

SUBJECT:	Internal Audit: Status of Work
MEETING:	Audit Committee
DATE OF MEETING:	23 September 2009
REPORT OF:	Chief Internal Auditor (Acting)
REPORT DATE:	19 August 2009

1 Internal audit report opinion definitions:

Opinion	Framework of governance, risk management and management control
Substantial assurance [G]	A sound framework in place that is operating effectively. Some immaterial evidence of inconsistent application.
Adequate Assurance [A]	Basically a sound framework in place but with repeated evidence of inconsistent application.
Limited assurance [A]	Critical weakness(es) identified within the framework or significant evidence of inconsistent application.
No assurance [R]	Fundamental weaknesses have been identified or the framework is ineffective or absent.
Closed [X]	Management has confirmed that all identified framework weaknesses have been appropriately addressed.

2 Status of 'live' reports:

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009		
Decent Homes Transformational Programme	25/01/08	Head of Decent Homes	Neighbourhoods	A	A	A	G	G	G	X	20 (7)	0
Strategic Services Partnership	28/02/08	Executive Director of Resources	Resources	G	G	G	G	G	G	G	3 (1)	1 (1)
Compliance with Health and Safety Legislation	12/03/08	Executive Director of Resources	Resources		G	G	G	G	G	X	9 (0)	0
Payroll	17/03/08	Executive Director of Resources	Resources		G	G	G	G	G	G	6 (1)	4 (1)
School Admissions	17/03/08	Executive Director Children's Services and Learning	Children's Services and Learning		G	G	G	G	G	G	5 (2)	2 (0)
Fleet Transport	08/04/08	Executive Director of Environment	Environment		G	G	G	G	G	G	11 (0)	3 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009		
Data Management - Child Protection Records	15/04/08	Executive Director Children's Services and Learning	Children's Services and Learning		A	A	G	G	G	X	8 (6)	0
Licensing	16/04/08	Chief Executive	Legal and Democratic Services		A	G	G	G	G	G	13 (3)	1(0)
Parking: Off and On Street	16/04/08	Executive Director of Environment	Environment		G	G	G	G	G	G	15 (4)	1 (0)
Receipt Management and Banking	07/05/08	Executive Director of Resources	Resources		G	G	G	G	G	G	5 (0)	2 (0)
Internet and Email	16/05/08	Executive Director of Resources	Resources		A	A	A	A	A	A	10 (3)	2 (2)
Local Taxation Services	06/06/08	Executive Director of Resources	Resources			G	G	G	G	X	6 (0)	0
Application and Software Management	10/06/08	Executive Director of Resources	Resources			A	G	G	G	X	10 (3)	0

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009		
Network Management	10/06/08	Executive Director of Resources	Resources			A	G	G	G	G	19 (0)	1 (0)
Across Schools Thematic Reviews – Security	16/06/08	Executive Director Children's Services and Learning	Children's Services and Learning			A	A	A	G	G	8 (4)	2 (1)
Code of Conduct and Disciplinary Rules	24/07/08	Executive Director of Resources	Resources			A	A	A	A	A	17 (13)	5 (4)
Housing Needs	24/07/08	Executive Director of Neighbourhoods	Neighbourhoods			A	A	A	G	X	7 (6)	0
Affordable Housing	14/08/08	Executive Director of Neighbourhoods	Neighbourhoods			A	G	G	G	G	12 (4)	1 (0)
Workforce planning	04/09/08	Executive Director of Resources	Resources			G	G	G	G	G	8 (0)	2 (0)
Town Depot Stores	05/09/08	Executive Director of Neighbourhoods	Neighbourhoods				A	A	G	G	11 (3)	3 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion						Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009			Aug 2009
Itchen Bridge	16/09/08	Executive Director of Resources and Executive Director of Environment	Resources/Environment				A	G	G	G	4 (0)	1 (0)
Capital Programme and Major Projects	01/12/08	Executive Director of Resources	Cross-cutting				A	A	A	A	7(0)	7(0)
VAT	19/12/08	Executive Director of Resources	Resources					G	G	G	4(0)	2(0)
Procurement	15/12/08	Executive Director of Resources	Resources					A	G	G	21(8)	1(1)
Section 106 Agreements	26/01/09	Executive Director of Environment.	Environment					R	R	A	7(6)	2 (2)
Public Transport	04/02/09	Executive Director of Environment. Executive Director of Resources	Environment					A	G	G	5(2)	1(0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009			(of which are 'high' priority)
Mental Health and Substance Misuse	23/03/09	Executive Director Communities Health and Care	Communities Health and Care							A	A	6 (3)	5 (3)
Woodmill	26/03/09	Executive Director of Neighbourhoods and Executive Director of Resources	Neighbourhoods and Resources							R	A	9 (8)	3 (2)
Customer Services	28/04/09	Executive Director of Resources	Resources							A	G	3 (1)	1 (0)
Private Sector Housing	12/05/09	Executive Director of Neighbourhoods	Neighbourhoods							A	A	19 (8)	3 (2)
Computer Installations & Operating Systems	14/05/09	Executive Director of Resources	Resources								A	20 (6)	14 (5)
IS Security Management	14/05/09	Executive Director of Resources	Resources								A → G	13 (3)	4 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009			(of which are 'high' priority)
IT Strategy	14/05/09	Executive Director of Resources	Resources								G → X	2 (0)	0
Council Tax	14/05/09	Executive Director of Resources	Resources								G	6 (0)	1 (0)
Housing & Council Tax Benefits	14/05/09	Executive Director of Resources	Resources								G → X	2 (0)	0
Learning Futures Transformational Programme	14/05/09	Executive Director, Children's Services and Learning	Children Services and Learning								A	10 (10)	6 (6)
Payroll	19/05/09	Executive Director of Resources	Resources								G	1 (0)	1 (0)
Environmental Health	05/06/09	Executive Director of Environment	Environment								G	6 (0)	6 (0)
Registration Services	16/06/09	Executive Director of Environment	Environment								G	6 (0)	6 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009			(of which are 'high' priority)
Development Control	19/06/09	Executive Director of Environment	Environment								G	1 (1)	1 (1)
Sports and Recreation Venues	23/06/09	Executive Director of Neighbourhoods	Neighbourhoods								A	10 (7)	10 (7)
Children's Trust Arrangements for the Delivery of the Children and Young People's Plan	24/06/09	Executive Director, Children Services and Learning	Children Services and Learning								G	2 (0)	2 (0)
Leisure Venues Alternative Management Transformation Project	26/06/09	Executive Director of Neighbourhoods	Neighbourhoods								G	5 (2)	5 (2)
Debtors	30/06/09	Executive Director of Resources	Resources								G	5 (1)	3 (1)
Direct Payments – follow up	30/06/09	Executive Director of Health and Community Care	Health and Communities Care								G	1 (0)	1 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009			(of which are 'high' priority)
National Health Service Act 2006 Partnership Agreement – follow up	30/06/09	Executive Director of Health and Community Care	Health and Communities Care								G → X	0 (0)	0
Expense Management	30/06/09	Executive Director of Resources	Resources								A	13 (10)	13 (10)
Open Spaces and Street Cleansing	01/07/09	Executive Director of Neighbourhoods	Neighbourhoods								A	9 (2)	9 (2)
School PFI Contract Management	03/07/09	Executive Director, Children Services and Learning	Children Services and Learning								A	8 (1)	8 (1)
Contract Management	07/07/09	Executive Director of Resources	Resources								A	9 (1)	9 (1)
Corporate Complaints	17/07/09	Assistant Chief Executive (Strategy)	Chief Executive (Strategy)								G	5 (0)	5 (0)

