

Audit Commission Annual Governance Report 2008/09 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
7	R1 Produce a final version of the Whole of Government Accounts pack for audit consistent with the financial statements at the earliest opportunity.	3	Corporate Finance Manager	Agreed	Completed and supplied to Audit Commission	20-Nov-09
12	R2 Review and understand all audit adjustments made. Put in place appropriate procedures to ensure that common errors are not repeated. This should include appropriate cascade training to those associated with the financial statements preparation process.	3	Head of Finance	Agreed	Year end review workshop for whole finance team, supported by Audit Commission to take place January 2010 - workshop to cover all adjustments, extra reports required, changes in processes etc.	Jan-10
12	R3 Produce appropriate working papers as part of the preparation of the financial statements. Sufficient scrutiny should be applied to the appropriateness of the transactions and balances so that corrective action can be taken as part of the closedown process.	3	Head of Finance	Agreed	The council is moving towards producing SOA & supporting schedules directly from Oracle, which will release time to review working papers & scrutinise individual transactions	Mar-10
12	R4 Issue comprehensive instructions to valuers and other experts on an annual basis. Critically appraise the information provided by valuers and other experts before including the information in the accounts.	3	Capital Accountant	Agreed	Instructions to Valuers used for 08/09 will be reviewed and amended as appropriate. Valuations will be appraised in the light of economic conditions	Mar-10
13	R5 Address the areas of non compliance with CIPFA's Code of Practice for Internal Audit in Local Government in the United Kingdom 2006.	3	Internal Audit Manager	Agreed	The Council are in the process of compiling a detailed response and action plan to address the issues around non compliance	Dec-10

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15	R6 Review the fixed asset register against the requirements of the SORP to ensure it remains fit for purpose. Implement specialist fixed asset software as and when budgets permit.	2	Senior Project Accountant	Agreed	Review of available specialist software to take place	Nov/Dec-09/Jan-10
15	R7 Update the fixed asset register on a monthly basis. Reconcile the register to the general ledger and other property records such as Academy and Codeman.	2	Capital Accountant	Agreed	1. Monthly update of FAR to commence Dec-09 2. FAR in process of being reconciled to Property Terrier (software used by Asset & City Management team) 3. Housing stock information held on FAR is obtained from Academy so should agree - however formal reconciliation on quarterly basis will commence 4. Quarterly Codeman reconciliation to FAR will commence	Dec-09 Dec-09 Dec-09 Dec-09
15	R8 Conduct a service manager review of the asset register on an annual basis.	2	Capital Accountant	Agreed	Review will be requested from service manager in March 2010, with confirmation of additions & disposal during March 2010 to be sought post year end	Mar-10
15	R9 Identify and implement controls to ensure that disposals are recorded completely and accurately in the asset register and financial statements.	2	Capital Accountant	Agreed	1. Disposal to be checked against capital receipts 2. Service manager review of assets should enhance this control 3. The monthly update of the FAR with individual transactions will facilitate checking of completeness of disposals	During year
15	R10 Strengthen controls over invoice request forms by introducing: <ul style="list-style-type: none"> a list of approved signatories who are authorised to raise IRFs; and sequential numbering and checking for completeness of processing. 	2	Head of Finance Team leader exchequer	Agreed	1. Approved signatory list will be prepared & regularly checked & updated 2. Sequential numbering is not viable as requests come from various areas of the	Dec-09 Dec-09

