. Details of the audit methodology are provided in Appendix 1.

Key Points
<b>Substantial Assurance</b>
<b>One minor issue</b>
<b>Two Previous recommendations</b>

### Audit Conclusion – *Substantial Assurance*

As a result of the audit we have concluded that while there is a basically sound system, there are weaknesses, which may put some of the system objectives at risk. We have made one Priority 3 recommendation which concerns consistently retaining the reconciliations relating to the Accounts Receivable income and the General Ledger.

Internal Audit reviewed the four agreed recommendations made in Audit Report 08-10, dated January 2009; three recommendations have been fully implemented; the one outstanding recommendation concerns referring all completed receipt books to Internal Audit for review.

In addition, Internal Audit reviewed the outstanding recommendation made in Audit Report 05-09, dated March 2006, the recommendation remains outstanding, and relates to consistently recording the Security Plus sealed bag reference on the paying in slip.

## **Management Response**

We have received a constructive management response from Sue Roberts, Deputy Borough Treasure, accepting the recommendation.

## **Acknowledgement**

Internal Audit would like to thank staff for their co-operation and assistance during the review.

<b>Recommendation 1</b>	<b>Responsibility: Deputy Borough Treasurer</b>	<b>Priority: 3</b>
<p>The Council should ensure that the monthly reconciliations relating to Accounts Receivable (AR) income and the General Ledger are consistently retained on file.</p>		
<b>Rationale</b>		
<p>As part of the Council's financial reconciliation process of income received, details of daily receipt totals are checked to the Council's General Ledger and bank account. However, the Accounts Receivable total income cannot be verified on a daily basis to the General Ledger, as each payment is posted individually to the ledger. At the month end, the Accounts Officer reconciles the monthly Accounts Receivable income to the ledger and this is documented on the Postings spreadsheet.</p> <p>Internal Audit reviewed the reconciliations performed since April 2009 and identified a reconciliation had only been retained for July 2009; therefore it was not possible to confirm the consistent completion of this control. Internal Audit were informed that the monthly reconciliations have been performed, however, they are not always saved within the spreadsheet if the reconciliation has been performed in 'read only' mode whilst other officers are inputting data, i.e. the electronic file is shared.</p>		
<b>Management Response</b>		
<p>This reconciliation is necessary and will be documented and retained by the responsible officer.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Immediate</b>

<b>Previous Recommendation</b>	<b>Responsibility: Deputy Borough Treasurer</b>
<p>The Council should implement the agreed outstanding recommendation from Audit Report 08-10, dated January 2009, namely:</p> <p>The Council should ensure that completed receipt books are provided to Internal Audit for review.</p> <p>(Priority 3)</p>	
<b>Rationale</b>	
<p>Receipt books are used to record each applicable transaction; these are classed as controlled stationery, and as such are issued only to authorised officers. Since July 1997, Internal Audit have performed compliance testing on all completed Council Payment Receipt Books.</p> <p>Internal Audit confirmed that during 2009, Planning/Building Control Department receipt books have not been provided to Internal Audit for review, it was identified that two receipt books have been completed during this period.</p>	
<b>Management Response</b>	
<p>I will speak to the manager to make sure completed books are received before the next audit review.</p>	
<b>Revised Implementation Deadline:</b>	<b>Immediate</b>

<b>Previous Recommendation</b>	<b>Responsibility: Deputy Borough Treasurer</b>
<p>The Council should implement the agreed outstanding recommendation from Audit Report 05-09, dated March 2006, namely:</p> <p>The Council should ensure that the Security Plus sealed bag reference is recorded on each bank paying in slip. (Priority 3)</p>	
<b>Rationale</b>	
<p>Internal Audit selected a sample of ten paying in slips completed since January 2009 from the Planning/Building Control Department, CRM, Tourist Information Centre, Cemetery and the Kennels.</p> <p>It was identified that the pre-numbered sealed bag reference, to identify each bag paid in/collected, had not been recorded on the paying in slips (within the sample selected) by both CRM and the Cemetery.</p>	
<b>Management Response</b>	
<p>The departments that receive income have been reminded of the procedure on more than one occasion. I will speak to the relevant managers personally this time. Hopefully this problem can be eliminated.</p>	
<b>Revised Implementation Deadline:</b>	<b>Immediate</b>

## APPENDIX 1

### AUDIT FRAMEWORK

#### Coverage

The review covered the following areas, which were agreed as part of the preliminary planning stage:

- payment by Touchtone phone;
- payment hotline;
- cash floats/petty cash; and
- reconciliation/review.

#### Methodology

A system based audit approach has been used for this audit, involving the following key procedures:

- test key controls to establish whether they are operating as prescribed; and
- report findings, with practical recommendations for improvement where appropriate.

In addition, Internal Audit reviewed management's progress in implementing the agreed recommendations from our previous audit report.

#### Performance

Auditors: Sarah Williams

The fieldwork was performed: September to October 2009

***All final Internal Audit reports from April 2007 will be presented to the Council's Audit Committee.***

**APPENDIX 2****CLASSIFICATIONS****Assurance Level**

	<i>Evaluation</i>	<i>Testing</i>
<i>Unqualified</i>	There is an adequate system of controls designed to achieve the system objectives.	The controls appear to be consistently applied.
<i>Substantial</i>	While there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
<i>Restricted</i>	Significant weaknesses have been identified in the system of control, which put the system objectives at risk.	The level of non-compliance identified places the system objectives at risk.
<i>None</i>	Control is weak, causing the system to be vulnerable to error and abuse.	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

**Audit Recommendations and Follow-up**

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year.
<i>Priority 3</i>	Minor issues which provide scope for operational improvement.	Follow-up performed by the end of the next audit year.