Audit title	Report date	Audit Sponsor	Directorate	Opinion							Original actions	Actions outstanding	
				Feb 2008	May 2008	Aug 2008	Nov 2008	Feb 2009	May 2009	Aug 2009			(of which are 'high' priority)
Emergency Home Closures	28/07/09	Executive Director of Health and Community Care	Communities Health and Care								A	5 (1)	5 (1)
Youth Services	28/07/09	Executive Director, Children Services and Learning	Children Services and Learning								A	7 (6)	6 (5)
Supporting People	05/08/09	Executive Director of Health and Community Care	Health and Community Care								G	1 (0)	1 (0)
Economic Development (Major City Developments / North South Spine)	13/08/09	Assistant Chief Executive (Economic Development)	Chief Executive								G	11 (8)	11 (8)

3 Executive summaries of new reports published where critical weaknesses or unacceptable levels of risk were identified:

Audit title: Computer Installations & Operating Systems (14/05/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

InfraEnterprise is used by Capita for managing the change control process. This includes updating both Microsoft Windows and UNIX operating systems with appropriate patches and applying firmware updates.

Microsoft's Baseline Security Analyser was run against the network's domain controllers and identified missing security updates. PatchDiag was run against the operating systems for a number of the main applications and missing UNIX security patches were identified.

Documented procedures for patching Windows needed to be finalised. Procedures for patching UNIX and firmware updates needed to be developed.

The Council uses Microsoft Windows 2003 Active Directory to control its network and a number of the main applications including Social Care, Housing and Revenues and Benefits run on Sun Solaris. The Microsoft Windows Active Directory domain security policy was satisfactory, but the UNIX operating system retained default security settings.

Management actions and update:

Assurance of WEEE compliance provided;

All security patches now updated;

Notification issued to managers to notify of starters and leavers to ensure accounts are appropriately managed;

Unix policy updated and implemented.

High priority actions overdue:

None

Audit title: IS Security Management (14/05/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The Southampton Strategic Services Partnership requires compliance with the Payment Card Industry (PCI) level 3 for Data Security. A penetration test was undertaken in November 2008 and the resultant report stated that *'NCC Group has determined that Southampton City Council is not compliant with the PCI scan validation requirement.'* No formal action plan was in place to address areas of non compliance with the PCI level 3. The performance indicators report showed 100% compliance for perimeter testing despite the penetration test undertaken in November 2008 concluding that the Council is non PCI compliant.

Many of the technical standards on the Council's Intranet required urgent review. This included the requirement for a complete revision of the Information Security Policy. There were several versions of the Information Security Policy on the Intranet none of which had version control.

The Council's Intranet had a section entitled 'The Legal Framework'. This section included information about the Data Protection Act 1998; Copyright Design and Patents Act 1989; and 1990 Computer Misuse Act. The section set out the laws and regulations and what staff must do to ensure that they comply with them. However, it was noted that this section referred to BS7799. This has been superseded by ISO/IEC 27001.

The project being run by Capita to provide a disaster recovery solution for the Council was due for completion by 30th September 2008. Whilst, disaster recovery arrangements were in place from a remote location to support 24 of the Council's key priority systems, user acceptance testing had still to be completed and a documented plan produced.

Management actions and update:

All DR applications have been implemented and user acceptance tested;

Historic versions of the IS Security Policy removed from the Intranet;

Policies and Standards now version controlled;

Latest standards accurately reflected on the legal framework web page;
All issues causing non compliance with PCI standards now addressed; and
IT Client now have processes in place to test check the integrity of reported KPI's and PI's

High priority actions overdue:

None

Audit title: Learning Futures (14/05/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The Learning Futures programme of work was not managed in accordance with the Council's "*Project Management Guidelines*", specifically the review highlighted the:

- absence of a project initiation document;
- inadequate governance arrangements;
- absence of a project plan; and
- absence of a risk register.

Delivery of the project was fragmented and monitoring was inconsistent and ineffective, resulting in non delivery of many of the planned elements of the programme in accordance the original deadline of 1 September 2008.

The roles and responsibilities of participants within the project were not clearly defined. A reorganisation allowance of £50,000 was paid to schools involved in the Learning Futures project to '*help towards the costs of releasing a member of the senior management team to manage the change process*', however, only one school used the allowance for its intended purpose.

Estimated costs of the Learning Futures project were not based on detailed quantity surveying input. As a result, the scope of works for a number of the schools had to be revised in order to remain within budget, further contributing to delays in delivery of the project.

Insufficient exchange of financial information between Capita and Children's Services and Learning during the course of the programme of works significantly reduced the effectiveness of budget monitoring.

Management actions and update:

Capita Symonds now provide copies of all drawings, schedules of works, specifications and other documents used for the works for review.

Weekly meetings held between CSL, the Business and Account team, and Capita Symonds to review progress of all projects currently underway.

The role of individual schools and the use of earmarked funding made clear in writing for all major capital projects.

Individual schools required to account for earmarked funds separately

High priority actions overdue:

All major capital projects to be carried out in accordance with 'Project Management - guidelines for effective implementation and delivery'.

Head of Service: Infrastructure and Capital projects to:

- Ensure all managers with major project responsibility are aware of the guidelines,
- Audit current major projects to ensure compliance,
- Arrange appropriate training in the guidelines for managers with major project responsibility as necessary,
- Maintain a record of, and quality assure, compliance with the guidelines, specifically the inclusion of:
 - A Project Initiation Document
 - An appropriate programme board to support a robust governance framework
 - A project plan

(Apr 09) – scheduled for completion by August 09

Audit title: Sports and Recreation Service (23/06/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The limited assurance placed on this review is predominately due to inadequate controls with regards to Golf Course income collection which do not conform to the Council's Financial Procedure Rules, as highlighted below.