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			services		business. The Exchequer team will instigate a system whereby they will email the requestor with confirmation that their invoice request has been actioned and an invoice raised - this process will be announced on the intranet so requestors will know they should receive confirmation within 7 working days of request and therefore can chase unconfirmed requests.	
15	R11 Conduct regular checks for gaps in the sequence of sundry sales invoices.	2	Team leader exchequer services	Agreed	A weekly report of invoices raised will be run & sequence checked. Gaps will be investigated and recorded. YTD report to be run in Nov-09 to cover the prior months.	Nov-09.
16	R12 Reconcile supplier statements from major suppliers on a monthly basis	3	Team leader exchequer services	Agreed	Top suppliers by value to be assessed and reconciled - where no statement these will be requested - as a minimum to be requested for year end	Nov-09
16	R13 Investigate the breaches in purchase controls that we have identified and ensure that they are not endemic. Implement a correctly controlled purchasing process to eliminate the risks involved with unauthorised purchases being made. Requisitions, orders, and deliveries should all be documented and filed appropriately.	3	Head of Procurement & Service Improvement	Agreed	The breaches will be investigated and checks will be performed to ascertain that they were not endemic. Controls on purchasing do exist, the need to comply with them will be emphasised	Dec-09
16	R14 Review signatory lists regularly to ensure that staff changes are reflected promptly and date the list to ensure processing staff are using up to date information.	2	Team leader exchequer services	Agreed	Staff movements are published monthly on intranet, the authorised signatory list will be checked against this each month	Nov-09
16	R15 Design and implement an internal control which provides assurance that only genuine employees are on the Council's	2	Service Accountants/ HR Manager	Agreed	Controls are in place as follows: 1. As part of the monthly budget monitoring the service accountants provide the budget	Dec-09

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	payroll.				<p>holders with list of employees charged to their cost centre - any necessary departmental changes are then emailed to Arvato. There have not been any instances where a Budget holder has identified a person who has left still being on payroll - formal documentation of this control will be considered</p> <p>2. Each month Payroll Manager checks the payroll against starter, leaver and changes forms making sure that if someone has left, the council do not continue to pay them - this is formally documented</p> <p>3. In 2009/10 a reconciliation was done between Workforce and the payroll schedule by Finance Systems Officer</p> <p>Consideration of supplementary controls will also take place</p>	
17	R16 Ensure the payroll payment schedule is properly authorised before allowing payment to proceed.	2	Corporate Finance Manager	Agreed	Now authorised by HR & Finance	Apr-09
17	R17 Review the design of authorisation controls within the McDonnell Douglas property maintenance system and consider the need to reinforce or amend the control.	2	Technical Clerk	Agreed	<p>Whilst it is agreed that authorisation on system can be by-passed, the following is in place:</p> <p>Invoices <£200, if match the order & the checked cost centre is within the budget holders budget, the invoice is authorised</p> <p>Invoices >£200, manual paperwork outside the system is signed by the surveyors, then the service support administrator authorises on the system</p> <p>Invoice <£200 which do not match order are also queried with surveyor who will authorise or not</p>	Dec-09

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					<p>On authorising the invoice on the system, the authoriser inputs their initials & their password, then in the 'reason' field either 'ok' is input or the surveyors name who authorised the invoice.</p> <p>As no paperwork is manually printed out & signed, there is no physical evidence of the controls taking place, therefore consideration of methods of evidencing controls will be undertaken</p>	
17	R18 Segregate duties such that the same person does not approve and enter orders in the McDonnell Douglas system. Implement a secondary review of cost coding of orders.	2		Agreed	<p>1. Same person can approve & enter orders but they do not approve the invoice, 2. Coding is checked at invoice approval stage</p> <p>As no paperwork is manually printed out & signed, there is no physical evidence of the control taking place, therefore consideration of methods of evidencing control will be undertaken</p>	Dec-09
17	R19 Agree the validity of voids by agreeing houses with void status in Academy to supporting documentation.	2	Void Property Co-ordinator	Agreed	<p>The rents disclosed in the SOA are driven by Academy, therefore incorrectly disclosed voids will impact the disclosed rents. However this is mitigated by:</p> <p>1. The daily contact that the Void Property Coordinator has with Academy & their detailed knowledge of the void situation. 2. Should a void be corrected, the system strips out the void entries and replaces them with rental income entries back to the date of new tenancy, thus the rent disclosure would be corrected.</p>	Dec-09

