

SIGNIFICANT INTERNAL CONTROL ISSUES – ACTION PLAN STATUS

The following document summarises the actions taken in respect of the significant control issues identified on the 2005-06 SIC together with the significant control issues identified on the 2006-07 SIC. In some cases the nature of the issue or theme is such that it continues appear on the SIC.

	Issue (from 05-06 SIC)	Status of actions from 05-06 SIC	Action taken / Comment on 06-07 SIC (where appropriate)	Further Action	Lead Officer	Key dates / Milestones
1	An investigation into "Capital Contract Overspends" was undertaken at the request of the Chief Executive. This investigation, led by Internal Audit, looked at a housing project and two highway projects where there had been a significant overspend against the original budget for each project. A number of common themes which contributed to the various overspends were identified.	COMPLETED	Significant progress has been made in respect of improving and further developing contract management arrangements. This included a 'Project Management Skills Audit' from which a range of project management learning interventions were developed and offered to those managers and officers responsible for projects. Further work is however required to ensure that a consistent approach to contract management is adopted across all business areas.	Ensure that those managers and officers responsible for projects are appropriately skilled and any training requirements are addressed via the delivery of Learning and Development plans. In addition, Contract Procedure Rules are to be updated and communicated to all staff.	All Managers Solicitor to the Council	Throughout 2007-08 as necessary December 2007
2	There is a need to embed risk management into the culture of the organisation and to ensure that risk registers are aligned to business plans and are monitored by the service areas on a regular basis.	COMPLETED	The Risk Management Action Plan for 2006-07 was delivered with the exception of one item that was deferred. It is recognised however that additional work is required to further embed risk management into the culture of the organisation and to further refine both the content and use of risk registers.	A risk management progress report, including an action plan for 2007/08, is to be submitted to the Audit committee for approval in Jun 2007. The action plan will be progressed through the 'Risk Management & Controls Assurance Group' with a periodic update to the Audit Committee.	Risk & Assurance Manager, Resources Directorate	Bi-annual report to Audit Committee

Appendix 2

Issue (from 05-06 SIC)	Status of actions from 05-06 SIC	Action taken / Comment on 06-07 SIC (where appropriate)	Further Action	Lead Officer	Key dates / Milestones
<p>3 In 2005 the Audit Commission undertook a review of Internal Audit covering all aspects of the "CIPFA" Code of Internal Audit Practice 2003. This review concluded that Internal Audit only partly met the "CIPFA" Standards.</p>	COMPLETED	<p>The Internal Audit Action Plan for 2005-06 was delivered however a further action plan is required to meet the revised "CIPFA" Code of Internal Audit Practice 2006.</p>	<p>An action plan, with target dates, is in place to demonstrate compliance with all aspects of the "CIPFA" Code of Internal Audit Practice. Regular progress reports are submitted to the Audit Committee.</p>	<p>Chief Internal Auditor, Resources Directorate</p>	<p>December 2007</p>
<p>4 Housing Benefit Service – As a result of significant external audit concerns over a number of years and the new Executive Directors concerns regarding poor performance and high cost external Audit were commissioned to carry out work under section 35 of the Audit Commission Act 1998 to review the management of the Council's Housing Benefit Service. The review was to support the Council in addressing ongoing concerns regarding the Housing Benefit Subsidy claim, issues regarding poor management and the lack of ownership of subsidy claim issues.</p>	COMPLETED	<p>Significant work was put into clearing outstanding External Audit and Department of Work and Pensions ("DWP") issues in partnership with the External Audit team.</p>	<p>No longer considered to be a significant control issue although various measures are in place to further develop the service.</p>		

Appendix 2

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<p>5 Business Continuity plans have been developed across all service areas and in accordance with the corporate template however few service areas have tested their plans. There remain issues regarding ownership, consistency and continuity in respect of these plans in order to fully inform development of the corporate business continuity plan.</p>	<p>COMPLETED</p>	<p>Service business continuity plans have been amalgamated to create Directorate Business Continuity plans (informed by service arrangements). Ownership of the plans is at Executive Director and Policy & Performance Manager level which has lead to improved quality and greater co-ordination and consistency.</p> <p>ITS Disaster Recovery - although data is secure there are no arrangements in place to quickly replace or replicate the computer suite in the event of a disaster.</p>	<p>No longer considered to be a significant control issue although ongoing actions are required to ensure that plans are robust and subject to periodic review and testing.</p> <p>Cabinet decided on 19th March 2007 that the Council accepts the risk with the current level and provision for IT</p> <p>Disaster Recovery, noting that the provision of an enhanced service may be supplied by a SSP, a commercial service or through other shared service arrangements.</p> <p>Ensure that adequate provision is made within the strategic services partnership or alternative model to promptly address this issue and meet the Council's business requirements</p>	<p>Head of ITS</p>	<p>July 2007</p>

