

AUDIT COMMITTEE

MONDAY 23 JUNE 2008 AT 10.00 AM

PRESENT: Councillors Allison, Boaden (as substitute for Councillor Mrs Styth until 12.10 pm), Layden, Lishman, Mrs Mallinson and Stothard

ALSO

PRESENT: Mr Richard McGahon (Audit Manager)
Ms Angela Stubbs (Team Leader)

AUC.26/08 APPOINTMENT OF CHAIRMAN

The Director of Legal and Democratic Services welcomed all those present to the first meeting of the Audit Committee in the current municipal year. He indicated that the first item of business was to appoint a Chairman for the Committee for the 2008/09 Municipal Year and sought nominations in respect thereof.

It was moved and seconded that Councillor Mrs Mallinson be appointed Chairman of the Audit Committee for the Municipal Year 2008/09.

Following voting thereon, it was –

RESOLVED – That Councillor Mrs Mallinson be appointed Chairman of the Audit Committee for the Municipal Year 2008/09.

Councillor Mrs Mallinson thereupon took the Chair.

AUC.27/08 APPOINTMENT OF VICE-CHAIRMAN

The Chairman sought nominations with regard to the appointment of a Vice-Chairman for the Committee.

It was moved and seconded that Councillor Allison be appointed Vice-Chairman of the Audit Committee for the Municipal Year 2008/09.

Following voting thereon, it was –

RESOLVED – That Councillor Allison be appointed Vice-Chairman of the Audit Committee for the Municipal Year 2008/09.

AUC.28/08 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Hendry and Mrs Styth; and Mrs Karen Murray (District Auditor), the Director of Corporate Services and Head of ICT.

AUC.29/08 DECLARATIONS OF INTEREST

There were no declarations of interest affecting the business to be transacted.

AUC.30/08 MINUTES

RESOLVED - That the Minutes of the meeting of the Audit Committee held on 15 April 2008 be noted.

AUC.31/08 MINUTES OF CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

The Minutes of the meeting of the Corporate Resources Overview and Scrutiny Committee held on 3 April 2008 were submitted for information.

RESOLVED – That the Minutes of the meetings of the Corporate Resources Overview and Scrutiny Committee held on 3 April 2008 be noted and received.

AUC.32/08 REVIEW OF 2007/08 EXTERNAL AUDIT PLAN

The Audit Manager began by providing an overview of the role and duties of External Audit for the benefit of those new Members of the Committee in attendance. That included a range of work around the Council's Accounts, Value for Money conclusions, Use of Resources assessment and Direction of Travel. External Audit also undertake work on legal issues and the National Fraud Initiative.

He explained that Mrs Karen Murray had replaced Mr Mark Heap as District Auditor and would be present at the September 2008 meeting of the Committee.

The Audit Manager then reported verbally on progress against the External Audit Plan for 2007/08, outlining the respective roles and responsibilities of Internal and External Audit in relation thereto.

Initial work on the accounts would commence this week on issues such as bank reconciliation and the ownership of assets. That would assist with the process, the timetable for completion of which was extremely tight. Two of the items planned for 2007/08 were ethical governance and changing organisational cultures. The snap surveys would be run in late July/early August 2008 to give an understanding of those issues, and the results can be used to target the work undertaken by the City Council.

The Direction of Travel report had been submitted in February 2008 and formed the first part of the Annual Audit and Inspection Letter submitted to the Committee on 15 April 2008. The Council's overall score for Use of Resources was 2 (operating at minimum requirements)

Two other pieces of work which supported the VFM conclusion and UOR were around Access to Services and Health Inequalities.

A Member asked whether the VFM assessment was subjective.

In response the Audit Manager acknowledged that was correct to some extent and outlined the twelve criteria which required to be met in respect thereof. It was important to remember that the criteria for each level of UOR increased year on year.

RESOLVED – That the position be noted.

AUC.33/08 AUDIT AND INSPECTION PLAN 2008/09

The Audit Manager presented the Audit and Inspection Plan setting out the audit and inspection work proposed to be undertaken for the 2008/09 financial year. The Plan was based on the Audit Commission's risk based approach to audit planning and the requirements of moving towards Comprehensive Area Assessment (CAA), and reflected –

- audit and inspection work specified by the Audit Commission for 2008/09;
- current national risks relevant to local circumstances; and
- local risks and improvement priorities.