**BARROW BOROUGH COUNCIL**  
**INTERNAL AUDIT FINAL REPORT 08-12**  
**HOUSING & COUNCIL TAX BENEFITS**

## Executive Summary

### Introduction

The Council's Housing and Council Tax Benefits system is administered by an external provider Liberata, under a client/contractor relationship, which has been in existence since 1998. Processing of claims is carried out using a Northgate IT System - iWorld. This system is interfaced to the Council's key financial systems. There are approximately 8,000 Housing & Council Tax Benefit claims processed each financial year. During the 2008/09 financial year a review was undertaken by the Audit Commission relating to Liberata's delivery service, which concluded with the opinion of "poor" with no prospect of improvement. This report does not refer to the findings of that review and has differing objectives.

### Audit Objectives

An audit of this system forms part of the agreed 2008/09 programme. The audit objectives were to evaluate and test the internal controls over the Housing & Council Tax Benefits system. The scope and objectives of the audit were discussed and agreed in advance with Sue Roberts, Deputy Borough Treasurer and Scott Wilson, Liberata Service Team Manager.

Audit work included a control evaluation of the system design, and testing of the operation of key controls. Details of the audit methodology are provided in Appendix 1.

#### Key Points

**Substantial Assurance**

**Six important issues**

**Three minor issues**

**One previous recommendation**

### Audit Conclusion – *Substantial Assurance*

As a result of the audit we have concluded that while there is a basically sound system, there are weaknesses, which may put some of the system objectives at risk. We have made six Priority 2 recommendations, which concern:

- reviewing the need for test checks and reaching formal agreement with Liberata for any discontinuation;
- ensuring all decisions made with Liberata regarding the Revenues and Benefits contract are transparent and clearly documented.
- reviewing the performance statistics produced by Liberata for accuracy;
- consistently issuing an acknowledgement letter/receipt to claimants detailing the receipt of the claim form and supporting documents;

- investigating the identified discrepancies in benefit entitlement and
- ensuring daily overpayments reports are checked by the Overpayments Officer and Client Monitoring team.

In addition, we have identified three minor issues, which relate to:

- endeavouring to process claims within fourteen days of all information being received;
- accurately entering extended payments on the iWorld system; and
- providing the Housing Benefits (Rent Allowance) reconciliation spreadsheet to the Housing Accountant on a regular and consistent basis.

Internal Audit reviewed the five accepted recommendations made in the previous audit report 07-08, dated August 2008. Three recommendations have been implemented and the remaining two recommendations have been overtaken by events.

Internal Audit also reviewed the two outstanding agreed recommendations made in audit report 06-30, dated March 2008. One recommendation has been implemented, and one recommendation remains outstanding, which concerns completing a fraud matrix for each appropriate case, or where the matrix is not required ensuring the decision is documented.

### **Management Response**

We have received a constructive management response from Sue Roberts, Deputy Borough Treasurer, accepting each of the recommendations.

### **Acknowledgement**

Internal Audit would like to thank staff for their co-operation and assistance during the review.

<b>Recommendation 1</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 2</b>
<p>The Council should review the need for test checks to be performed by the contractor and, if appropriate, formally agree their discontinuation with Liberata.</p>		
<p><b>Rationale</b></p>		
<p>Internal Audit were informed that as part of the “previously performed” quality control process, Liberata test checked 10% of claims determined, on a daily basis. However, through discussion with Liberata staff, Internal Audit identified that random 10% test checks on determined claims are no longer performed. Furthermore Liberata utilise data from test checks carried out by Client Monitoring in order to produce data regarding performance.</p> <p>Client Monitoring (from 6<sup>th</sup> April 2008) run the RBX101 report on a daily basis, this can be used to select the sample of determined claims for test checking purposes. Client Monitoring intended to use the Quality Checking tool for their own additional client checks, in addition to reviewing the statistics from Liberata’s test checks including the targeting of specific or new staff/training issues. However, an email received from Liberata suggests that Liberata are only performing targeted checks, and not the 10% daily check of all determined claims. This action appears to be a step backwards or weakening of control arrangements; and demonstrates non-compliance with previously expected/approved practice.</p>		
<p><b>Management Response</b></p>		
<p>The statutory 10% random check on benefit determinations is performed by the Council’s Client Section in accordance with the Contracting-Out Orders. This is unchanged.</p> <p>Historically Liberata performed a further 10% check in order to demonstrate quality monitoring and identify training and development needs.</p> <p>In 2008 Liberata changed their 10% check for a quality framework and developed a Quality Toolkit. The statutory check carried out by all of the contracts delivered through Lake House, together with checks performed by Liberata’s Quality Team are fed into the Toolkit. The Toolkit can then report on who is making errors, what errors are happening most and which contracts has the most errors and so on. This ensures that Liberata can plan and target remedial action.</p> <p>These changes were agreed in principal between the Council and Liberata in 2008 and discussed fully at the operational meeting in July 2009.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 2</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 2</b>
<p>The Council should ensure all decisions taken, regarding Liberata’s responsibility for the Revenues and Benefits contract, are transparent and clearly documented, including consistently completing ‘Change Control’ sheets.</p>		
<p><b>Rationale</b></p>		
<p>Internal Audit were informed that there have been several changes to procedure which have been agreed through email correspondence, rather than through the process of discussion and formal minuting in Client-Contractor meetings. It is acknowledged that ‘Change Control’ sheets were introduced in 2007/08; however, these should be completed on a consistent basis.</p> <p>One such example is performance targets. On this occasion both the Liberata Client Manager and an additional member of Liberata staff have been engaging in email correspondence with the Council Client Manager to resolve, rather than through a formal meeting.</p> <p>Additionally, it was brought to Internal Audit’s attention that Client Monitoring now check 100% of all Administrative Penalty calculations before letters are issued due to several errors being identified; which has resulted in letters having to be re-issued.</p> <p>This area of potential weakness is of particular importance when considering the size and value of the contract; together with need to demonstrate improvements to service delivery and performance.</p>		
<p><b>Management Response</b></p>		
<p>There have been no changes to the contract that require Change Control sheets since 2007/08.</p> <p>Operational changes are agreed at the monthly meetings. These do not affect the actual contract, so do not require Change Control sheets.</p> <p>Change Control sheets are used when it is appropriate.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>No further Action</b>