- lack of management checks;
- poor segregation of duties;
- inaccurate recording of income; and
- inconsistencies in reporting under and over banking.

Further breaches in Financial Procedures Rules (particularly.D.36) were noted relating to outstanding debts for Platinum membership fees managed at the Quays not being reported to Corporate Finance.

In addition, the lack of document retention schedules relating to membership details and banking records has resulted in confidential information being retained longer than recommended within the Council's Retention Guidelines and the Councils Data Protection Policy.

The asset register at two of the leisure venues visited were incomplete and out of date; the third venue visited did not maintain any such register.

The Sports Centre (in good faith) allows certain sporting bodies to store equipment at the Sport Centre, no agreement for such storage is in place, the absence of any such agreement exposes the Council to potential claims in the event of loss damage or theft.

Management actions and update:

None

High priority actions overdue:

All Facility Managers will be required to produce a MRM report detailing all unders and overs on a monthly basis. This will be used to scrutinise and query high level overs and unders. *(Jun 09)*

Process and procedures will be updated to ensure “cut off” values used to report unders and overs in all venues will be £5. *(Jun 09)*

A monthly sample check of Golf Course banking records will be carried out by the Operations Manager and documented to ensure an audit trail exist. An overs and unders pro-forma will be introduced to report daily unders and overs of £5 to Operations Manager. This will be reviewed and signed off by the Operations Manager. The form will be retained in line with the retention schedule. *(Jun 09)*

Supervisory investigations of overs and unders at the Golf Course will be documented and signed off to acknowledge that checks have been carried out and to establish accountability of the errors. A segregation of duties will be established at the Golf Course between the officer checking the income collection, preparing the banking and posting the income on Agresso. *(Jul 09)*

Staff at the Golf Course will be reminded of the need to ensure income is recorded in the form it arrives and training will be given to staff making persistent errors. *(Jun 09)*

Audit title: Expense Management (30/06/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The Members Allowance Scheme provides clear guidance with regard applicable claims expenditure and permissible methods of payment. Whilst the 'Staff Conditions of Service' outline the various categories of expenses that can be claimed, there was no guidance with regard payment methodology.

Members' expenses are centrally administered and paid through Payroll. There are numerous ways in which officers were reimbursed expenses none of which provided a comprehensive management trail. The lack of guidance available with regard permissible payment methodology enabled staff to use that most beneficial to themselves which may not necessarily have been the most economical or efficient to the authority.

Expense and allowance forms should be authorised by management prior to payment, however, the variety of methods by which expense claims can be paid increases the risk of misappropriation.

There were an increasing number of expenses paid to non Southampton City Council staff e.g. volunteers, partners from charities etc. for which there was no corporate policy or guidance with regard rates of reimbursement.

The Conditions of Services for travelling and car allowances state that the Council can refuse to pay claims older than 3 months, however this was not routinely adhered to as departments regulate their own time limits, often dependant on the size and frequency of staff expense claims.

All expense payments were reflected in the main accounting system; however, there was a risk that the late submission of cumulative claims could have an adverse affect on budget monitoring.

Management actions and update:

An appropriate action plan has been agreed with management.

High priority actions overdue:

None

Audit title: Open Spaces and Street Cleansing (01/07/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The business unit had introduced targets to monitor customer issues in relation to open spaces and street cleansing and to ensure that the team delivered Council services to the local community within defined timescales. IT issues with the LAGAN system and manual processes in place had resulted in such targets not being met during 2008/09. Failure to achieve these targets would have significant impact on the achievement of Open Spaces and Street Cleansing business objectives.

There were no formal procedures to guide staff on inspections of "green and clean works". In the absence of formally adopted procedures the standard and quality of completed work may vary.

The failure to achieve business targets are partly driven by manual processes within Open Spaces and Street Cleansing, the introduction of new mobile technology would enhance process efficiency.

As per the EU Working Time Directive, employees are allowed to work up to 48 hours per week before a disclaimer has to be signed stating they choose to work over the 48 hour threshold. It was identified from timesheets of a number of employees that the 48 hours threshold had been exceeded on numerous occasions, although no disclaimers were evident.

The Health and Safety self assessment tool which is submitted twice a year to the Corporate Health and Safety Team has highlighted issues regarding health and safety training and non compliance with Safe Working Practice (SWP) 51 for accident investigation.

Management actions and update:

None.

High priority actions overdue:

LAGAN escalation procedure for notifying managers of overdue enquiries is still not working. This issue has been escalated with IT client and IT Capita and a fix date of week commencing 11th May 2009 has been given. Unfortunately this work has not been given a high priority by IT and has been outstanding for several months. When this system is back in place, it will help senior managers identify problem types and areas of under-performance. Additionally, IT at satellite Depots where front-line supervisors are based must be capable of viewing LAGAN reminders. This case is also currently with IT support. *(May 09)*

Staff identified by Agresso reports to historically have routinely worked in excess of 48 hours per week to complete and sign formal waiver, and work to be organised and allocated to avoid working these durations where possible, with particular emphasis on controlling any possible Health & Safety risks caused by e.g. operating heavy machinery for an excessive number of hours. Agresso reports to be run off each month for Divisional Management Team identifying staff working in excess of 48 hours per week. *(May 09)*

Audit title: Schools PFI Contract Management (03/07/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

A governance framework was in place that met the requirements of the 'Concession Agreement', however 'terms of reference' were not evident for all the committees in place or had been reviewed recently. As such assurance could not be provided that each committee was fully aware and fulfilling its substantive role.

The Council did not maintain an Operational Contract Manual for the management of school PFI, consequently good practice may not be consistently followed during the life of the contract as the Council's contract management team changes.

No formal training on managing PFI contracts had been provided to Council staff, therefore a significant amount of trust and reliance is placed on the service provider in the provision of technical expertise.

The monthly KPI review meetings between the Authority, school and the contractor showed that performance of the contractors is discussed but there was no evidence from agendas or minutes to suggest that the "assessment of performance of the contractors management of the agreement" reports were reviewed within these meeting as detailed within "Schedule 4 - Performance Measurement System to Concession Agreement". Therefore, enforcement of the Concession Agreement may be more difficult in relation to other aspects if the contractor is not complying fully.

Interserve Pyramid Schools (Southampton), led on the most recent benchmarking exercise and collecting data for the Council for comparative purposes. The benchmarking process commenced 6 months prior to contract renewal as opposed to 9 to 24 months in line with good practice.

The results of an independent review of the benchmarking process conducted by Procurement have never been provided to the Infrastructure & Capital Projects Team, thus failing to comply with best practice guidance on "Benchmarking and Market Testing" in relation to capturing the lesson learnt.