During 2008/09, the role of Relationship Manager would be replaced by the post of Comprehensive Area Assessment Lead (CAAL). The CAAL would provide the focal point for the Commission's work in the Carlisle area, lead the CAA process, and ensure that the combined inspection programme across all inspectorates was tailored to the level and nature of risk for the area and its constituent public bodies. Mr David Hoole had recently been appointed, would commence that role on 1 September 2008 and visit local authorities in September/October.

The Audit Manager outlined the planned audit and inspection fee for 2008/09; specific actions which the City Council could take to reduce its audit fees; work to be undertaken in 2008/09 and the initial risk assessment matrix provided. He reported that in 2008/09 work on Effective Partnerships and LAA would provide early heads up on issues prior to the first CAA assessment.

Since the audit for 2007/08 had yet to be completed, the audit planning process for 2008/09 (including the risk assessment) would continue as the year progressed, and the information and fees in the Plan would be kept under review and updated as necessary.

During discussion, Members raised the following issues to which the Audit Manager responded:

1. Are the specific actions which the Council could take to reduce its fees (section 15) common to other comparable authorities, or a reflection of actions required by this authority?

The heading was standard, but the actions identified were specific to Carlisle.

2. Had the audit fees changed in the past year?

Additional fees had in the past been payable by the City Council, mainly relating to issues on the Accounts. In 2006/07 some of that had been built into the fee and there was therefore no additional fee charged. It was important that improvements were made to reduce that element of the fee.

3. Were the issues concerning certification of claims and returns mainly presentational?

There were a selection of tests which had to be met in order for the Auditor to sign off a claim. The provision of supporting evidence on file was crucial since failure to do so involved additional effort and costs to the authority.

4. Paragraph 30 set out areas for improvement in the Council's performance. What did that mean in practice and in terms of monitoring Carlisle Renaissance?

In response, the Audit Manager outlined the five bullet points in question. The fourth bullet covered most partnerships, together with a few specifics relating to Carlisle Renaissance.

In general terms the feeling was that there was a need to strengthen risk management and governance arrangements across most partnerships and also data quality, since clearly some information may not be produced by the Council.

Carlisle Renaissance was one of the City Council's largest partnerships and the three issues identified above were fundamental to its management.

Following production of the Annual Audit Letter Officers had produced a paper in response to the issues identified which was greatly appreciated.

The Head of Financial Services added that Officers had been working closely with the Auditors to agree a way forward and improvements to working papers submitted, and were fairly confident in that regard.

RESOLVED – (1) That the content of the Audit and Inspection Plan 2008/09 be noted.

(2) That the Committee wished to highlight to the Executive the following areas for improvement in the Council's performance:

- Working in partnership with others to improve services by ensuring better and equal access for users;
- Developing joint working arrangements to help improve value for money;
- Finalising the job evaluation and appeal processes and to set a date for the implementation of a new fair and equitable pay structure;
- Strengthening risk management, governance and data quality arrangements within partnerships to ensure effective management and monitoring of Carlisle Renaissance; and
- Ensuring that the 2007/08 accounts submitted for audit are 'presented fairly' and contain only minimal errors.

**AUC.34/08 WORKING TOGETHER: PROTOCOL FOR LIAISON
BETWEEN CARLISLE CITY COUNCIL AND EXTERNAL
AUDIT**

The Audit Manager presented in detail a protocol for liaison between Carlisle City Council and external audit. He reported that the Audit Commission had made a commitment to strategic regulation, the principles of which had been incorporated into the 2005 Code of Audit Practice. The Code required external auditors to carry out their audit economically, efficiently and effectively, and in as timely a way as possible.

The purpose of the protocol was to set out the manner by which Members, Officers and the Auditors could work together to both maximise the benefits and minimise the cost of their work.