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					Currently the void debit is netted off from the rent credit, consideration will be given to separating this out in the GL to highlight the financial impact of voids including month on month variation.	
18	R20 Reconcile the number of bills to be printed to the number on the system, once all bill reports have been run and before information is sent to the printing contractor.	3	Revenues & Benefits Manager	Agreed	An extract is taken from Northgate detailing the bills to be raised & sent to systems team, the bills are raised and the Revenues team check that extract agrees to bills. The extract is signed & kept by systems for one year Review will be done of control being carried out	Dec-09
18	R21 Design and implement controls to confirm the validity of discounts and reliefs in respect of council tax and NNDR.	3	Revenues & Benefits Manager	Agreed	Whilst it is agreed that an overall review of the entirety of rebates & discounts was not carried out during 2008/09, checks & reviews for individual ones were carried out e.g.: 1. Charities business rates deduction - organisation is checked to Charities Commission website 2. Single occupancy discount - letter sent each year to confirm no change 3. Empty property - flag on property for 6 months hence so deduction removed For 2009/10 resource has been allocated to review all discounts & rebates	Apr-09
18	R22 Fix the ticket machines so that audit tickets produce the correct information. Improve reconciliation procedures.	3	Parking Manager Operations	Agreed	NCC have 2 types of ticket machines multi-storey & pay & display. When the cash is collected the pull box ticket is produced with the amount of the cash and machine number on it and this is written on the cash collection sheet, the cash tin is removed	Dec-09

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					<p>and replaced with a new tin, the serial number of the removed and replaced tins are written on the cash collection sheet. The G4S Contracted machine cash collector has no means of opening the cash tin which is taken to G4S premises where it is then opened & the cash counted & the amount is entered on the cash collection sheet by G4S. The cash collection sheets with relevant PBT attached are delivered by G4S to Parking Services Swanton Road, where they are checked any discrepancies identified are investigated. Monthly the MIS report for each type of machine is run and this is reconciled to the cash collection sheets. The discrepancy report is circulated monthly.</p> <p>The Pay & Display machines sometimes have a problem with the cash entered validation, this can be due to a customer pushing the money in too fast or failures of the machine - in this instance the pull box ticket cash amount will vary to the actual cash but only by a small amount. Pull box ticket amounts will also disagree to actual cash amounts if the machine is not working due to weather, ticket and cash jams, power failure, machine breakdowns, attempted theft etc but these discrepancies will be explained on discrepancy report.</p> <p>There are approx 700 entries on cash collection sheets per month, the testing sample by internal audit identified only one incident of the cash amount on the pull bin ticket being overwritten (0.03%).</p>	

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					However in the light of the audit comment the procedures will be reviewed	
19	R23 Reconcile the Oracle AR and AP balances (not just the movements) to the general ledger control accounts every month. Investigate and correct the reconciling items.	2	Team leader exchequer services	Agreed	This has been done from April 2009	Apr-09
19	R24 Reconcile general ledger investment accounts to supporting records on a monthly basis.	2	Corporate Finance Manager	Agreed	Reconciliation of investments to general ledger to commence	Dec-09
20	R25 Additional training/instruction should be provided to members and senior officers in advance of them being requested to complete the Related Party Transaction disclosures forms for 2009/10.	2	Head of Finance	Agreed	Checklist to be prepared and related party disclosure to be included in member training	Jan-10
20	R26 Provide additional training to the finance staff responsible for preparing the related party disclosures and ensure that they instigate checks to ensure the disclosures are complete and consider materiality to both parties.	2		Agreed	The above will cover this	Jan-10
20	R27 Provide members with comprehensive and accurate information about severance payments to be made to officers to aid decision making. Demonstrate that officers' recommendations are compliant with the Council's policies and legal requirements and represent value for money to the Council.	3	Head of Finance	Agreed	Reports are now checked by 2nd HR officer, S151 officer & Monitoring officer	Apr-09
23	R28 Officers should formally consider the allocation of assets as operational or non-operational including attaining	3	Head of Finance	Agreed	List in process of being prepared to put before members	Jan-10