Management actions and update:

Terms of Reference for the Project Liaison Meetings setting out roles and responsibilities were reconfirmed at the most recent meeting held on 10 June 2009.

Best practice guidance as per the 4ps "Guide to contract management for PFI and PPP Projects now followed.

High priority actions overdue:

None.

Audit title: Contract Management (07/07/09)

Original published audit opinion: Adequate Assurance [A]

Current audit opinion: Adequate Assurance [A]

Executive summary:

The Council's 'Contract Procedure Rules' were revised in May 2008 and provide a robust framework for procurement and contract

management arrangements.

There remained a lack of awareness and understanding corporately with regard to the Council's Contract Procedure Rules. Observation highlighted omission in respect of appropriate contracts in place for services procured, the absence of appropriate monitoring arrangements and of the retention on contract registers.

There is a lack of awareness across the Council with regard legal and statutory responsibilities in accordance with the Contract Procedure Rules in respect of the management of procured contracts.

Inconsistencies were highlighted in the management of contracts to ensure that budgets, financial implications and best value were appropriately applied. From review of reports produced for contract monitoring meetings with the provider, representatives of the Council are not routinely present to ensure that actions taken and discussed appropriately reflect the requirements of the contract and the interest of Southampton City Council.

Management actions and update:

An appropriate action plan has been agreed with management.

High priority actions overdue:

None

Audit title: Emergency Home Closures (28/07/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The Care Audit Team is in the process of being restructured by absorbing the staff into the three new localities of East, West and Central. No guidance is currently in place to detail how the monitoring and conducting of annual reviews by Care Managers and the working relationships with care homes are to continue under the new structure.

Following the immediate closure of a private residential nursing home by CSCI in September 2008 a comprehensive process for emergency home closures was drafted, a number of other processes and procedures exist including a procedure for managing Providers who receive Zero Star Ratings from the CSCI. Currently, the Council does not have a policy that defines when these processes need to be implemented.

During December 2008, the Authority was involved with a 28 day closure notice of another private residential home during which selected elements of the process for emergency home closures were utilised. This was the first time the process has been "tested" relating to a live closure but no follow up review has been undertaken to identify any issues with the process followed.

Currently, the process specifically relates to emergency home closures but elements of this process could apply to other home closure situations, for example, 28 day, home evacuations due to fire, flood etc.

No formal processes were identified to assist with the prioritisation of resources and current workloads when an emergency home closure happens, consequently these appear to be managed on a reactive basis which may mean that the provision of routine services could be adversely affected whilst focus is being directed towards the (emergency) home closure.

Management actions and update:

An appropriate action plan has been agreed with management.

High priority actions overdue:

None

Audit title: Youth Service (28/07/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

Insufficient controls were in place to ensure compliance with financial procedural rules, appropriate governance arrangements exist and

contractual agreements were fit for purpose.

The absence of a robust control framework provided a lack of transparency and made the justification of key decisions difficult in the event of scrutiny or challenge.

As the 'Accountable Body' for Youth Opportunity Funding (YOF) and Youth Capital Funding (YCF) Southampton City Council complete finance certificates certifying that expenditure is in accordance with contractual agreements, however, no evidence could be found to substantiate that the accounts of the groups were reviewed on a regular basis to ensure eligible spend in accordance with contractual agreements.

Management actions and update:

Directive to staff has been issued notifying them of the following:

- No staff to open a bank account on behalf of the voluntary organisation;
- No staff to be signatories to the account
- No staff to be paid expenses from the account

High priority actions overdue:

New process to implemented for the distribution of grants which follow the Council's Financial Procedure Rules (*Jul 09*)

Implement revised financial procedures (*Jul 09*)

Investigation to take place to identify if there is a need to follow disciplinary action due to the number of poor controls evidenced (*Jul 09*)

Implementation of revised procedures in accordance with the Council's Financial Procedure Rules (*Jul 09*)

Directive to staff notifying them of their responsibilities' (*Jul 09*)

4 Update on previously published reports where critical weaknesses or unacceptable levels of risk identified:

Audit title: Strategic Services Partnership (28/02/08)

Original published audit opinion: Substantial Assurance [G]

Current audit opinion: Substantial Assurance [G]

Executive summary:

Overall a sound governance and client structure had been established to support the Partnership Agreement and the process of monitoring Service delivery.

A clear and consistent approach had been followed to the identification and specification of in-scope Services supported by a system of quality control and period of due diligence.

A mechanism (Performance Payment Mechanism (PPM)) had been introduced to enable a consistent methodology to the payment of services rendered with a clear framework for escalation in the event of non-compliance. The PPM was reliant on a robust performance and data collection methodology, however 19% of KPIs across in-scope services had no defined effective date, which temporarily exposed the Council to financial and performance risk.

Contract negotiations had established targets and thresholds of both quantitative and qualitative performance measures. A sound framework for measuring and monitoring performance had been established with procedures to escalate under performance to an appropriate forum.

Targets had been set to achieve acceptable and often aspirational levels of performance. Generally thresholds had been set against baseline data, however this had not always been possible and in the absence of any tangible methodology professional judgement had been applied. Provision had been made within the Partnership Agreement in respect of going concern, escrow and security arrangements.

Management actions and update since the last report:

Amendments to HR KPI's have been through change control, but a number of practical issues were revealed in the first quarter which has required a re-examination of the approach taken. This is currently underway. The Procurement KPI is on schedule to be measured from Q2 of 2009/10.

High priority actions overdue:

Arrangements are now largely in place to handle the baselining and setting of honeymoon periods where these are not already defined. A progress reporting template has been agreed at the Partnership Operations Group and this is monitored monthly. (Oct 08)

Audit title: Payroll (17/03/08)

Original published audit opinion: Substantial Assurance [G]

Current audit opinion: Substantial Assurance [G]

Executive summary:

The day to day management of the payroll processes were found to be satisfactory and working well.

Inconsistencies were identified, however, relating to the profile of officers authorisation on ResourceLink. The profiling was not regularly reviewed to ensure that access to confidential and sensitive information was appropriate. It is essential that such accesses be reviewed on a regular basis to ensure that only current employees have access to the information.

Management actions and update since the last report:

Authorisation will be as organisational structures which will need to be kept up to date Aug 09

High priority actions overdue:

The Profile file will be regularly reviewed to ensure access to Resourcelink is appropriate and up to date. A review of such accesses will also be performed to ensure they remain appropriate (March 08) – Completion by Aug 09

Audit title: Internet and Email (16/05/08)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

On-going initiatives were in place to enhance the controls over the Internet and Email such as the recent IronMail health check and actions taken as a result, and a recent Exchange Server health check undertaken by Microsoft.