The Audit Manager outlined the following areas covered by the protocol:

- Overarching liaison arrangements
- Internal audit
- Respective roles of the auditors
- Planning and risk assessment
- Areas where external audit were likely to place reliance on internal audit
- Co-operation and co-ordination
- Accounts
- Key contacts for final accounts audit
- Audit approach
- Pre-statement testing
- Working papers
- Grant claims

It did not, however, cover use of resources, Direction of Travel or CPA / CAA. The protocol, which was discussed and agreed with the Director of Corporate Services in May 2008, replaced any previous protocols that were in place and would be updated on an ongoing basis as and when necessary.

In discussion, Members raised the following issues and observations:

1. Concern regarding the security arrangements in place in relation to external parties accessing the Council's servers.

In response, the Audit Manager advised that the PC had been provided by the Council (password protected) so that he could access electronic information rather than having to request it from Officers. That arrangement did not change anything in terms of his work.

The Head of Financial Services added that the PC was located and accessed from within the building and there were therefore no security issues associated to that arrangement.

2. Members welcomed submission of the Protocol, which they considered was very useful. Did the document replace existing documentation, had it been instigated by the Audit Commission or the City Council, and was it used elsewhere?

In response, the Audit Manager said that the document had arisen from discussions between Financial Services and the auditors to provide clarity. Similar protocols were in use with local authorities elsewhere in Cumbria and also the Health Authority bodies.

3. Clearly the Protocol would require updating in future. Was a mechanism in place to review the operation of the Protocol and could this Committee input into that process?

The Audit Manager advised that the Protocol would be reviewed by himself and Finance each year to reflect any changes in audit approach, etc. He had no problem with the Committee inputting into that process and suggested that a report outlining the main changes be submitted to the Committee on an annual basis.

4. A Member referred to previous discussions at the Committee and concerns raised regarding the lack of a Security Policy and password protection arrangements.

The Head of Audit Services replied that the issue fell under the IT Security Policy.

5. Consideration should be given to the number of meetings necessary to enable the Committee to undertake its workload.

The Chairman responded that the Committee would give consideration to that matter at the conclusion of the formal business of the meeting.

RESOLVED – (1) That Members welcomed the submission of the Protocol for liaison between Carlisle City Council and External Audit.

(2) That arrangements be made for the submission of a report (on an annual basis) highlighting the main changes to the Protocol.

(3) That a copy of the Protocol be placed in each Political Group Office for Members' reference.

**AUC.35/08 PROVISIONAL GENERAL FUND REVENUE OUTTURN
2007/08**

The Head of Financial Services submitted report CORP.34/08 attaching report CORP.12/08 (considered by the Executive on 29 May 2008) summarising the 2007/08 provisional outturn for the General Fund revenue services. The Executive asked the Senior Management Team to review the level of carry forwards set out in that report so that the overspend after their inclusion was limited to circa £280k, equating to the shortfall in income from fees and charges for the year.

She drew Members' attention to Appendix 2 which set out the revised list of carry forwards which the Executive recommended to Council on 26 June 2008 for approval.

Since the Executive meeting on 29 May, further minor changes totalling £4,822 had come to light as a result of producing the Statement of Accounts for 2007/08. With that minor change and if the now revised level of carry forwards was approved the resulting overspend would total £275,178 in 2007/08. SMT would manage the impact of the reduction of carry forwards in 2008/09 from within existing budgets.

The Corporate Resources Overview and Scrutiny Committee had on 12 June 2008 (CROS.83/08) considered the matter and had accepted the report, and looked forward to receipt of the revised list of carry forward requests at Council.

Those comments would be considered by the Executive later today.

RESOLVED – That the original and changed position which would now be considered by Council on 26 June 2008 and which recommended carry forwards of £647,800 be noted.

**AUC.36/08 PROVISIONAL CAPITAL OUTTURN 2007/08 AND
REVISED CAPITAL PROGRAMME 2008/09**

The Head of Financial Services submitted report CORP.13/08 summarising the 2007/08 provisional outturn for the Council's Capital Programme, and provided details of the revised Capital Programme for 2008/09.

The Executive had on 29 May 2008 considered the report and their decision was as set out in Minute EX.116/08.

The Director of Corporate Services' report CORP.30/08 considered at this Audit Committee updated the provisional outturn position as follows:

“(i) That the Executive note the net underspend, as at 31 March 2008, of £2,179,783.