<b>Recommendation 3</b>	<b>Responsibility: Borough Treasurer</b>	<b>Priority: 2</b>
<p>The Council should consider seeking assurance that the 2008/09 performance data provided by Liberata is accurate.</p>		
<p><b>Rationale</b></p>		
<p>The Council were provided with performance data by Liberata in April 2009, relating to the 2008/09 financial year. The Client Manager issued a spreadsheet containing completed performance tables for Revenues, Benefits and Customer Services for the complete financial year.</p> <p>Upon review of the data, it was identified that several indicators, for example NI 181 - average times to process new claims and change events; PM1 - average speed of processing new claims; and LPI changes – average speed of processing change events circumstance, had all been considerably below target for the majority of the financial year. However, it appears statistics for each of these indicators vastly improved in the last quarter of 2008/09, and in some cases in the final month; this resulted in the final outturn figure being within target.</p> <p>The Council should consider whether such improvements appear reasonable and may wish to request supporting evidence from the contractor to substantiate the final figures reported, as the only information provided was a summary spreadsheet; which has not been compiled through an automatic data extraction process.</p>		
<p><b>Management Response</b></p>		
<p>It is expected that the profile for processing benefit claims greatly improves in the last quarter of the financial year. This is due to the number of bulk changes that are made to benefit entitlements in that part of the year, for example all new rents or rent rises are entered into the system in March, these are all 1 day changes as they are largely automated, but count into the indicators anyway. DWP changes in pensions and child benefit, among others, have the same effect. For 2009-10 the monitoring profile has been developed to reflect this.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 4</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 2</b>
<p>Liberata should consistently issue an acknowledgement letter/receipt to all relevant claimants detailing the receipt of the claim form and supporting documents.</p>		
<p><b>Rationale</b></p>		
<p>When a benefit claim form is received at the 'First Point' reception based within the Town Hall, a receipt is completed by staff, recording the documents received from the claimant and scanned into the Anite system. For postal claims, an acknowledgement letter is issued, also detailing the documents received and where necessary requesting further information.</p> <p>Internal Audit selected a sample of thirty new claim forms processed since April 2008 and identified that an acknowledgement letter or receipt had only been issued on fourteen occasions.</p> <p>This weakness does not demonstrate compliance with expected practice and reduces the assurance the Council can place on internal control arrangements.</p>		
<p><b>Management Response</b></p>		
<p>Liberata have reminded the Customer Service Team to provide a receipt for every claim form at First Point. New claims received in the post are covered by the new Evidence Capture Application (ECA) process. Complete claims are processed and a decision regarding entitlement is issued as soon as possible; incomplete form applicants are sent a check list of the required documents to bring to an appointment at the Town Hall.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 5</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 2</b>
Liberata should investigate the identified discrepancies in benefit entitlement.		
<b>Rationale</b>		
<p>For a sample of 20 Council Tax Benefit claims, Internal Audit carried out a manual re-calculation of entitlement based on information held within the benefits system. The following discrepancies were identified:</p> <ul style="list-style-type: none"> <li>• a claimant's earned income was calculated at £169.90 per week; however, this was recorded as £163.83 on the iWorld system. Only one payslip had been used in the calculation although two had been provided.</li> <li>• the claimant's earned income was calculated as £149.02 per week; however, this was recorded as £148.24 on the system. Discussion with Service Team Manager identified that earned income of £101.44 had been incorrectly entered as £100 on the system.</li> <li>• Internal Audit calculated the claimant's earned income as £162.69 per week; however, this was recorded as £180.03 on the iWorld system. Discussion with the Service Team Manager identified that payslips for 3/10/08 and 19/9/08 were not used as they were outside the claim period, however the payslips relating to 31/10/08 and 17/10/08 should have been used in the calculation. Additionally, Internal Audit could not find evidence to support the £5 maintenance received.</li> </ul> <p>For a sample of 15 Rent Allowance Housing Benefit claims, Internal Audit carried out a manual re-calculation to the benefits system, and identified the following discrepancy:</p> <ul style="list-style-type: none"> <li>• the claimant was entitled to the 5 bedroom Local Housing Allowance rate of £165.00, however the iWorld system had used the figure £109.62 which is for 3 bedrooms.</li> </ul> <p>For a sample of 15 Rent Rebate Housing Benefit claims, Internal Audit verified the manual calculations to the benefits system and identified the following discrepancy:</p> <ul style="list-style-type: none"> <li>• on one occasion the 2<sup>nd</sup> Child Benefit was recorded as £12.10 on the benefits system rather than £12.55.</li> </ul>		
<b>Management Response</b>		
Liberata have reviewed all of these cases and amended any discrepancies as necessary.		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 6</b>	<b>Responsibility: Service Team Leader and Borough Treasurer</b>	<b>Priority: 2</b>	
<p>Management should ensure daily overpayments reports are checked by:</p> <ul style="list-style-type: none"> <li>a) the Overpayments Officer; and</li> <li>b) Client Monitoring</li> </ul> <p>and evidenced by signing and dating those reports.</p>			
<p><b>Rationale</b></p>			
<p>Benefit overpayments reports generated have changed during the previous twelve months as follows:</p> <ul style="list-style-type: none"> <li>• BPY309 was the standard overpayments report which ceased in August 2008;</li> <li>• RBX101 shows all claims amended the previous day; and</li> <li>• A new Overpayments Report has been produced from December 2008.</li> </ul> <p>Internal Audit selected a sample of twenty days during 2008/09 and identified:</p> <ul style="list-style-type: none"> <li>a) There were four occasions where the relevant report had not been authorised by a Liberata employee confirming who performed the check (3/10/08, 15/10/08, 5/11/08, and 18/11/08.) In addition, there were four occasions where the check had not been dated (7/7/08, 15/07/08, 11/09/08 and 23/09/08.)</li> <li>b) In addition, there were four occasions where Client Monitoring had not performed a 10% test check on the overpayments. We were informed that this was due to the delay in Liberata producing a suitable overpayments report, which was not available until December 2008. Client Monitoring are now going back through each date since April 2008 and performing the test checks.</li> </ul> <p>Internal Audit also obtained the weekly DEB 300 reports which are required to perform a check on sundry debtor invoices raised. A sample of 20 reports were selected; the review identified that five of the reports had not been signed or dated to confirm completeness of this check. These relate to 12/8/08, 13/1/09, 3/2/09, 6/1/09 and 25/11/08.</p>			
<p><b>Management Response</b></p>			
<p>All involved have been reminded to include written confirmation that checks have been performed.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>	