NETconsent is due to be implemented as a pilot during June 2008. If successful the software will be fully implemented in December 2008. This software will provide assurance that recipients have received, understood, and agreed to comply with any Council policy requirements.

Key risks to the achievement of managements objectives were identified as:

- the Council's outgoing email is not scanned for inappropriate wording or attachments;
- different versions of the standards appear in different sections on the Intranet;
- the Council's Internet and Email Policy is not sufficiently robust in certain areas;
- the rules set for the Internet content filtering software could be enhanced; and

Management actions and update since the last report:

Work is ongoing to address the management actions raised within the report. The actions are currently partially complete.

High priority actions overdue:

If outgoing mail is trapped, then a notification must be provided to the sender to give them the opportunity to reword any offending text that may have been inadvertently included (Jul 08)

N.B. To be implemented September 2009

The IT Client will review the impact of scanning external mail, if it is decided to pursue the action, to establish the impact on the email service. (Sep 08)

N.B: To be implemented September 2009

Audit title: Across Schools Thematic Review - Security (16/06/08)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

Head teachers had introduced controls and procedures to provide for a safe environment. Health and Safety guidelines could be routinely found around each of the schools visited and within documentation available to visitors and staff.

The Council had been working in partnership with local schools and Hampshire police on the Safe Schools Initiative. This initiative provides a methodology for schools to provide effective solutions to crime and disorder in and around schools.

There was no directive or consistency of approach regarding the use of CCTV as a security measure in schools. Some schools were not equipped with CCTV, with others having a varying number of cameras, with varying degrees of sophistication and functionality. Inconsistencies were further evident regarding recording, backup and retention policies.

There was uncertainty and inconsistency with regard requirements for the maintenance of a single central record of recruitment and vetting checks, particularly in relation to existing staff.

Schools did not request to see evidence of CRB checks performed on external contractors working on the school site. Reliance was placed on firms to ensure their staff had been appropriately checked. Such a request should be included within the contract of work for large jobs, however, it was identified that this was not the case for smaller works.

Management actions and update since the last report:

Regular liaison with Environment Directorate with regard traffic calming measures and new speed limits. Reflected in Highways Plans

Review of risk assessments within schools reviewed to ensure a consistent approach

Policies and procedures with regard to school access have been relayed to Head Teachers

High priority actions overdue:

As per Children Services and Learning Management team meeting (21st May 2008), policies relating to CCTV within schools is to be reviewed. (Jun 08)

NB: a review has been commissioned on all aspects of CCTV to be completed by May 09

Audit title: Code of Conduct and Disciplinary Rules (24/07/08)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

The Council was reviewing its policy on disciplinary procedures with the aim to being less 'risk adverse'; steps to resolve an issue should be taken early in the process rather than incur costs through long term suspensions.

The document 'Code of Conduct and Disciplinary Rules' was adequate. The Code outlined what conduct is expected of employees of the Council and provides links to Corporate Policies. The Code of Conduct for schools was however in need of updating.

Communication of the Code to staff (new, existing and temporary) was inconsistent. There was no robust system in place for recording acknowledgement of receipt and understanding of the Code by staff.

Management actions and update since last report:

Work is ongoing to address the management actions raised within the report. The actions are currently partially complete.

High priority actions overdue:

Ensure Code of Conduct/Disciplinary Rules are listed on 'Important Things to Know' and Induction Checklist for Managers (Sep 08)

N.B. Induction is currently being reviewed (*Aug 09*)

The temporary employee starter pack to reflect key policies as outlined in the starter letter sent to permanent employees, including the Code of Conduct and Offers of Hospitality and Gifts (Jul 08)

N.B. Letters being updated (*Aug 09*)

Access to all policies to be streamlined and made more accessible including a review of layout and content of the HR Intranet site (Apr 09)

N.B. Reclassification and review of HR/Payroll intranet pages being developed (*Aug 09*)

Letters to be sent to all new starters by HR via appropriate manager, it will be clearly stated that the acknowledgement slip is to be returned to HR (Aug 08)

N.B. To be complete by end Aug 09

Audit title: Capital Programme and Major Projects (01/12/08)

Original published audit opinion: Limited Assurance [**A**]

Current audit opinion: Limited Assurance [**A**]

Executive summary:

Since 2007, the Council has introduced a new approach and framework for programme and project management and a significant investment has been made in providing project management training for key officers.

Capital/ Major Project Boards had been set up within each Directorate (except Resources) and met regularly. Although each had a Terms of Reference there was no specified minimum requirement for their operation, meaning that there were inconsistencies in their operation and reporting frameworks. Due to the significant differences between the nature of Directorate/ Portfolio capital programmes and projects there

needed to be some flexibility in the operation of the Boards, but corporate minimum requirements for all Directorates need to be specified to ensure the effectiveness of this key part of the governance framework?

There was a lack of prioritisation of resources dedicated to the programme/project monitoring processes which resulted in time being spent at Directorate Boards discussing matters of detail that could have been more appropriately covered outside of these meetings, had the officers involved had the time and opportunity available to do so. This in turn prevented the Board meetings from covering programme governance matters robustly and sufficiently or occasionally at all. In addition, some Board meetings had been presented with inadequate or no financial information due to conflicting demands on the time of Finance staff.

Six-monthly financial reports on the overall capital programme were presented to Chief Officers' Management Team, Cabinet and Council, but these did not include details of the progress/ delivery of the programme and individual schemes/ projects. There was no corporate coordination function for the Council, providing oversight, scrutiny and challenge across the Council's capital programme and major projects, therefore no means of ensuring that Directorate Boards were operating effectively and that the Directorate/Portfolio programmes and projects were being properly managed and delivered.

Management actions and update since last report:

The development of PM Connect is in its final stages with implementation to commence in August and be fully operational from April 2010

High priority actions overdue:

None

Audit title: Procurement (15/12/08)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Substantial Assurance [G]

Executive summary:

Contract Procedure Rules (CPRs) and the improvement and updating of the Intranet and Internet sites had been delivered during the course of the audit review as part of the 'Procurement Development Plan'. Review however identified the following risks:

- Aggregation is not currently monitored against the requirements of the Public Contract Regulation 2006, leaving the authority exposed to the potential of inadvertent or intentional circumvention of regulatory requirements.
- Frameworks Agreements are of clear benefit and integral to future service delivery. Framework agreements are used to establish the terms governing contracts when the value cannot be determined. The official guidance for framework agreements provides discretion for operation to the Council, however, there was no corporate guidance for their establishment or management
- Orders raised on Agresso are used to make a financial commitment, instruct suppliers as to service requirements and issue terms and conditions. It was noted that orders were being issued with little detail and no or nominal value exposing the Council to the risk of non negotiated fees and incorrect budgetary information.