(ii) That the City Council at its meeting on 26 June 2008 be recommended to agree the carry forward requests of £2,268,200, it being noted that if all requests were approved that would result in an overspend position of £88,417.

(iii) That the City Council at its meeting on 26 June 2008 be recommended to agree the revised Capital Programme for 2008/09, as detailed in Appendix B.”

In addition, the Corporate Resources Overview and Scrutiny Committee had on 12 June 2008 accepted the report but had asked that further consideration be given to the allocation of capital receipts.

RESOLVED – That report CORP.13/08 be noted.

AUC.37/08 STATEMENT OF ACCOUNTS 2007/08

The Chief Accountant presented report CORP.30/08 enclosing the amended Statement of Accounts 2007/08. The Accounts had been prepared in accordance with the Revenue and Capital Provisional Outturn reports recently considered by the Executive and Corporate Resources Overview and Scrutiny Committee. There were some minor changes to the figures included in those reports, details of which were provided.

The Statement of Accounts had been based on those final outturn figures. However, due to the notional entries and technical accounting requirements necessary to comply with the SORP, Members would not be able to see outturn figures within the Income and Expenditure Account. A reconciliation between the outturn figures and the net operating expenditure on the Income and Expenditure Account had therefore been prepared and was attached at Appendix 1 for information.

The Chief Accountant highlighted the main changes arising from the 2007 Statement of Recommended Practice, which would impact primarily on the layout of the balance sheet with corresponding entries required to the Income and Expenditure Account where necessary:

- Establishment of a Revaluation Reserve with a nil opening balance as at 1 April 2007.
- Fixed Asset Restatement Account and Capital Financing Account were to be joined together to form the Capital Adjustment Account.
- Establishment of a Financial Instruments Adjustment Account to record the differences in financing costs of any financial instruments entered into by the Authority.

The Chief Accountant further tabled a paper highlighting to Members that, following a quality review of the draft Statement of Accounts, it had been necessary to amend certain elements of the 2007/08 Accounts. Those needed to be considered and approved by Members alongside Appendix 2 of CORP.30/08.

In addition to the changes listed other earlier amendments were also required which had already been reflected in the amended set of Accounts issued to all Members of the Council.

Members were requested to consider the amended Statements for recommendation to full Council on 26 June 2008, noting that the Statements would then be subject to audit.

In discussion, Members raised the following issues and observations:

1. Were the main changes identified on the supplementary sheet tabled at the meeting reflected in the amended Statement of Accounts?

In response the Chief Accountant referred Members to the Current Assets and Current Liabilities (page 19); Cash Flow Statements (pages 21 and 22); Financial Instruments (section 5.24 on pages 32 – 36).

2. Concern at the impact which the collapse in land values may have on the capital valuations, and implications for Carlisle Renaissance and the Local Asset Vehicle.

The Chief Accountant replied that the Council operated a five year rolling programme for fixed assets. The Head of Property Services would also undertake a desk-top revaluation to look at any significant issues which arose outwith the normal valuation programme to determine the impact on the Balance Sheet. She did not consider that issue would have any standing on this year's or the 2007/08 Balance Sheet valuations.

3. A Member sought and received clarification that the slippage in numbering throughout the original Statement of Accounts had been rectified in the amended version circulated to all Members.

The Chief Accountant confirmed that the printing error had been rectified in the version issued to all Members.

4. What did the projected deficit in the Pension Fund mean for the authority?

In response, the Treasury and Insurance Manager outlined the background to the Pension Fund, commenting that the City Council was an employing authority within the Local Government Pension Scheme as administered by Cumbria County Council.

The Pension Fund was revalued every three years and the results of the actuarial valuation as at 31 March 2007 had been received. The funding level as at that date had risen to 81% as compared to 76% three years earlier. The new contribution results arising from the valuation would apply for the three year period commencing 1 April 2008.

The Executive had on 18 February 2008 received a report and approved the preferred option to fund the Pension Fund deficit over a 20 year period at a fixed rate of 17.4% from 2008/09 to 2010/11. These arrangements would be reviewed when the next actuarial valuation was received. This would value the fund as at 31 March 2010 and contributions would be revised as from 1 April 2011. Any valuation had to make certain assumptions regarding the projected growth in both the assets and liabilities pertaining to the fund.