<b>Recommendation 7</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 3</b>	
<p>Liberata should endeavour to process claims within fourteen days of all information being received; and consider reporting specifically to the Council those claims which are not completed on time and why.</p>			
<p><b>Rationale</b></p>			
<p>When Liberata receive a benefits claim, including all the information and evidence reasonably required from the claimant, they must reach a decision on entitlement within 14 days, or as soon as possible, notify everybody affected as soon as the claim decision is reached and in the case of housing benefit, make payment within 14 days of the receipt of the claim or as soon as possible.</p> <p>Internal Audit selected a sample of thirty new claim forms processed since April 2008 and verified that on twenty-seven occasions the claim had been determined within fourteen days. However, on three occasions the determination time exceeded fourteen days, taking 19, 21 and 26 days respectively.</p>			
<p><b>Management Response</b></p>			
<p>Liberata have reviewed these cases and agrees with the findings. A reminder will be issued to all assessment officers relating to making decisions immediately.</p>			
<b>Accepted</b>	<b>Implementation Deadline:</b>		<b>Implemented</b>

<b>Recommendation 8</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 3</b>
<p>Liberata should ensure extended payments are accurately entered onto the iWorld system.</p>		
<p><b>Rationale</b></p>		
<p>Extended Payments to benefit claimants are processed as part of the Change of Circumstances procedure and are awarded for four weeks following the end of the award of benefit by the authority.</p> <p>Internal Audit selected a sample of fifteen extended payments from a system generated report and confirmed the claim period on the system was correct for all but one of the sample, where the extended payment period only lasted for 25 rather than 28 days.</p>		
<p><b>Management Response</b></p>		
<p>Liberata have reviewed this case and agrees with the finding. A reminder will be issued to all assessment officers.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Implemented</b>

<b>Recommendation 9</b>	<b>Responsibility: Service Team Leader</b>	<b>Priority: 3</b>
<p>Liberata should provide the Housing Benefits (Rent Allowance) reconciliation spreadsheet to the Housing Accountant on a regular and consistent basis.</p>		
<p><b>Rationale</b></p>		
<p>A weekly reconciliation of Rent Allowance payments, in accordance with the benefits system, and actual payments made, is performed by the Liberata Service Team Manager and recorded on a spreadsheet.</p> <p>In addition, the Housing Accountant performs a monthly reconciliation of rent allowance payments. The figures are reviewed and any discrepancies corrected.</p> <p>However, we were informed that the Liberata Service Team Manager provides the Housing Accountant with this reconciliation spreadsheet on an ad hoc basis, thus reducing the effectiveness of the internal control. Providing a copy more regularly would provide the Council with greater assurance over the performance of internal control and reconciliation procedures.</p>		
<p><b>Management Response</b></p>		
<p>Liberata will provide the housing benefit reconciliation spreadsheet on an agreed regular frequency, monthly at minimum.</p>		
<b>Accepted</b>	<b>Implementation Deadline:</b>	<b>Immediate</b>

<b>Previous Recommendation</b>	<b>Responsibility: Service Team Leader</b>
<p>The Council should implement the outstanding agreed recommendation from Audit report 06-30, dated March 2008, namely:</p> <p>Liberata should ensure that a Fraud Matrix is completed for each appropriate case, or where the matrix is not required the decision is documented.</p> <p>(Priority 3)</p>	
<b>Rationale</b>	
<p>Internal Audit obtained details of cases referred to the Fraud Section. A random sample of ten cases, referred during 2008/09 was selected. The review identified a completed Fraud Matrix had not been completed for seven cases.</p>	
<b>Management Response</b>	
<p>The decision to investigate a fraud referral is a human decision made by the officers in Liberata's Fraud Section. If they cannot make a clear decision from the evidence provided, then the fraud matrix is used – by exception.</p>	
<b>Revised Implementation Deadline:</b>	<b>N/a</b>

**APPENDIX 1****AUDIT FRAMEWORK****Coverage**

The review covered the following areas, which were agreed as part of the preliminary planning stage:

- Receipt of new claims and processing of applications;
- Determination, notification and payment of benefits;
- Change of circumstances;
- Overpayments;
- Reconciliation of feeder systems to HB;
- Extended Payments;
- Segregation of Duties; and
- Manual calculations.