Management actions and update since last report:

Work is ongoing to address the management actions raised within the report.

High priority actions overdue:

Net Consent to be explored as a method of raising management awareness of the Contract Procedure Rules including aggregation (Jan 09)

N.B. Awaiting implementation of Net Consent. Go live scheduled September 2009

Audit title: Section 106 agreements (26/01/09)

Original published audit opinion: No Assurance [R]

Current audit opinion: Limited Assurance [A]

Executive summary:

Formal debt recovery processes were not followed for the recovery of overdue section 106 contributions and therefore not reflected as a debtor in the Council's annual statement of accounts. At the time of the audit the value of overdue section 106 contributions was estimated at £2.3m in respect of Highways alone. Overdue contributions in respect of other key areas i.e. health, heritage, public realm, transportation, highways, Open Spaces and Affordable Housing had not been established.

There was a backlog of works within Highways and Transport relating to £2.7 million of contributions received, as at 30th June 2008. The Halcrow Group Limited (external consultant) were assessing the additional costs of carrying out agreed works to which contributions related. Of the contributions reviewed by Halcrow it had been assessed that additional financing of £862k would be required to complete the works.

Halcrow had also identified that approximately £885k was still held in relation to previously completed works (where the costs have not been allocated against the relevant contributions) and / or where works have been completed for less than the relevant contributions received. This money could not, however, be directly utilised to fund the 'shortfall' for other section 106 works in full. The Highways and Transport team was consulting with the Finance and Legal teams to identify an appropriate solution.

Management actions and update since last report:

Following discussion and consultation with Finance and Legal, action has been taken to resolve the issue of backlog works, deficit in funding and surplus from the completed works.

High priority actions overdue:

The use of appropriate debt recovery process will be reviewed in conjunction with finance (March 09) – *meeting schedule 02/06/09*

Practice of duplication of section 106 agreements on the Finance spreadsheet has been stopped. Development Control will review the old section 106 agreements to eliminate the duplicated applications (March 09)

Audit title: Mental Health and Substance Misuse (23/03/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

Various boards and groups work together to oversee and collect evidence to ensure services are appropriately delivered. Details of the groups

had yet to be fully documented or approved. Evidence of service performance delivery by the partners and stakeholders was not published in accordance with the terms of reference.

Extensions were awarded at the cessation of key contracts contravening the Councils Contract Procedure Rules. Until this is ratified assurance cannot be provided that appropriate service providers have been commissioned correctly to deliver service objectives.

Management actions and update since report issued:

None

High priority actions overdue:

Formal confirmation to be obtained from the Council's Legal Section to ratify contract requirements (Mar 09)

A new Mental Health integrated contract to be completed to amalgamate service requirements (Mar 09)

Audit title: Woodmill (26/03/09)

Original published audit opinion: No Assurance [R]

Current audit opinion: Limited Assurance [A]

Executive summary:

No policies or procedures were available for processes at the Canoe Shop. A draft procedure document had been prepared but contained sections that were incomplete, absent or not appropriately tailored. Fundamental weaknesses were identified in the MRM+2 computer system used to run the shop tills and booking system including absence of logical access controls, duplicate log-ins and retention of generic passwords.

There was a lack of control over all aspects of the cashing up and banking process including segregation, reconciliation and management check. The system for booking the fishing pool provided no accurate record of income received or outstanding.

Reconciliations were not carried out at any level. No assurance could be provided that income detailed on the main accounting system,

Agresso, reflected that received by the Woodmill Canoe shop.

There was no reliable record of stock held at the Canoe Shop. A stock take undertaken 28 – 29th September 2008 did not produce a reliable record of the goods held or their value. There were a number of issues around the stock take including failure to identify stock to be written down, failure to record the location of stock to avoid double counting, and poor quality recording_

Management actions and update since report issued:

Completed a systems review which confirmed that MRM is not suitable for a retail environment. Put in place very labour intensive mechanisms for stock taking which is now completed every quarter however within the current setup we are still unable to monitor stock movements.

Separation of the centre and shop functions is now complete

High priority actions overdue:

The problem outlined regarding MRM is relevant to all centres and these issues will be raised for the attention of Senior Sport and Recreation Management (Apr 09)

N.B. This issue was highlighted at a management team meeting. The issue of logging on with one user ID is still present at Woodmill

Enter into discussion with IT to seek a replacement dedicated retail system to meet business needs (Apr 09)

N.B. Discussions are being entered into with IT and a proposal is planned to be presented to Resources Board at the end of August 2009 for a new EPOS solution which will fulfil the requirements of a retail function.

Audit title: Private Sector Housing (12/05/09)

Original published audit opinion: Limited Assurance [A]

Current audit opinion: Limited Assurance [A]

Executive summary:

There are inconsistencies between the written procedures and those followed by the team resulting in inaccuracies of managing individual loans. Inappropriate information was issued by the Home Improvement Agency (HIA) which was impacting on the budget and scheduled work forecasts performed by the team. There were also a number of key processes which did not have a corresponding procedure for the team to follow to ensure continuity was maintained and the Council safeguarded.

The contract specification between the Council and the HIA was to be reviewed by Legal Services and amendments made to reflect actual roles and responsibilities. Such variations to contract were to be discussed with the HIA before they were finalised. Invoices to the builders were also to be reviewed by Legal Services to include a disclaimer stating that payment made direct to the builder does not form part of a contract between the Council and them. Such issues were being addressed as a matter of priority by Legal Services and the Private Sector Housing Team.

Contract management issues between the Council and the HIA were being addressed by the Head of Housing Solutions. The returns received from the agency to show work planned, in progress and completed was not in accordance with the agreed contract between the Council and the HIA "In Touch". Work was ongoing to address issues with the agency and resulted in a member of the Private Sector Housing Team being seconded to the HIA in an attempt to improve procedures. The Private Sector Housing Manager was reviewing contingencies and other back up services that could potentially support the Council if the contract with the HIA fails. Consequently no assurance could be given.

Revised risk assessments were being completed to ensure that they identified the risks associated with the current economic climate. The valuation of properties to assess equity will be reviewed under the guidance of the new risk assessments.

Management actions and update since last report:

Work is ongoing to address the management actions raised within the report.

High priority actions overdue:

A summary is to be included within the file detailing the work to be covered under the HIL and DFG and to ensure that funds are spent in

accordance with the terms and conditions of the grant and the loan (*Mar 09*)

The contract specification is to be reviewed by Legal Services to ensure that the onus on the Council to approve and to own the list of builders is removed and amendments to the contract to be agreed by all parties. This is currently in process (*Feb 09*)

5 Internal Audit Performance

Internal Audit has been assessed as fully compliant with the CIPFA Code of Practice by the Audit Commission in their triennial review of the service in 2009

6 Planning and Resourcing

Sarah Dennis was seconded to the Transformation Team with effect from 1st October 2008 for a period of 12-18 months. Neil Pitman will lead the service in the interim.