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	member approval. Ensure the officers and members determining the allocation are aware of the SORP requirements.					
24	R29 As part of the year-end process clear all suspense and holding accounts, including those relating to subsidiary information systems, and post transactions to correct accounts.	3	Head of Finance	Agreed	Clearance of such accounts is carried out during the year on an ongoing basis - extra care will be taken at year end to ensure accounts are clear. Suspense accounts in relation to unknown receipts may still have balances relating to March 2010 receipts.	Apr-09
24	R30 Include the requirement within the closedown plan to run the supporting reports for housing benefits overpayments as at 31 March and to reconcile them to the general ledger.	3	Finance Control Manager	Agreed	Report will be run as part of year end closedown	Mar-10
24	R31 Analyse movements on reserves with sufficient detail to be able to reconcile total gains and losses to the movement in balance sheet reserves. Amortise premiums in relation to the early repayment of debt held in the Financial Instruments Adjustment Account through the SMGF.	2	Corporate Finance Manager	Agreed	1. Tighter control over journals exercised during 2009/10 will facilitate this 2. Error recognised and FIAA will be through the correct accounts for 2009/10	Apr-09
24	R32 Produce an aged debtor listing of housing benefit overpayments to calculate the associated bad debt provision in future years.	2	Senior Project Accountant	Agreed	1. Outstanding invoice listing by date for First Debtors will be produced for 2009/10 to facilitate correct aging and consequent calculation of bad debt provision. 2. For overpayments to be repaid by ongoing benefit, a report of invoices raised in year containing case number will be produced and used along side reports produced for Gov Returns to assess those debtors moving from ongoing benefit to First Debtors to facilitate calculation of bad debt provision.;	Mar-10

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24	R33 Review and comply with the disclosure requirements of FRS11 and FRS15 in respect of impairments and revaluations.	2	Capital Accountant	Agreed	Review of Fixed Assed note for SORP compliance will be carried out for 09/10 SOA	May-10
24	R34 Improve the skill base of the financial reporting team to produce a cash flow statement on time and free from material error.	3	Head of Finance	Agreed	The Council is looking at a number of options including cashflow software, Oracle reports for generating cashflow & reviewing the account coding structure & posting routines to enable greater clarity of cash transactions.	Jan-10
24	R35 Review the financial statements for evidence that the Council's accounting policies are not being followed as part of the closedown process.	2	Head of Finance	Agreed	With supporting schedules being produced direct from Oracle time will be released for a comprehensive review of SOA in respect of compliance with accounting policies	May-10

Internal Audit Improvement Plan

Areas for Improvement	Action	Timescale
Standard 1 – Scope of Internal Audit		
1.2.1 - risk management is considered in the planning process but organisation assurance and monitoring mechanisms have not been considered when determining IA work and concentration	Plan takes account of corporate and service risks, Audit Commission findings including use of resources, and AGS issues. Corporate performance management will be monitored and audit plan kept under review	March/April then ongoing
1.3.1 - issue over whether IA have resources to undertake consultancy and fraud/ corruption work i.e. involvement in NELM has diverted resources available for audit work. This has lead to outsourcing core work and slippage of work into 2009/10.	Audit resources are kept under constant review and necessary steps taken to address any shortfall. Outsourcing is a realistic option	Ongoing
1.4.2 - anti-fraud and corruption policy does not make clear the involvement of IA in the detection of fraud.	The policy is considered to be fit for purpose and requires certain frauds and all corruption cases to be referred to internal audit. However, the policy is due for review in 2010 and this will be considered.	2nd quarter 2010
1.1.3 - terms of reference of IA have not been reviewed regularly and there is no formalised review timescale. T of R were established in March 2008 and have not been reviewed since.	ToR will be reviewed and review timetable included	2nd quarter 2010
Standard 2 – Independence		
2.2.1 - the status of IA should allow it to demonstrate its independence.	Include in the review of ToR	2nd quarter 2010
Standard 3 – Ethics for Internal Auditors		
3.1.1 - no formal reminder is made to staff of their ethical responsibilities	All current staff have signed the code of ethics for internal audit, but will be reminded annually	Immediate
3.3.2 - As no declarations of interest are completed it is difficult to assess whether internal auditors are free from conflicts of interest	All staff, including audit staff, are regularly reminded about declaring interests. Will be reminded annually, with nil declarations required	Immediate