**Methodology**

A system based audit approach has been used for this audit, involving the following key procedures:

- determine specific management objectives for each area under review;
- identify the risk applicable to each area;
- evaluate controls against each of the key risks;
- test key controls to establish whether they are operating as prescribed; and
- report findings, with practical recommendations for improvement where appropriate.

In addition, Internal Audit reviewed management's progress in implementing the agreed recommendations from our previous audit report.

**Performance**

Auditor: Claire Jackson, Sarah Williams and Sarah Cullen.

The fieldwork was performed: January to April 2009

***All final Internal Audit reports from April 2007 will be presented to the Council's Audit Committee.***

## APPENDIX 2

## CLASSIFICATIONS

## Assurance Level

	<i>Evaluation</i>	<i>Testing</i>
<i>Unqualified</i>	There is an adequate system of controls designed to achieve the system objectives.	The controls appear to be consistently applied.
<i>Substantial</i>	While there is a reasonable system of control, there are weaknesses, which may put the system objectives at risk.	Evidence was identified to suggest that the level of non-compliance with controls may put some of the system objectives at risk.
<i>Restricted</i>	Significant weaknesses have been identified in the system of control, which put the system objectives at risk.	The level of non-compliance identified places the system objectives at risk.
<i>None</i>	Control is weak, causing the system to be vulnerable to error and abuse.	Significant non-compliance with controls was identified leaving the system vulnerable to error and abuse.

## Audit Recommendations and Follow-up

	<i>Recommendation</i>	<i>Follow Up</i>
<i>Priority 1</i>	Major issues that we consider need to be brought to the attention of senior management.	Follow-up will be performed at specific dates agreed with senior management.
<i>Priority 2</i>	Important issues which should be addressed by management in their areas of responsibility.	Follow-up of the recommendations will be performed by the end of the next audit year
<i>Priority 3</i>	Minor issues which provide scope for operational improvement.	Follow-up performed by the end of the next audit year.

<b>AUDIT COMMITTEE</b>	<b>(D) Agenda Item 10</b>
<b>Date of Meeting: 16th December, 2009</b>	
<b>Reporting Officer: Borough Treasurer</b>	
<b>Title: Benefit Inspection Improvements Plan – Progress Report</b>	
<b>Summary and Conclusions:</b>	
<p>The Audit Commission carried out an inspection of the Council's Benefits Service in July 2008. As a result, the Council agreed to implement an action plan designed to deliver significant improvements to deliver a better benefit services in the Borough.</p>	
<p>The Council in partnership with Liberata have been working towards implementing the improvements in the plan and significant progress has been made to date. This report provides the latest position on the progress made.</p>	
<p>A re-inspection of the service will be undertaken by the Audit Commission in January 2010.</p>	
<b>Recommendations:</b>	
<p>Members are recommended to note the progress made to date.</p>	

**Report**

The improvement plan is attached at **Appendix J** to this report.

(i) Legal Implications

None

(ii) Financial Implications

None

(iii) Health and Safety Implications

None

(iv) Key Priorities or Corporate Aims

None

(v) Risk Assessment

None.

(vi) Equal Opportunities

None

Background Papers

Nil

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# Inspectors Recommendations

**R1** Strengthen corporate performance management and the value for money of the service by:

- Developing a clear vision for the Service reflecting the local context;
- Developing the awareness and understanding of the Service by councillors and other stakeholders (e.g. staff delivering regeneration programmes); and
- Implementing a Service Level Agreement with the Citizens Advice Bureau and other partnerships where appropriate.

**R2** Improve the performance management arrangements for the contract by:

- Undertaking systematic benchmarking to include costs and performance;
- Setting a range of challenging targets with the service provider in line with the contract specification;
- Improving the information and reporting of overpayments; and
- Reviewing the scope for better targeting the quality checks carried out.

**R3** Improve value for money in the Service by:

- Increasing benefit take-up, targeting areas of under-claiming by vulnerable people in the area; i.e. increase work volume/caseload at no additional cost to the Council;
- Improving the time taken to pay benefits by reducing core processing times, aiming to be in the best 25 per cent of councils in line with the service providers stated aims; and
- Levering additional benefits from the contract wherever possible at no additional cost.

**R4** Improve access and the overall approach to equalities by:

- Ensuring the Service addresses the needs of all the diverse parts of the community, such as private tenants, owner occupiers, people with physical and mental disabilities. Target support where appropriate;
- Targeting and making full use of Discretionary Housing Payments (DHP);
- Improving the clarity and quality of information, letters and forms;
- Involving service users in service design and improvement; and
- Implementing and publicising clear customer service standards including the availability of home visits for people who cannot easily get to the Town Hall.