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Issue (from 05-06 SIC)	Status of actions from 05-06 SIC	Action taken / Comment on 06-07 SIC (where appropriate)	Further Action	Lead Officer	Key dates / Milestones
<p>6 The Council does not have a corporate list of all partnership working arrangements. There is a lack of clarity and consistency in terms of the governance arrangements surrounding partnerships.</p>	<p>ONGOING</p>	<p>An appropriate governance framework for partnerships is in place but not consistently implemented.</p>	<p>A list of significant partnerships is to be collated.</p> <p>'Fit for purpose' reviews of significant partnerships are to be undertaken to ensure that they are compliant against the governance framework.</p> <p>A scaled down governance framework appropriate for other partnerships to be developed..</p> <p>'Fit for purpose' reviews, policy guidance, etc. to be made available to all Members, officers and partners, for roll out and application across the organisation.</p> <p>A comprehensive review of the role of members in sector partnerships will be undertaken in the light of the Local Government White Paper, the forthcoming Public Involvement in Health Act and the roll out of the Fit for Purpose review.</p>	<p>Policy Co-ordinators</p> <p>Head of Corporate Policy & Performance</p> <p>Head of Corporate Policy & Performance</p> <p>Policy Co-ordinators</p> <p>Solicitor to the Council and Head of Corporate Policy & Performance</p>	<p>End July 2007</p> <p>Wave 1 to be completed end September 2007</p> <p>End October 2007</p> <p>End October 2007</p> <p>End March 2008</p>

Appendix 2

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7	Not all staff are aware of all the "corporate" policies and procedures i.e. Financial Procedure Rules, Anti Fraud and Anti Corruption, Whistle Blowing (Duty to Act) etc.	COMPLETED Ongoing action is required to ensure that all staff are aware of "corporate" policies and procedures and in particular those directly relevant to their jobs. Corporate Training was arranged for 2006 and is ongoing for all Level 1 and 2 Managers on Corporate Standards, including key Financial Standards. A 'corporate standards' intranet site has also been developed.	Further develop the Corporate Training provided 2006. Identify and develop a suitable form of communication of other associated corporate policies or procedures that all staff should be aware of i.e. Whistle blowing (Duty to Act) Policy, Register of Employee's Outside Interests, recording of Gifts or Hospitality etc.	Head of Human Resources	End October 2007

The following significant control issues were also identified on the 2006-07 SIC:

Issue (06-07 SIC)	Proposed Action	Lead Officer	Key dates / Milestones	
8	A review of the Council's Code of Corporate Governance was undertaken in 2006 however the outcome of the review was not taken to Standards and Governance Committee.	The updated Code of Corporate Governance is to be taken to Standards & Governance Committee meeting in June 2007.	Assistant Solicitor to the Council	June 2007

The external audit for 2004/05 also drew the Council's attention to four other internal control issues that appeared on the 2005-06 Statement on Internal Control.

Appendix 2

	Issue (from 05-06 SIC)	Action Taken	Status
1	Lack of robust processes to meet the Grant conditions.	A "Grant Claims Protocol", developed in consultation with the Audit Commission, was implemented. The 2005/06 grant claims were submitted on time, in accordance with the protocol.	COMPLETED
2	The main bank account and some control accounts are not being reconciled in a timely manner and the housing benefit subsidiary bank account remains unreconciled.	All reconciliations are now up to date and are being reconciled in a timely manner on an on-going basis. Where an issue of non compliance with reconciliations arises, this is escalated to the Executive Director for Resources to ensure action is taken.	COMPLETED
3	The completeness and accuracy of the new capital assets register that is being developed is uncertain because the Council's various asset records have not been fully reconciled.	<p>The new Property Management Database confirming the net book value as at 31st March 2006 was reconciled back to the previous register. The new system logs movements from the previous year, taking on board, revaluations, disposals, impairments, additional capital spend and depreciation. Valuer's also undertook an exercise to enable, for the first time, a calculation for depreciation on many properties.</p> <p>The Audit Commission has indicated that the actions are sufficient to address the issues that they identified.</p>	COMPLETED
4	There is a need for greater senior officer oversight of the accounts preparation process and for improved supporting documentation	<p>For the 2005/06 final accounts, the Head of Accountancy and the Corporate Accounting Manager ensured that there was senior officer oversight and review of the accounts preparation process and supporting working papers. A timely and clearly presented and indexed set of working papers was provided to the Audit Commission.</p> <p>The 2005/06 Final Accounts were signed off without qualification.</p>	COMPLETED