5. What effect would the 'credit crunch' have on the authority?

The Treasury and Insurance Manager advised that this was an interesting period with markets constantly changing. Since August 2007 the effect upon the City Council had been beneficial, with short-term investments being higher than forecast. The current average investment yield was 5.9% which was higher than had been originally forecast for 2008/09.

The major issue in terms of borrowing related to one substantial long-term loan i.e. the stock issue taken out in 1995 but because this was a fixed rate instrument, the cost was not affected by the credit crunch.

The Head of Financial Services added that a further economic impact related to the reduction in income and spending power of many people. Income levels would require to be reviewed as part of the Medium Term Financial Plan which was being revised at the moment.

6. The Council had powers to borrow money for capital purposes under Section 1 of the Local Government Act 2003. Was an exit strategy in place in relation to the current stock issue of £15 million?

The Treasury and Insurance Manager indicated that the Council's advisors had been present for training the previous week and that afterwards they had held a meeting with Officers regarding various matters including the possibility of making an early redemption of the stock issue. The situation was constantly changing but the matter was being kept under review.

7. What did depreciation and impairment charges mean, and did it affect leased cars?

The Chief Accountant explained that depreciation was provided for on all assets with a determinable finite life (except for investment properties) by allocating the value of the asset in the balance sheet (say 40 years) over the periods expected to benefit from their use. Operating leases had no impact and did not show on the balance sheet.

8. A Member sought the Auditor's view regarding one of the main changes which related to an adjustment of £446,000 on the balance sheet between operational debtors and receipts in advance to avoid overstating the amount of debt due to the Council as at 31 March 2008, with no overall impact on the total net worth of the Council.

In response, the Audit Manager said that his understanding was that the item had simply been an error and the Council had identified that when going through the listings.

One criticism of local authorities was that they did not go through their accounts. It was therefore good that Officers had done so and corrected this, which would prevent him from having to identify it as an error in the Accounts.

The Head of Financial Services advised that this was part of the quality control process undertaken with the newly organised Accountancy Team.

The Chief Accountant added that the issues identified in the bullet points at the top of the supplementary sheet tabled at the meeting would be incorporated into the Statement of Accounts signed after Council had given their approval.

RESOLVED – That, subject to the issues identified by Members and set out above, the Audit Committee endorse the 2007/08 Statement of Accounts for recommendation to Council, noting that the Statements would then be subject to audit.

AUC.38/08 CODE OF CORPORATE GOVERNANCE AND ANNUAL GOVERNANCE STATEMENT

The Head of Audit Services submitted report CORP.26/08 advising Members that, as reported to the Committee on 15 April 2008, the "Statement on Internal Control" and the "Code of Corporate Governance" had now been replaced by a single "Annual Governance Statement".

The purpose of the change was to ensure that the Council complied with the requirements of the CIPFA / SOLACE Framework document "Delivering Good Governance in Local Government".

The Framework required the Council to revise and update its Code of Corporate Governance and to produce an Annual Governance Statement for signature by the Leader of the Council and the Chief Executive. Copies of that documentation were appended to the report for Members' information.

Members raised the following issues during their consideration of the report:

1. Was the Annual Governance Statement a standard document and would it form part of the Council's Constitution?

In response the Head of Audit Services advised that the Framework document set out the wording for the Statement and all local authorities would adopt the first part thereof. The headings were standard, with the text being customised to the City Council.

The Director of Legal and Democratic Services added that the Statement would form part of a suite of documents on the Council's web site.

2. Was the Partnership Policy sufficiently robust to cover all issues, including LAA and the new CAA assessment?

The Head of Audit Services indicated the he would require to check on the detail, but it was his belief that it was so.

3. Would copies be placed in the Members' Room?

In response the Head of Audit Services said that the supporting evidence would be placed in the Members' Room later this afternoon; and Members would be notified via e-mail to that effect.

4. A target date of March 2009 had been set for finalisation of the IT Security Policy and yet the Minutes of the Audit Committee meeting of 15 April 2008 recorded that "the provisional timetable for adoption of the Policy was to see it presented to full Council on 17 July 2008". Which was the correct date?