Efficiencies within the section have led to a restructure and the reduction of 1 FTE as part of the 2009/10 mini budget.

7 Rolling work programme

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
<u>2008/09 Audit Plan</u>					
SIC/ Annual governance statement	✓	✓	✓	✓	10/05/08
Hampshire Camera Partnership	✓	✓	✓	✓	16/06/08
Solent Sea Rescue	✓	✓	✓	✓	12/08/08
Itchen Bridge	✓	✓	✓	✓	19/09/08

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Homelessness	✓	✓	✓	✓	14/11/08
Capital Programme Management	✓	✓	✓	✓	01/12/08
Procurement	✓	✓	✓	✓	15/12/08
VAT Accounting	✓	✓	✓	✓	19/12/08
Section 106 Agreements	✓	✓	✓	✓	26/01/09
NNDR	✓	✓	✓	✓	30/01/09
Concessionary Fares	✓	✓	✓	✓	03/02/09
Public transport	✓	✓	✓	✓	04/02/09
Cash Collection and Banking	✓	✓	✓	✓	04/02/09
Creditors	✓	✓	✓	✓	13/02/09
Local Land Charges	✓	✓	✓	✓	25/02/09
Mental Health and Substance Misuse Services	✓	✓	✓	✓	23/03/09

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Holy Family RC Primary School	✓	✓	✓	✓	27/02/09
Woodmill	✓	✓	✓	✓	26/03/09
European Funding (3 projects)	✓	✓	✓	✓	31/03/09
Housing and Council tax benefits administration	✓	✓	✓	✓	06/04/09
Council tax	✓	✓	✓	✓	07/04/09
Corporate governance framework	✓	✓	✓	✓	07/04/09
School thematic review	✓	✓	✓	✓	09/04/09
Customer Services	✓	✓	✓	✓	28/04/09
Home Improvement Loans	✓	✓	✓	✓	12/05/09
Learning Futures Transformational Programme	✓	✓	✓	✓	14/05/09
Payroll	✓	✓	✓	✓	19/05/09
Computer Installations & Operating Systems	✓	✓	✓	✓	14/05/09

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
IS Security Management	✓	✓	✓	✓	14/05/09
IT Strategy	✓	✓	✓	✓	14/05/09
Main Accounting System	✓	✓	✓	✓	19/05/09
Housing rent collection and debt management	✓	✓	✓	✓	24/06/09
Registration Services	✓	✓	✓	✓	16/06/09
Development Control	✓	✓	✓	✓	19/06/09
Children's Trust Arrangements for the Delivery of the Children and Young People's Plan	✓	✓	✓	✓	24/06/09
Debtors	✓	✓	✓	✓	30/06/09
Schools PFI Contract Management	✓	✓	✓	✓	03/07/09
Environmental Health	✓	✓	✓	✓	05/06/09
Sports and recreation venues	✓	✓	✓	✓	23/06/09

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Direct Payments (follow up)	✓	✓	✓	✓	30/06/09
Street Cleansing	✓	✓	✓	✓	01/07/09
National Health Service Act 2006 Partnership Agreements – follow up	✓	✓	✓	✓	30/06/09
Expenses Management	✓	✓	✓	✓	30/06/09
Contract Management	✓	✓	✓	✓	07/07/09
Emergency Home Closures	✓	✓	✓	✓	28/07/09
Leisure venues – alternative management	✓	✓	✓	✓	26/06/09
Corporate complaints	✓	✓	✓	✓	17/07/09
Economic Development	✓	✓	✓	✓	13/08/09
Major City Centre Developments	✓	✓	✓	✓	13/08/09
North South Spine	✓	✓	✓	✓	13/08/09
Libraries	✓	✓	✓	✓	24/08/09

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Housing repairs and adaptations	✓	✓	✓	✓	02/09/09
Fraud Thematic – Registers of Gifts and Hospitality and Declarations of Interest	✓	✓	✓	✓	02/09/09
Decision Making	✓	✓	✓	✓	04/09/09
Arts and heritage	✓	✓	✓	✓	18/09/09
Financial Management Standards in Schools	28 of 28 complete				
<u>2009/10 Audit Plan</u>					
Annual governance statement	✓	✓	✓	✓	10/05/09
Supporting People	✓	✓	✓	✓	05/08/09
Hampshire Camera Partnership	✓	✓	✓	✓	07/06/09
Youth Services	✓	✓	✓	✓	28/07/09
Solent Sea Rescue	✓	✓	✓	✓	24/08/09
Land and property management	✓	✓	✓	✓	

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Integrated Transport and the Local Transport Strategy	✓	✓	✓		
School Catering Services	✓	✓	✓		
School Grant funding	✓	✓	✓		
Building Control	✓	✓	✓		
Strategic Service Partnership	✓	✓			
Highways Network Management	✓	✓			
Highways Resources Management	✓	✓			
CCTV	✓	✓			
Compliance with Health and Safety Legislation	✓	✓			
European Funding	n/a	✓			
Procurement	✓	✓			
Housing and Council Tax Benefit administration – 09/10	✓				

Audit title	Audit Progress				
	TOR issued	Fieldwork commenced	Fieldwork complete	Draft report issued	Final report issued (proposed)
Cash Collection and banking	✓				
Creditors	✓				
Housing rent collection and debt management	✓				
Council tax	✓				
Payroll	✓				
NNDR	✓				
Debtors	✓				
Decent Homes and Estates	✓				
Financial Management Standards in Schools	5 of 28 complete				

8 Status of 'Live' External Audit

Audit title	Report date	Audit Sponsor	Directorate	Original actions	Actions outstanding
				(of which are 'high' priority)	
Opinion Interim Report	June 08	Executive Director of Resources	Resources	5 (2)	2 (1)
Final Accounts memo	Dec 08	Executive Director of Resources	Resources	5 (1)	2 (0)
Use of Resources	March 09	Executive Director of Resources	Resources	7 (4)	5 (3)
Data quality	March 09	Cross Directorate	Cross Directorate	6 (2)	2 (0)

