

AUDIT COMMITTEE

FRIDAY 11 JANUARY 2013 AT 10.00 AM

PRESENT: Councillors Bowditch, Mrs Bowman (until 11.15 am), Ms Franklin, Mrs Mallinson, Nedved and Miss Sheriff

OFFICERS: Deputy Chief Executive
Director of Governance
Financial Services Manager
Audit Manager
Policy and Communications Manager

ALSO

PRESENT: Ms Jackie Bellard (Director, Grant Thornton); and Mr Richard McGahon (Manager, Grant Thornton)

AUC.01/13 APOLOGY FOR ABSENCE

An apology for absence was submitted on behalf of Councillor Ms Patrick (Chairman).

In the absence of the Chairman, the Vice Chairman took the Chair

AUC.02/13 DECLARATIONS OF INTEREST

Councillor Mrs Mallinson declared an interest in accordance with the Council's Code of Conduct in respect of Agenda item A.8 – Internal Audit Progress Report : Audit of Highways Claimed Rights because she is also a Member of Cumbria County Council.

Councillors Ms Franklin, Miss Sherriff and Nedved declared an interest in accordance with the Council's Code of Conduct in respect of Agenda item A.2(a) – Response from the Executive - Carlisle Airport : Update. The Councillors stated that they served as substitute Members on the Development Control Committee.

AUC.03/13 MINUTES

The Minutes of the meeting of the Audit Committee held on 26 September 2012 were submitted.

RESOLVED – That the Minutes of the meeting of the Audit Committee held on 26 September 2012 be agreed as a correct record and signed by the Chairman.

AUC.04/13 MINUTES OF RESOURCES OVERVIEW AND SCRUTINY PANEL

The Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 30 August, 18 October and 4 December 2012 were submitted for information.

RESOLVED – That the Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 30 August, 18 October and 4 December 2012 be noted and received.

AUC.05/13 RESPONSES FROM THE EXECUTIVE

There were submitted Excerpts from the Minutes of the Executive meeting held on 29 October 2012 setting out their response to references from this Committee concerning:

(a) EX.126/12 : Carlisle Airport – Update

Councillor Nedved, having declared an interest, took part in discussion on this item of business.

Councillors Ms Franklin and Miss Sherriff, having declared an interest, made no comment.

The Executive had given consideration to Minute Excerpt AUC.126/12, and noted that the Carlisle Airport Action Plan had been implemented to the satisfaction of the Audit Committee; and that the Committee would no longer monitor the position.

(b) EX.127/12 : Internal Audit Progress Report

The Executive had considered Minute Excerpt AUC.57/12 and, in response, noted the concerns expressed by the Audit Committee as detailed at Recommendation (5) of the Minute.

The Audit Manager (Carlisle City) responded to Members' questions concerning monitoring of the Audits of IT Strategy; and Data Quality and Records Management.

RESOLVED – That the decisions of the Executive, as set out above, be received.

AUC.06/13 ANNUAL AUDIT LETTER 2011/12

The Financial Services Manager presented, for information, the Audit Practice's Annual Audit Letter for the City Council, the purpose of which was to summarise the findings from the 2011/12 audit.

The Financial Services Manager reminded Members that the District Auditor had, on 26 September 2012, presented her Annual Governance Report, outlining the findings of her audit of the Authority's 2011/12 financial statements. The financial statements were produced and submitted for audit on time and were supported by good quality working papers. The District Auditor's work had identified one material error in the Council's 2011/12 financial statements, relating to the netting off of cash and cash equivalent assets and liabilities in the balance sheet. A number of other audit adjustments had been required to the notes to the Accounts to ensure compliance with the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2011/12.

Subsequently, the District Auditor had:

- Issued an unqualified opinion on the Authority's 2011/12 financial statements included in the Authority's Statement of Accounts;

- Concluded that the City Council had made proper arrangements to secure economy, efficiency and effectiveness in its use of resources; and
- Certified completion of the audit.

As part of her closing remarks the District Auditor had thanked the finance staff for their positive and constructive approach taken to the audit during what had been another challenging year for the authority. She also wished to thank senior management and the Audit Committee for their support and co-operation during the audit.

In response to a question, the Director (Grant Thornton) indicated that the Annual Audit Letter should be placed on the Council website.

RESOLVED – (1) That the Committee welcomed submission of the Annual Audit Letter for 2011/12 and were pleased to note that the District Auditor had on 28 September 2012 issued an unqualified opinion and certificate on the financial statements and also an unqualified value for money conclusion, stating that the Council had proper arrangements to secure economy, efficiency and effectiveness in its use of resources for 2011/12.

(2) That the Annual Audit Letter 2011/12 be placed on the City Council's website.

AUC.07/13 GRANT THORNTON – AUDIT FEE LETTER 2012/13

The Director (Grant Thornton) presented the Audit fee letter for 2012/13.

The Director informed Members that both the Manager (Grant Thornton) and herself were delighted to have been appointed by the Audit Commission as auditors to the Council, and looked forward to providing the authority with a high quality external audit service for at least the next five years.