**R5** For the Benefits Service to be re-inspected in the next 12-18 months.

# Action Plan – Benefit Service – Last Updated 27<sup>th</sup> November 2009

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
1	To incorporate the Audit Commission recommendations with existing improvement actions into an overall action plan for the service	Borough Treasurer	November 2008	<p>The already existing improvement actions have been amalgamated with those recommended by the inspectors</p> <p>The Plan has been reported to Audit Committee</p> <p>P Thorne has now produced the 'Benefits Service – Service Delivery Plan 2009/10'</p>	<p>November 2008</p> <p>March 2009</p> <p>June 2009</p>	<p>Section 1A</p> <p>Section 1B</p> <p>Section 1C</p>	
2	To carry out an immediate review of the contract and monitoring arrangements	Borough Treasurer	December 2009	<p>M Saleh and Phil Thorne met on 10/07/09 to further discuss contract.</p> <p>One extra part time post has been created and filled in the Client Section to help monitor the contract using the Quality Tool.</p> <p>Also one existing full time member of the Borough Treasurer's Department has also been assigned to work on the Action Plan.</p> <p>M Saleh &amp; P Thorne have had further meeting on 18/09/09 to discuss contract and have now agreed to hold a monthly meeting to discuss contractual issues</p>	<p>January 2009</p> <p>July 2009</p>		

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
				Variation to Contract finalised and signed 19/10/09	October 2009	Section 2A	
3	To undertake a benefit take-up promotion campaign in the local press	Borough Treasurer	November 2008	<p>An Intensive advertising campaign has taken place during December in the Advertiser (the local free newspaper) the Focus Magazine, and the Evening Mail. Further advertising is planned for the future.</p> <p>A campaign has been run in the Evening Mail along side CAB regarding Council Tax.</p> <p>Further advertising has taken place again in the Advertiser and Evening Mail prior to the new Council Tax bills being sent.</p> <p>A campaign has been included in the Council's Housing Matters magazine in respect of Housing Benefit entitlement</p> <p>A full page Campaign was run in the Evening Mail regarding Council Tax.</p> <p>E Hayes has included articles in the Autumn 09 issue of Housing Matters magazine highlighting the November changes for Benefit for pensioners and people claiming child benefit. Also included is an article offering benefit forms in other languages and large print.</p>	<p>November &amp; December 2008</p> <p>Feb 2009</p> <p>Feb 2009</p> <p>April 2009</p> <p>May 2009</p> <p>November 2009</p>	<p>Section 3A</p> <p>Section 3B</p> <p>Section 3C</p> <p>Section 3D</p> <p>Section 3E</p> <p>Section 3F</p>	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
			October 2009	'Can We Benefit You' advert appeared in the Evening mail and Advertiser 15/10/09 & 21/10/09. A follow up campaign has taken place in both papers on 05/11/09	October 2009	Section 3G	
			October 2009	'Second Adult Rebate' advert has appeared in the Evening Mail and the Advertiser on 15/10/09 & 21/10/09. Follow up campaign scheduled in both papers for 03/12/09 and 25/02/09.	October 2009	Section 3G	
			December 2009	A re-run of the initial campaign 'Are you Paying Too Much Council Tax' has appeared in the Evening Mail and Advertiser on 10 <sup>th</sup> & 12 <sup>th</sup> November 2009.	November 2009	Section 3H	
			February 2010	A Re-run of the initial campaign is planned for early 2010 prior to new Council Tax bills being issued.	On-going		Advert to appear February 2010
4	Instruct Liberata to produce a comprehensive action plan based on the Audit Commission report	Borough Treasurer	November 2008	The contractor's response has been established regarding the recommendations by the inspectors.  Benefit Service – Service Delivery Plan 2009/10 provided by P Thorne from Liberata following discussions with M Saleh	November 2008  June 2009	Section 1C	
5	Opening Hours sign on entrance to first point – Cornwallis Street	Borough Treasurer	October 2008	New opening hours in place & advertised.	November 2008	Section 5A	
6	Change sign in first point to show service name not just Liberata	Client Manager, Liberata	October 2008	New sign in place incorporating Barrow Borough Council & Liberata	November 2008	Section 6A	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
7	Agree a Vision Statement	Borough Treasurer	October 2008  December 2009	<p>A Vision statement has been prepared &amp; adopted.</p> <p>P Thorne has contacted Scott Wilson to arrange 'vision' to be on letters. Due to the complexity of the Northgate letters it is not possible but it is on the Anite letters so the 'Vision' is now in place.</p> <p>H Wilson has arranged for the 'vision' to appear on the benefits web page and for a poster to be displayed at First Point.</p> <p>Liberata have employed 120 new staff since opening their Call Centre in March 2006 helping them to fulfil their Vision and an Evening Mail article from 5<sup>th</sup> November 2009, gives full details.</p> <p>At the Executive Committee of 28<sup>th</sup> January 2009, the Council agreed 6 Annual Key Priorities. KP3 relates.</p>	October 2008  November 2009  July 2009  November 2009  January 2009	Section 7A  Section 17B & C  Section 7B  Section 7C  Section 7D	
8	Organise awareness seminars for members and non-benefit staff	Client Manager, Liberata & Borough Treasurer	November 2008 to January 2009	<p>An awareness seminar for Members and Officers was held on the 16<sup>th</sup> October 2008.</p> <p>A combined Awareness Seminar for Members and Non Benefit staff is to take place on 16<sup>th</sup> December 2009. The Drawing Room in the Town Hall has been booked in preparation.</p> <p>Two Benefit awareness sessions have been held, one for Housing staff in November 2008 and a further session arranged with Accent in February 2009.</p>	October 2008  On-going  November & February 2009	Section 8A  Section 8F  Section 16C	Room booked in preparation