Areas for Improvement	Action	Timescale
3.3.4 - staff are not rotated on a regular basis due to non audit work burden and small team, this leads to no fresh eyes on audits and potentially compromising the objectivity of the internal audit function.	It is sometimes beneficial to use previous expertise for an audit. However, staff will be rotated as much as possible within the restrictions of a small team. Outsourced audits provide fresh eyes.	Immediate
3.4.1 - HoIA does not ensure that audit staff have sufficient knowledge of relevant legislation and other regulatory arrangements relating to audit work. Scope of audits are not formally documented, which makes it difficult to assess whether auditors have sufficient knowledge of the scope of each audit assignment.	Each audit has terms of reference which includes service risks and compliance with relevant legislation. The ToR is agreed by the audit manager and forms the scope of the audit	Immediate
Standard 4 – Audit committee		
4.2.2 - The audit strategy is approved by audit committee but there is no monitoring documented	The audit strategy will be reviewed in 2010, to include monitoring	2nd quarter 2010
4.2.2 - The audit plan is approved by audit committee but this is seen as untimely. 2008/09 plan was approved in November 2008 and 2009/10 is still to be approved.	Not agreed – 2009/10 plan approved by Audit Committee March 09. Draft plan for 2010/11 went to committee in March 2010.	–
4.2.4 - There have been no reviews of the remit and effectiveness of the audit committee and therefore the HoIA has not been able to contribute to them.	This is just one of six points in 4.2.4 of the code. It is not for the audit manager to initiate such a review, but would participate if required	–
4.2.5 - If the HoIA wanted to meet with the audit committee privately there are no protocols or documented guidance for this as it has never occurred.	It does not necessarily need a protocol to cover such situations, but will be considered as part of the review of internal audit's ToR	2nd quarter 2010
Standard 5 – Relationships		
5.1.2 - No protocol exists that defines the working relationship between IA and management, other internal auditors, external auditors, members and other regulators and inspectors	Will be developed in conjunction with the review of ToR. Outsourced audits subject to letters of engagement and terms and conditions.	2nd quarter 2010
5.2.1 - evidence from review of work by IA and lack of response shows that even though the HoIA seeks an effective relationship with management this is proving ineffective.	Code states that management should have confidence in the integrity, independence and capability of internal audit – believe this to be the case. Responses received for all audit	

Areas for Improvement	Action	Timescale
	reports, although in some cases only verbal. Currently attending all DMTs to explain audit planning process and draft audit plan.	
5.3.1 - No arrangements exist that Norwich City Council have produced for working with other internal auditors. They are reliant on the other party. Recommend that they produce arrangements outlining joint working, access to working papers, respective roles and confidentiality.	This has not proved to be a problem in the past. There has only been one occasion of joint working, and we had full input into the terms of reference and split of audit work. Working papers were made freely available. Formal arrangements will be documented if required in future	As and when necessary
5.4.2 - External audit have not been able to rely on internal audit's work.	Develop internal audit's quality assurance arrangements in order to meet this code of practice and external audit's requirements	Immediate
5.4.3 - There is no documented co-ordinated plan between internal and external audit. While there is regular contact with the HoIA the External Audit Manager recognises that the regularity of meetings with the HoIA could be improved.	Quarterly meetings have been reinstated	Immediate
Standard 6 – Staffing, Training and CPD		
6.1.1 - internal auditors are not qualified IIA or equivalent. Recommend that they should be or at least working towards this.	Impractical given the current circumstances. Person specification asks for AAT	–
6.1.2 - the HoIA is not professionally qualified.	Impractical given the current circumstances. The audit manager has a management qualification and many years audit experience. Also a member of IIA	–
6.2.2 - no record of training or development is kept by individual auditors and no CPD is undertaken in the internal audit function.	Training is identified and provided on an ad-hoc basis and recorded on Workforce. Training will be further developed when the new competency framework is introduced in June	June 2010
Standard 7 – Audit Strategy and Planning		
7.1.1 – IA strategy has not been reviewed since March 2008	Will be reviewed in conjunction with ToR	2nd quarter 2010
7.1.2 - strategy does not include specific objectives, how the	Will be addressed as part of above review	2nd quarter 2010

