

STATEMENT ON INTERNAL CONTROL 2006-07 – FOLLOW UP ON KEY ISSUES IDENTIFIED

Issue	Progress
<p>Risk that the Council does not have adequate systems in place to monitor accountable body and partnership arrangements with the possibility of financial and reputational loss.</p>	<p>During 2007-08 Government Office Audit Team gave the County Council (the accountable body) a substantial assurance rating for European Commission claims following their review and no clawbacks have been applied in Cumbria. In addition, monitoring systems operated by the Regeneration Team and partners had greatly improved by the year end.</p> <p>Children’s Services finance staff reviewed the financial monitoring arrangements for Children’s Centres, resulting in a more rigorous quarterly review of financial returns.</p> <p>The main piece of work carried out by Management Audit focused on an across the board review of stretch target performance indicators and financial information included in the 2007/08 Local Area Agreement. Generally good systems were in place for recording performance and expenditure was found to be appropriate, both within the Council and in partnership organisations. There were a few occurrences where audit trails were insufficient and some outstanding information was awaited from District Councils. It is expected that the issues will be cleared before the final statement is submitted to Government Office North West.</p>
<p>Improvement in contract management</p>	<p>A Contracts Risk Group was set up to address the risks identified. The Group met regularly during the year and formulated a training programme and, revised contract procedures rules. A new proposal is that all contracts with a value of £250,000 must have a written monitoring scheme.</p>
<p>Waste Management</p>	<p>Work is proceeding on negotiations with the preferred bidder for a long term strategic waste contract.</p> <p>Following identification of major irregularities, as reported in 2006-07, the Council is continuing civil and criminal action through the legal process against the former contractor in the south of the County.</p>

STATEMENT ON INTERNAL CONTROL 2006-07 – FOLLOW UP ON KEY ISSUES IDENTIFIED (CONTINUED)

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Business Continuity Planning	The Corporate Contingency Planning Group continues to maintain a focus on both business continuity and emergency planning. Business continuity plans are in place in all service areas and are currently being refreshed in line with the Cabinet Office Business Continuity Management toolkit. Zurich Municipal has facilitated directorate and service sessions to identify critical services. Plan testing, training and exercising is in place.
Equal Pay Claim	Progress on the Equal pay claim is monitored through the strategic risk management reporting process. Similar arrangements are in place for the Single status process.
Risk Management	There is evidence that risk management arrangements are more consistent during 2007-08 with Directorates reporting to Performance Groups at least twice during the year, with some reporting more frequently. During the year risk and performance reporting was linked through Performance Plus. A training programme was rolled out across Directorates and this has resulted in risk reporting becoming more standardized.
Warner Compliance/CRB checks	Progress has been made to address the problems identified in Management Audit's previous review of Warner Compliance in 2006. However, as at December 2007, there was an increasing number of staff within Children's Services who did not appear to have had a timely re-check and action needed to be taken to address this. Systems have since been developed to ensure timely reminders are issued to DMT for out of date checks. This will be reviewed by Management Audit during 2008/09.

SIGNIFICANT GOVERNANCE ISSUES 2007-08 – ACTION PLAN

Issue	Action Plan
Strengthen governance arrangements when working in partnership, including Cumbria Strategic Partnership, Local Area Agreement and other related significant partnerships	An update on progress during 2007-08 was reported to the Audit and Assurance Committee in June 2008.
A review of the effectiveness of the Scrutiny function has been carried out by the Centre for Public Scrutiny. Issues considered include developing Scrutiny's role in performance review and scrutinising issues at a local level.	The report has highlighted that the Council has many of the essential elements in place for an effective Scrutiny process. The joint Health and Well-Being Scrutiny Committee is highly regarded by partners. Given the opportunities provided by new legislation, and the emergent Comprehensive area assessment, the report suggests that the time is right for the Council to review the current scrutiny structure at the corporate and strategic level and consider how the scrutiny function can be integrated into the local area-based governance arrangements which will emerge. Member workshops are currently being organized to determine how a revised scrutiny could be rolled out.
Ensure a more focused approach on governance issues in general	In 2008-09 Chief Financial Officer and Chief Legal Officer posts have been created to strengthen the Council's governance processes. The Chief Legal Officer will be the lead on governance issues.
Undertaking a mid term review of strategic commercial partnerships including Agilisys and Amey.	Review programmes for 2008-09 are currently being developed. The Council will ensure that there is wide stakeholder representation and it is expected that consultants will be engaged to support the process. Recommendations will be reported back to the County Council member led Partnership Boards. Work is also in progress on reviewing the Capita contract which will expire in January 2011.
Strengthening of a corporate resource to manage the growing accountable body agenda.	The Chief Executive is looking at various options to strengthen the corporate resource, to ensure that the overall County Council process is more standardized and expertise can be better shared.
Improve the Council's arrangements for resilience planning by making this a specialist function.	The emergency planning unit is currently being restructured as the Resilience Unit to encompass the broader role of business continuity planning and disaster recovery with a new Head of Service due to take up appointment later in 2008.