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
			December 2009	<p>Overview of Welfare Benefits provided by CAB to Customer Services Staff</p> <p>Fraud awareness training has taken place at the Housing Department in February 2009. A further session is to take place in February 2010.</p> <p>Verification Training has been provided to Accent Housing on 09/09/09 and Age Concern on 23/09/09.</p> <p>Council Tax Benefit Training has been provided to Customer Services Staff by Rossendale's Training at Lake House.</p>	<p>July 2009</p> <p>February 2009</p> <p>September 2009</p> <p>July 2009</p>	<p>Section 8B</p> <p>Section 8C</p> <p>Section 8D</p> <p>Section 8E</p>	
9	Benchmark the cost and performance of the service	Borough Treasurer	<p>March 2009</p> <p>October 2009</p>	<p>A benchmarking exercise was made initially with the Council's Family Group and CWAG. The information that has been received has been collated and presented at the monthly Barrow BC &amp; Liberata Operational Performance meeting.</p> <p>One other authority in the Family Group, Pendle Council, is outsourced to Liberata so a more in depth comparison has been given.</p> <p>Further information has been requested by H Wilson from the Client Officer at Pendle Council to establish a wider more up-to-date comparison. This information has been provided to P Thorne who is to report further in 2010.</p>	<p>On-going</p> <p>On-going</p> <p>On-going</p>	<p>Section 9A</p> <p>Section 9B</p> <p>Section 9C</p>	<p>P Thorne is to discuss outcome of Pendle</p>

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
			January 2010	Barrow has been chosen by DWP due to good performance, for visit to look at our processes and pass on best practice advice to other Local Authorities.  We have access to the Audit Commission's Value for Money Profile Tool and will be using that to make further comparisons.  Monthly Contractual meetings are held by M Saleh & P Thorne to monitor performance.	October 2009  On-going  On-going	Section 9D  Section 9E  Section 2A	comparison with Liberata's Contract Manager
10	Review the annual targets set for Liberata to reflect higher levels of performance	Borough Treasurer, Policy Review Officer & Client Manager, Liberata	January 2009  March 2009  December 2009	Monitoring the agreed targets for 2008-2009 has been hampered by system problems.  For the year 2009-2010 a more rigorous set of targets has been set.  As per Item 2, performance will be linked to penalties and rewards.	January 2009  March 2009  October 2009	Section 10A  Section 2A & Section 10B  Section 2A	
11	Improve the information and reporting of overpayments	Client Manager, Liberata	November 2008	The overpayments data required by Client has been received and the overpayments data has been retrieved for the missing period.	January 2009	Section 11A & B	
12	Introduce and maintain SLA's with CAB and	Client Manager, Contracts Leader	December 2008	Service level agreements with CAB and other relevant agencies have been finalised.	September 2009	Section 12A	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
	other relevant partnerships	Liberata & Customer Services Team Manager Liberata	August 2009	SLA for CAB has been received and signed.	July 2009	Section 12B	
			August 2009	SLA for Accent Housing has been received and signed.	July 2009	Section 12C	
			September 2009	SLA for Debt Management has been extended until further notice.	September 2009	Section 12D	
			September 2009	SLA for the Tribunals Service has been extended until 2011.	September 2009	Section 12E	
13	Organise promotion campaigns to increase take-up (quarterly or half yearly) and target various groups in the community	Client Manager, Client Manager Liberata & Service Team Manager Liberata	November 2008	Project ASIA (Access to Services Information and Advice) has been monitored. The Project was poorly run so it has been wound up and the funding is being used for a Cumbrian Advertising Campaign to highlight the November changes that will benefit all authorities.	November 2009	Section 13A	
				A take up event was held 7 <sup>th</sup> Nov 2008 Organised by Project Asia and was attended by Liberata & BBC staff.	November 2008	Section 13B	
				Liberata attended Age Concern Winter Warmer Event in November and had 8 queries. To attend Multi Cultural events during Feb & March	November 2008	Section 13H	
				A take up campaign is to take place at Annual Billing time & in Autumn with further adverts in the local press.	On-going	Section 3F,G & H	
				The Annual Stakeholder conference was held in May 09. There is one planned for May 2010.	May 09 & On-going	Section 18B	This is to be an Annual event