Areas for Improvement	Action	Timescale
HolA will form their opinion of the control environment, no mention of how internal audit's work will identify and address local and national issues and risk and there is no mention of skills needed to achieve the strategy.		
7.2.1 - Evidence of audit plan being informed by risk management, but not performance management or other assurance work.	Plan takes account of corporate and service risks, Audit Commission findings including use of resources, and AGS issues. Corporate performance management will be monitored and audit plan kept under review. Draft plan discussed at DMTs. Waiting for strategic priority plans for 2010-12 before finalising	April/May 2010
7.2.3 - audit plan does not prioritise assignments and only 2009/10 plan differentiated between audit and non-audit and consultancy work.	The 2010-11 plan will be prioritised and will continue to differentiate between audit and non-audit and consultancy work	May 2010
Standard 8 – Undertaking audit work		
8.1.1 - no formal audit brief is prepared that includes objectives, scope, timing, reporting requirements or resources and this is not being agreed with relevant managers.	Terms of reference are prepared for each audit, including objectives and scope, and are agreed with management. Will be further developed.	Immediate
8.2.3 - audit approach does not mention when key issues should be reported to management	Key issues are raised during audits, but evidencing will be improved	Immediate
8.2.4/ 8.3.1 - Quality review process should include a peer review of some form. Potential for Head of Finance to conduct an annual review. We found no evidence that file reviews were being undertaken.	All files are reviewed, but evidencing will be improved	Immediate
8.3.2 - working papers were in some instances hard to follow and it was difficult to re-perform work	Working papers are detailed, but files will be improved as part of quality review	Immediate
8.3.3 - there is no access policy for audit files and records. Access policies should reflect recent legislation in regards to data protection and freedom of information.	The section complies with corporate policies on data protection and freedom of information. Access policy will formalised in conjunction with review of ToR	2nd quarter 2010
Standard 9 – Due professional care		

Areas for Improvement	Action	Timescale
9.2.1 - There are no documents that set out the requirements of staff:	All the points below were included in the 2003 code which all current staff have read and signed. Staff will be reminded.	Immediate
<ul style="list-style-type: none"> having sufficient knowledge to identify indicators that fraud or corruption may have been committed, 	See above	—
<ul style="list-style-type: none"> disclosing all material facts known to them which, if not disclosed, could distort their reports or conceal unlawful practice, and 	See above	—
<ul style="list-style-type: none"> disclosing any non-compliance with these standards 	See above	—
9.3.1 - no monitoring or review programme has been established by HoIA to ensure that professional due care is achieved.	Covered on an informal basis, but formal programme will be developed	2nd quarter 2010
Standard 10 – Reporting		
10.1.5 - laid down timescales for reports to be issued exist but are not consistent: Audit procedure manual states 5 days and the annual report states 20.	It was reported to Audit Committee that 20 days is in line with other authorities and has been adopted. Will be incorporated into procedure manual	2nd quarter 2010
10.1.4 - reporting standards do not state the requirement to give an opinion	Opinions now given. Will be incorporated into procedure manual	2nd quarter 2010
10.2.4 - HoIA has not determined a process for prioritising recommendations according to risk	Recommendations now prioritised. Will be incorporated into procedure manual	2nd quarter 2010
10.2.5 - only disagreement on significant issues is reported appropriately	Code states that only weaknesses giving rise to significant risks that are not agreed should be escalated. Any areas of disagreement that warrant a recommendation are already included in reports. Nevertheless will be incorporated into procedure manual	2nd quarter 2010
10.2.6 - The circulation of each audit report is not determined by the brief as one is not prepared	Will be added to the ToR for each audit	Immediate