The Infrastructure and Network Manager reported that as a result of work on the IT Shared Service some of the current ICT workload had to be deferred as that project was considered to be a Council priority.

That work was now complete and work on rolling out new versions of server software was ongoing, which would enable the definition of periods of time between each password change; mixes and numbers of letters used; minimum length of passwords and a history of passwords to be put in place. It was hoped to implement that work within the next 3/4 weeks. It would then be necessary to educate people on the issue.

RESOLVED – (1) That the Code of Corporate Governance and Annual Governance Statement, appended to report CORP.26/08, be noted.

(2) That evidence to support the new Annual Governance Statement be placed in the Members' Room and that Members be advised of that via e-mail.

AUC.39/08 CODE OF CORPORATE GOVERNANCE ACTION PLAN

The Head of Audit Services submitted report CORP.27/08 appraising Members of progress made on the Code of Corporate Governance Action Plan.

The CIPFA / SOLACE Framework, referred to at Minute AUC.38/08 above, also required the Council to draw up an Action Plan in order to address weaknesses and to ensure that continuous improvement of the system was in place.

The Framework outlined a total of 57 requirements which needed to be met, and the Action Plan appended to the report identified those areas where remedial action was required. The Action Plan also incorporated all of the existing areas identified in the previous Action Plans relating to the Statement on Internal Control and Code of Corporate Governance.

He also provided the following updates:

- Reference 3.1.2 – the community empowerment pilot areas are Harraby and Longtown and development was still at an early stage
- Reference 4.2.1 – the Members' Learning and Development Programme for 2008 was now complete and in place. Training on financial matters had been provided to Members the week before.
- Reference 6.2.1 – the Corporate Communications Policy and Corporate Consultation Policy were included within the Forward Plan for consideration by the Executive on 30 June and 20 July 2008, and would be ratified by Council in July 2008.

The Head of Audit Services added that, in line with established practice, the Action Plan would be monitored and the updated status reported to the Committee at each meeting.

In discussion, Members raised the following issues:

1. Would the work identified at 3.1.2 be undertaken in conjunction with County Council Forums and would Members be involved?

The Head of Audit Services said that he would need to clarify those aspects.

2. To what did the reference numbers refer?

In response, the Head of Audit Services advised that those related to the evidence which would be available in the Members' Room.

3. A Member sought clarification of the role of this Committee, as opposed to Overview and Scrutiny, for implementation and monitoring of the Action Plan. He considered that, if the Committee was taking on responsibility for monitoring, then additional meetings would be required.

The Director of Legal and Democratic Services outlined the responsibilities of the Executive and Overview and Scrutiny. He explained that the Governance Statement would be signed off by Council, and the Committee's function would be to ensure that was done.

The Audit Manager recalled that a similar debate had arisen in relation to Risk Management, stressing that the role of the Committee was to ensure that risk management was working properly and not around debating the risks.

4. Referring to 5.2.1 (to ensure that staff appraisals are undertaken in accordance with Council Policy), a Member commented that the issue had been raised repeatedly in Overview and Scrutiny but that the target had not been reached. What was the Committee's role if that position continued?

In response, the Director of Legal and Democratic Services said that if targets were not complied with the Committee should bring that to the attention of the Executive and Overview and Scrutiny with the request that they look into the particular issue.

RESOLVED – (1) That the Action Plan attached to report CROP.27/08 and the current position relating to each of the areas identified be noted.

(2) That it be noted that issues arising from the Action Plan would be monitored and reported back to the Audit Committee on a quarterly basis.

(3) That the Committee wished to highlight to the Executive that they were responsible for taking the lead on this matter.

AUC.40/08 AUDIT SERVICES PROGRESS REPORT

The Head of Audit Services submitted report CORP.28/08 summarising the work carried out by Audit Services since the previous report to Committee on 15 April 2008.

The final reports on the Audits of Housing Benefits; Car Park Income; Fixed Assets; IT Security; NNDR; Payroll; Debtors and Treasury Management were appended to the report.