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
Opinion Interim Report (Jun 08)							
Social Services Income							
6	Identify the cause of the failure of the social care billing, and implement changes to the system to ensure that this does not continue into future years.	3	Carolyn Williamson	Agreed	Significant resources are still being employed to manage the current billing situation. A major project to develop a new charging policy and billing system to be introduced for 2009/10 is now underway.	Apr-09	New charging policy has been introduced from April 2009, work is continuing on implementing an upgrade of Paris so that the system side of billing can be improved. This is expected to happen in the autumn.
IT Risk Assessment							
7	<p>Implement changes identified from our risk assessment of IT systems.</p> <ul style="list-style-type: none"> Ensure that IT policies and standards are up to date and revised on a regular and timely basis. Ensure that there is adequate segregation of duties and oversight and that development staff do not have access to live data. Ensure that the disaster recovery 	2	Kevin Foley	Agreed	<p>Need a list of the major risk areas so that this can be completed.</p> <p>Will investigate and put appropriate controls in place.</p>	<p>Phased Programme End July</p>	<p>Ongoing - included in the ICT Business Plan 09-10</p> <p>Ongoing</p> <p>Ongoing.</p>

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
	<p>plan is update on a regular and timely basis.</p> <ul style="list-style-type: none"> • Ensure that BCPs coordinate with ICT. • Ensure that regular testing is undertaken on the restoration of data from material systems. 						<p>Complete</p> <p>Complete</p>
Final Account Memo (Dec 08)							
Registration of assets with the Land Registry							
-	The registration of ownership of Land & Buildings with the Land Registry should be continued until completed.	2	John Spiers	Yes	This work is undertaken by Legal Services who have taken on a temporary contract solicitor to undertake the work. The contract will continue as there is still a lot of work to do. The resources portfolio work is now well underway.	Ongoing	Ongoing
Responses to audit enquiries							
-	Build upon the improvement in time taken to respond to audit enquiries in recent years by ensuring that the few instances where delays had occurred are not repeated, eg in respect whole of government accounts, creditors, and capital commitments.	1	Rob Carr	Yes	<p>The Council's officers will ensure that auditors' queries are responded to in a reasonable time but this also relies to a certain extent on any delays being reported through the escalation channels that have already been set up, which was not the case for all of the instances quoted.</p> <p>To continue the progress made in the</p>	Ongoing	Ongoing

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
					working relationship between the Council and the Audit Commission, the Council would also therefore expect that officer's queries to the Audit Manager are also dealt with in a reasonable timescale and we would be happy to agree what this formal response times should be for the future.		
Use of Resources (Mar 09)							
Internal Control							
-	Ensure that the revised non-residential social care billing policy and the replacement income billing module are implemented.	3	Carolyn Williamson	Yes	The new policy and charging module are in the process of being delivered per the specific action plan resulting from the PWC review.	Dec-09	New charging policy has been introduced from April 2009, work is continuing on implementing an upgrade of Paris so that the system side of billing can be improved. This is expected to happen in the autumn.
-	Fully introduce the IT disaster recovery plan and ensure that it is regularly reviewed and tested.	2	Carolyn Williamson	Yes	IT disaster recovery plan in place during December 2008. User acceptance testing is in the final stages after which a full test will be undertaken over a weekend.	Dec-08	DR facility is in place and is being tested. Once testing is complete we will communicate to the wider organisation.
-	Sustain improved performance in the	3	Carolyn	Yes	The Revenues & Benefits service has		

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update								
	<p>following relatively high cost priority services where performance is below the average of other councils:</p> <ul style="list-style-type: none"> • council tax collection • housing benefits 		Williamson		<p>been delivering against a three year action plan since 2006/7 and significant improvements have been achieved in both performance and cost terms. The performance improvements are as recorded by the DWP and the service cost reductions are as follows:-</p> <table border="0" data-bbox="1169 614 1456 742"> <tr> <td></td> <td style="text-align: right;">£000's</td> </tr> <tr> <td>2006/7</td> <td style="text-align: right;">4800</td> </tr> <tr> <td>2007/8</td> <td style="text-align: right;">4389</td> </tr> <tr> <td>2008/9 (est)</td> <td style="text-align: right;">4277</td> </tr> </table> <p>The operational delivery of this service transferred to Capita on 1 October 2007. This has delivered a cost reduction of 7 per cent against the Council's cost of service and determined revised performance standards which are presented as KPI's within the contract and which attract service credits when the performance targets are not delivered.</p> <p>The contract with Capita allows for the annual agreement of performance targets and therefore these will continue to be agreed annually in April focussing upon continuous improvement but also taking account of value for money. This allows the previous year's actual performance and costs to be considered</p>		£000's	2006/7	4800	2007/8	4389	2008/9 (est)	4277		
	£000's														
2006/7	4800														
2007/8	4389														
2008/9 (est)	4277														

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
					when setting the targets whilst still meeting the timescales for approval of the Corporate Improvement Plan at the AGM in May of each year.		
	<ul style="list-style-type: none"> educational attainment 	3	Clive Webster	Yes	Southampton is in the second quartile of unitary authorities on spending on the Dedicated Schools' Grant. The gap in attainment with the national average has narrowed in each of the last three years at GSCE from 9.8 per cent to 5.3 per cent in 2008 and also at the foundation stage (five-year old pupils). However, educational attainment in primary schools remains well below the national average. A new Raising Attainment Plan for 2009-2012 is currently being developed in partnership with head teachers and principals to ensure that this issue is addressed robustly.	Jul-09	<p>In order to deliver the Raising Attainment Plan the senior leadership of the School Standards team has been reorganised and strengthened. This includes the recruitment of an additional Senior Inspector, who will also lead on strategy and quality and the part time secondment of two Headteachers to support the continuous professional development of teachers.</p> <p>The Raising Attainment Plan will be consulted on in Autumn Term.</p>

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
							The 2008-09 Early Years Foundation Stage outcomes results for Southampton show 6.1 percentage point increase for all children. This shows a closing of the gap between Southampton children and between national figures for 2008.
-	Evaluate partnerships' contribution to improving VFM as part of implementing the Council's partnership protocol.	2	Joy Wilmot-Palmer	Yes	Process to be developed by the end of 2009/10 following the agreement and implementation of the new protocol.	Mar-10	
Data Quality (Mar 09)							
Management arrangements							
7	Agree appropriate data sharing arrangements with the Council's LAA partners.	2	Joy Wilmot-Palmer	Yes	Data Sharing arrangements are already in place to facilitate the operation of key partnerships that underpin the delivery of the LAA. Following on from the	Mar-10	

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date	Progress / Update
					approval of the partnership protocol these arrangements will be reviewed for both existing and new partnerships to determine if they would be more appropriately applied at an individual partner rather than at a partnership level having due regard to all legal obligations as well as other information management requirements.		
7	Consistently apply existing quality checking of externally reported data more effectively, supported by refresher training for staff.	2	Joy Wilmot-Palmer	Yes	The sign off arrangements for externally reported data, including HIP forms, will be reviewed. Updated guidance will be issued and the respective roles of Heads of Service and Policy Co-ordinators within the quality assurance process will be reinforced.	Mar-10	