Areas for Improvement	Action	Timescale
10.2.7 - HoIA does not have mechanisms in place to update the risk register or to ensure that recommendations that have a wider impact are reported to the appropriate forums	Feasibility of incorporating this into the new performance management system (which will include risks) will be examined	2nd quarter 2010
10.3.2 - HoIA has not established appropriate escalation procedures for internal audit recommendations not implemented by agreed date	Reported as part of follow up review – non-action is reported to director and Audit Committee. Will be incorporated into procedure manual	Immediate/2nd quarter 2010
10.3.3 - revised opinions are not given on follow up audits	Will be implemented immediately and incorporated into procedure manual	Immediate/2nd quarter 2010
10.4.2 - HoIA's annual report does not communicate the results of the internal audit quality assurance programme, as no programme has been established.	Quality assurance programme and performance measures will be developed	2nd quarter 2010
Standard 11 – Performance, Quality and Effectiveness		
11.1.1 - the audit manual has not been updated since 2003 and does not include guidance on complying with this code. It needs to be reviewed and updated regularly to reflect changes in working practices and standards.	Manual will be reviewed and updated	2nd quarter 2010
11.1.2 - HoIA does not have effective arrangements in place to assess the performance and effectiveness of each individual audit or internal audit as a whole.	Quality assurance programme and performance measures will be developed	2nd quarter 2010
11.2.2 - no formal guidance given for the supervisory process, this makes it difficult to assess monitoring progress, assessing quality of audit work and coaching staff.	Within a small team in the same office the supervisory process is ongoing. However, will be formalised when the procedure manual is reviewed	2nd quarter 2010
11.3.1/ 11.3.2/ 11.3.4/ 11.3.5 - there is no performance and quality assurance programme in place	Quality assurance programme and performance measures will be developed and reported upon	2nd quarter 2010
11.3.3 - HoIA does not compare over time the performance and the effectiveness of the quality of the service provided to the user	Quality assurance programme and performance measures will be developed	2nd quarter 2010

Significant governance issues from 2008/09 annual governance review

The following is an outline of the actions taken, or proposed, to deal with significant governance issues arising from the review of effectiveness:

Significant Issue	Action taken or proposed	Position as at June 2010
1. Audit Commission Annual Governance Report 2007/08 – high level of amendments required to accounts; financial statements qualified in one area; qualified value for money opinion.	A detailed action plan to address all the recommendations was approved by audit committee 29 January 2009.	Substantially complete. Some issues are still ongoing – internal audit resources; system & procedure manuals; qualification of NELM accounts. Financial statements for 2008/09 improved and were unqualified, but material misstatements and internal control weaknesses found. Scored 2 for use of resources, but weaknesses remain. As a result of the 2008/09 AGR a further action plan was agreed.
2. Audit Commission use of resources assessment – more emphasis on performance and outcomes. Minimum level of 2 expected for 2008/09	Senior managers involved in the self-assessment process and providing evidence	Level 2 achieved for 2008/09, but weaknesses found for financial reporting; risk management and internal control; and workforce planning. Indicative score for 2009/10 still awaited.
3. Audit Commission inspection – planning service. Inspection found the service ‘fair’ with ‘uncertain’ prospects for improvement.	In November 2008 executive approved phase 2 of the planning improvement plan in order to address the financial and reputational risks. Performance is regularly reported as part of the quarterly performance monitoring reports to executive – the most recent report was to executive on 26 May 2010.	Planning has moved into a high performing service having exceeded all of its performance targets. Work in relation to the planning improvement plan has continued and performance as measured by National Indicators has been maintained at a level to meet all the challenging targets set as part of the improvement plan.
4. Audit Commission inspection – landlord services. The inspection found that the service was ‘poor’ with ‘uncertain’ prospects for improvement.	In April 2009 executive approved the implementation of the housing improvement plan, including the establishment of the housing improvement board, regular progress reports to scrutiny, and work streams to implement the plan. In March 2010 IDeA carried out a peer review of the landlord service.	The peer review looked at the work covered by the housing improvement programme. This review went extremely well and the feedback was very positive. Landlords service will continue to implement and embed the housing improvement programme for year 2 in preparation for an Audit Commission inspection in early 2011.