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
				A Landlord Forum was held on 22/07/09	July 2009	Section 13C	
				Andrew Hyles, Liberata's Visiting Officer attended Streetsafe – Together we can Ormsgill event promoting changes to benefits from November 2009	August 2009	Section 13D	
				Posters are being displayed throughout Town Hall building and Doctors, Dentists reception areas and any other public place highlighting changes to benefit from November and also Liberata and benefits in general	September 2009	Section 13E & 13A	
				Andrew Hyles, Liberata's Visiting Officer attended Age Concern Event highlighting November changes and received 8 queries.	October 2009	Section 13F	
				Report provided to Pensions Service highlighting pensioners in receipt of Housing Benefit but not Pension Credit resulting in increased take-up.	October 2009	Section 13G	
			January 2010	Landlord Forum has been booked for 26 <sup>th</sup> January 2010. Advert to appear in Local press.	On-going	Section 8F	This is to be a six monthly event
			January 2010	A targeted benefit take up campaign using the Council's MOSAIC product will take place in January 2010. It will identify groups of people who look most likely to qualify for Benefit. This information will then be cross referenced with the	On-going	Section 13I	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
				Benefits data so a mail shot with an invitation letter to claim benefit with a ready reckoner enclosed can be organised.  Barrow Caseload Statistics for 2009/10  Barrow Work Volumes for 2008/2009	On-going  On-going	Section 13J  Section 13K	
14	Achieve Liberata's stated aim of being in the best 25% of councils in terms of core processing times	Client Manager Liberata	December 2009	Liberata is committed to achieving the performance levels. Monthly meetings are held to monitor performance.  Strategic Partnership Board Meeting held on 26 <sup>th</sup> November 2009	On-going  On-going	Section 2A & 14A  Section 14B	
15	Review the scope of quality checks	Client Manager & Service Team Manager Liberata	December 2008	The Client is now using Liberata's Quality Tool as from April 2009 so that data can be combined to identify errors & training needs.  The Client has also introduced additional checks targeting individual assessors.  Assessors have been made aware of the importance of processing claims correctly and have been issued with two training documents, Changes in Circumstances Basic Rules and Overpayments – Delays and Errors – the Effect on the Contract	April 2009  April 2009  On-going	Section 15A & 2A  Section 15B  Section 15C	
16	Review the use of DHP	Borough Treasurer & Client Manager	March 2009	DHP application and information is on website.	June 2009	Section 16A	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
				<p>Leaflets have been supplied to the following organisations: Mind, Probation service, CAB, Age Concern, BDA, Multi-Cultural Forum and Accent Housing.</p> <p>2 Benefit advisory sessions have been held for the Council's Housing Department and Accent Housing.</p> <p>The DHP awarded as at 30/11/09 is £6095.69.</p>	<p>June 2009</p> <p>November 2008 &amp; February 2009</p> <p>November 2009</p>	<p>Section 16B</p> <p>Section 16C</p> <p>Section 16D</p>	
17	Review the clarity and quality of information on letters and forms	Service Team Manager Liberata & Client Manager	<p>November 2008</p> <p>2010</p>	<p>Benefits notification letter now with Change of Circs form attached at Printers.</p> <p>'Evidence Capture Application' now in place whereby appointment letter now sent with checklist of what that individual claimant needs to bring which has improved clarity and quality of the letter.</p> <p>Reviewing all the letters has proved to be too large a project – P Thorne has made initial enquiries regarding outsourcing the project – currently under review but no plans to go-ahead until 2010.</p> <p>Received copies of Hounslow Council's Benefit Award letters run from Northgate, which have been inspected by another team from the Audit Commission, who found them to be satisfactory. An example of Carlisle City Council's Notification letter, Notes and Change of Circs form has also</p>	<p>March 2009</p> <p>July 2009</p> <p>Ongoing</p> <p>On-going</p>	<p>Section 17A</p> <p>Section 17B</p> <p>Section 17C</p> <p>Section 17D</p>	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
				been obtained. Barrow is looking at ways to improve their Northgate letters.			
18	Involve service users in service improvements	Client Manager, Liberata & Customer Services Team Manager Liberata	November 2009	Organise customer feedback interviews. Helen Wilson arranged for 2 students from Furness College to carry out a customer survey at First Point for 2 full days on 16 <sup>th</sup> & 17 <sup>th</sup> November 2009. The data has been collated and analysed and a report of the findings circulated to the relevant staff. Some improvements have been implemented as a result.	November 2009	Section 18A & D	
			November 2008	Establish an annual stakeholder conference. Initial meeting held 20/05/09. Since meeting Barrow Council & Liberata have received thanks from the Local Pensions Service. Information from our system was provided to them as a result of the stakeholder conference. To date this has highlighted 6 new pension credit claims, 1 DLA claim and 1 attendance allowance claim and they are anticipating a one third success rate from further visits generated from the report.	May 2009	Section 18B	
			June 2009	Launch of 'In & Out of Work Project' on 22/06/09. Design to improve service to customers on short term contracts. Project Team are meeting with Liberata on 1 <sup>st</sup> December 2009 to discuss progress.	On-going	Section 18C	
19	Introduce and publish customer service standards	IT Manager & Customer Relations Supervisor Liberata	October 2008	Cumbria customer service standards have been adopted.	April 2009	Section 19A	

Item	Description	Responsibility	Target Date	Comments	Completed Date	Evidence Reference	Additional Comments
			October 2009	Measuring and publishing results will be done in 2009.	On-going	Section 19B	
20	General service awareness	Client Manager, Service Team Manager Liberata & Customer Services Team Manager, Liberata	December 2008  August 2009	Home Visiting Facility now advertised on web site And reception areas.  Minicom facility already available at reception area. Availability advertised on website and reception areas.  Promote sign language availability. And provide notices in public venues and on website.  Leaflets now available in large print and Braille and copies held at Customer Services, Housing and Client Office. Availability advertised in Housing Matters Magazine in November 2009.  Benefit forms available in other languages. This was advertised in November 2009 issue of Housing Matters Magazine	April 2009  July 2009  August 2009  November 2009  November 2009	Section 20A & 13E  Section 20B & 13E  Section 20C & 13E  Section 20D & Section 3F  Section 3F	

Barrow Borough Council

Borough Treasurer – Mohamad Saleh  
IT Manager – Mick McKinnell  
Client Manager – Eileen Hayes  
Policy Review Officer – John Penfold

Liberata

Client Manager, Liberata – Phil Thorne  
Service Team Manager – Scott Wilson  
Customer Services Team Manager – Debbie Reid  
Visiting Officer – Andrew Hyles