A number of follow-up reviews had been undertaken during the period covered by the report, the only item of concern being that there had been little progress in respect of the "MASS" database in relation to Fixed Assets. That had been discussed with the Head of Economic Development, Tourism and Property Services who provided the following response –

"It is acknowledged that there are a number of actions within the report that have not been progressed within the agreed timetable. The reasons for the lack of progress are to do with both workload and staff absence. Unfortunately the latter problem has become more acute with the recent resignation of the team leaders in both the Estates and Asset Management sections – both key qualified personnel. The Asset Management team leader has also been absent from work since July 07. Progress in the immediate future will depend on the recruitment of qualified and experienced chartered surveyors in a difficult and competitive job market."

The Head of Audit Services understood that those posts had subsequently been advertised but that did not result in any appointment. The posts would be re-advertised in due course and progress would be monitored by Audit Services.

Work on a number of other reviews commenced during the period and reports thereon would be presented to Members in due course. No further issues relevant to the (previous) Statement on Internal Control had arisen during the period which required to be drawn to Members' attention.

In considering the report Members raised the following concerns and observations:

1. A Member noted that report CORP.28/08 included the final report on the Audit of ICT Security and Recovery, which detailed that it was considered that a Restricted level of assurance could be given in relation to the systems of control. That was particularly worrying.

The Head of Audit Services advised that none of the deadlines for action on the recommendation had yet been met. The issues would be followed up, but not normally until the end of July 2008.

The Infrastructure and Network Manager commented that the work referred to was a priority and he saw no reason why the timescales could not be met now that Shared Services work was complete.

2. An assurance was sought that the work at A.1 would be undertaken at by the end of July 2008; and A.2 and A.3 to the timescales set out (page 52 of the report).

The Infrastructure and Network Manager could see no reason by those timescales could not be met.

3. A Member referred to the Audit and Inspection Plan considered earlier on the Agenda which set out that the ICT Security Policy would not be approved until March 2009. That was a serious and significant issue, bearing in mind the problems that had arisen nationally around security.

RESOLVED – (1) That report CORP.28/08 be received.

(2) That the serious concerns raised by the Committee in relation to the timing of the ICT Security Policy be conveyed to the Executive with the request that they investigate the issue as a matter of urgency.

AUC.41/08 AUDIT SERVICES OUT-TURN REPORT 2007/08 AND INTERIM REVIEW OF THE EFFECTIVENESS OF AUDIT SERVICES

The Head of Audit Services submitted report CORP.29/08 summarising the work carried out by Audit Services for the period 1 April 2007 to 31 March

2008 and providing Members with information to enable a view to be taken on the effectiveness of Audit Services.

The Strategic and Annual Audit Plans for 2007-08 had been agreed by the Committee on 15 April 2008.

The Head of Audit Services outlined progress against the Plan for the year, together with information on the effectiveness of Audit Services.

Referring to Section 5.8, the Audit Manager said that External Audit had recently undertaken their periodic review of the work of Audit Services and were satisfied.

RESOLVED – (1) That report CORP.29/08 be received and progress made against the Strategic Plan noted.

(2) That the guidance received from the CIPFA Finance Advisory Network that a full review of Audit Services should only be required every three years, and the report as the interim “light touch” be accepted.

AUC.42/08 FUTURE MEETINGS OF THE COMMITTEE

The Chairman reported that four meetings of the Committee had been scheduled in line with established practice. However, the Agendas for the next two meetings were heavy and she asked that Members give consideration to whether they would wish a further meeting to be scheduled in August 2008.

She suggested that the Committee could receive a presentation from the Audit Manager on the key judgements made around Use of Resources, Direction of Travel, etc, together with a paper dealing with the issues emanating from the recent Member training session.

The Director of Legal and Democratic Services advised that the Committee could hold additional meetings if it so wished. It was, however, important to retain a dividing line between the work of this Committee and that of the Executive and Overview and Scrutiny.

It was agreed that an additional meeting of the Committee take place on Thursday 21 August 2008 commencing at 10.00 am. A Member also suggested that the Corporate Resources Overview and Scrutiny Committee may benefit from the Audit Manager’s presentation.

RESOLVED – That arrangements be made for an additional meeting of the Committee to take place on Thursday 21 August 2008 commencing at 10.00 am.

[The meeting ended at 12.22 pm]