Significant Issue	Action taken or proposed	Position as at June 2010
<p>5. Response to the economic downturn – the council could face a significant adverse impact as a result of the worsening economic climate</p>	<p>The global recession continues to have a serious impact on the council's financial position. The council developed a transformation programme to address this position which targeted cost reduction while protecting the delivery of frontline services.</p> <p>By building up a strong level of reserves the council was able absorb the negative financial impacts of the recession in 2009/10 while maintaining its level of service delivery. By using a proportion of its reserves in 2009/10 the council was able to carefully plan a cost reduction programme which was focussed on delivering value for money while maintaining front line services in 2010/11. This programme should deliver savings of approximately £6.3 million in 2010/11.</p>	<p>The medium term financial strategy was approved by executive 24 March 2010. Since then there has been a change of government and it is likely that council spending will come under further pressure.</p> <p>On 10 June the government announced details of the £1.2bn local government contribution to cross government savings in 2010/11. The effect on Norwich City Council is a reduction in Local Enterprise Growth Initiative (LEGI) grant of £355,000.</p>
<p>6. Greyhound Opening sheltered housing decommissioning. Staff were renting units that were due to be decommissioned.</p>	<p>The monitoring officer carried out an investigation, and the council also commissioned an independent review of the investigation. A detailed action plan was approved by executive in February 2009, with progress reported to executive in April 2009 as part of the housing improvement plan.</p> <p>The Audit Commission also carried out an unplanned review of the housing allocation scheme and made several recommendations, which are being addressed by the housing improvement plan.</p>	<p>All of the issues and recommendations are either complete or are being addressed as part of the housing improvement plan, which is progressing on target (see 4. above).</p>
<p>7. Local government review – the implications of the transition and timing could have had a significant impact on delivering the council's priorities and service standards.</p>	<p>In accordance with the Structural Changes Order, an Implementation Executive (IE) and Joint Implementation Team (JIT) have been established to progress unitary implementation.. A dedicated officer team has been created, including secondments from Norfolk County Council, and additional external resource in key service areas.</p>	<p>The new Government has introduced a draft Bill to revoke the Structural Changes Order, and so implementation work has been scaled down.. However, technically the Council remains under a statutory duty to implement. The progress of the draft Local Government Bill is being monitored, and some delay has already occurred. Further developments are awaited.</p>

Significant Issue	Action taken or proposed	Position as at June 2010
8. Internal audit – the Audit Commission commented on the diversion of internal audit resources to non-audit work, particularly NELM claims, and the impact on the audit plan.	Ongoing issue – external resources commissioned in 2008/09 and 2009/10.	Resources being kept under review, but may require some external support in 2010/11.
9. Asset management – an audit review found significant weaknesses, in particular the lack of funding for the investment strategy	There has been a comprehensive review of the options to address the issues, including partnership working, with reports to members (below the line, so details not public at this stage).	Ongoing
10. International financial reporting standards (IFRS) – will impact on the council's financial and management processing, and preparation and presentation of accounts.	Implementation plan prepared. Training for staff and presentations to audit committee members. External experts commissioned to support finance staff and provide an impact assessment leading to an implementation plan for the next phase. A detailed plan has now been drafted and resources identified.	Ongoing. Audit committee has asked the head of finance for regular progress reports.
11. Business continuity planning is not embedded across the council. There is a draft business continuity plan, but it needs to be reviewed on a regular basis, with regular exercises.	The gold plan is complete and useable as an overarching plan, but is not yet fully supported by detailed continuity plans from service plans. City Hall evacuation plan is complete and able to be activated. The temporary emergency planning officer has met with every head of service. Result will be each service will have a DR plan that will link to the corporate BCP. The council has a flu pandemic plan complete with scripting for relevant departments. The plan has been invoked given the current global situation, but at this stage involves mainly communication issues.	Ongoing. The corporate plan (gold) is complete and has been signed off. Work continues to develop departmental plans (silver), and is currently focused on recovering core systems to Lakenham, particularly customer contact. However, there is still no testing other than the joint disaster recovery exercises between NCC and Steria designed to relocate core systems to Lakenham. Business continuity is now a standing item on the data security forum agenda.