The Audit Commission had set its proposed work programme and scales of fees for 2012/13; and the Director outlined details of the audit fee for the Council, along with the scope and timing of the work, Value for Money conclusion and details of their Team.

The Director (Grant Thornton) added that the Head of Public Sector Assurance of Grant Thornton would shortly be meeting with the Council's Town Clerk and Chief Executive and the Financial Services Manager.

In considering the Audit Fee Letter, a Member asked whether greater reliance would in future be placed upon the work of Internal Audit.

The Director (Grant Thornton) explained that, although some assurance could be taken from the specific detail of the work undertaken by Internal Audit, it was also necessary for her audit team to undertake their own work to obtain sufficient assurance.

The Manager (Grant Thornton) stated that the requirements placed on the Director and himself as external auditors remained unchanged. In terms of audit approach, the only change might be the emphasis on different audit risks. One area from which assurance could always be taken on internal audit related to the Annual Governance Statement and the Chief Internal Auditor's opinion on internal control.

A Member noted that the Audit Commission set the scale fee for 2012/13. She questioned whether the 40% reduction would apply to the coming five year period.

The Director (Grant Thornton) confirmed that was correct.

RESOLVED – That the Audit Committee noted the Audit fee letter for 2012/13 and welcomed the good relationship between the Auditors and the City Council.

AUC.08/13 DRAFT LOCAL PUBLIC AUDIT BILL

The Financial Services Manager reported that the Department for Communities and Local Government had, on 6 July 2012, published the draft Local Audit Bill for consultation. The draft Bill set out the Government's proposals for a new local audit framework for public bodies, including the appointment of their auditors.

The consultation invited responses to 26 questions, 15 of which related to specific provisions or policy proposals set out in clauses of the draft Bill; the remainder of the questions inviting general comments on each part of the Bill. Details of the key areas of discussion during the consultation were provided.

162 organisations and individuals had responded to the consultation; the majority (74%) being audited bodies. For 14 out of the 15 specific questions, the majority of respondents endorsed the proposals set out in the draft Bill. The one exception related to the proposed requirement for local bodies to take advice from a majority independent auditor panel when appointing their external auditor. That was also a major issue for the Audit Committee and was reflected in the consultation response made by the Shared Internal Audit Service on behalf of all participants.

The Department reported that it would develop additional guidance on how panels would operate in practice and work with the sector to address the concerns raised in the consultation process. Following receipt of that guidance a further report would be brought before the Audit Committee.

The Financial Services Manager informed Members that the consultation period had closed on 31 August 2012, and the Department for Communities and Local Government had published a summary of the responses received.

She added that the Government intended to consider the responses alongside the recommendation of the ad-hoc Committee set up to undertake the pre-legislative scrutiny of the draft Bill in autumn 2012. The report also set out the Government's intention to close the Audit Commission by 2015 and to develop more detailed proposals for the handover of contracts.

In conclusion, the Financial Services Manager asked that Members note the Government's response to the consultation.

A Member noted that there was agreement that the impact assessment had identified the key components of audit fees in the new framework, but that some respondents had commented that it was difficult to estimate precisely the costs and benefits of the new framework. She felt that it would be interesting for the Committee to receive details thereof as part of the future report referred to above.

RESOLVED – That the Audit Committee noted:

(a) the Government's response to consultation on the draft Local Public Audit Bill, as detailed within Report RD.70/12; and

(b) that the Director of Resources would report further following publication of the guidance on how Independent Auditor Panels would operate in practice (that report to include details of the key components of audit fees in the new framework).

AUC.09/13 SHARED INTERNAL AUDIT SERVICE: GOVERNANCE UPDATE

The Financial Services Manager submitted report RD.71/12 providing an update on the governance arrangements relating to the Shared Internal Audit Service.

The Financial Services Manager outlined the background to the matter, reminding Members that the Shared Internal Audit Service had been in operation since December 2010 and comprised of four participant organisations (Cumbria County Council, as host organisation; Carlisle City Council; Copeland Borough Council; and Cumbria Police Authority (now the Office of the Police and Crime Commissioner)). In addition, internal audit services were provided to the Lake District National Park under contract.

The governance structure included a Strategic Board, the Terms of Reference in relation to which were attached at Appendix 1. The Strategic Board had met in November 2012 and the notes of that meeting could be found at Appendix 2. In addition, an Operations Board comprising S151 Officers or their representatives met quarterly to review progress. The Operations Board had met regularly throughout 2012.

Whilst formal governance was provided through the Strategic and Operations Boards, for all participants the focus for operational effectiveness was the relationship between the Member of the Shared Internal Audit Service providing the head of audit function and the Audit Chair and S151 Officer. For the Shared Service prime responsibility for those relationships rested with Audit Managers and the Head of Audit. Regular meetings to discuss audit progress, emerging risks and issues, and possible changes to the Audit Plan were essential and feedback from participants was that the services provided were fully satisfactory.

The Financial Services Manager advised that, whilst the day to day operations were proving effective across the Shared Service, there remained a need to ensure that the formal governance arrangements were also functioning, with engagement from participants. Her report was therefore submitted with a view to drawing attention to the formal and operational aspects of the governance arrangements; and also would be presented to the various Shared Service Audit Committees.

A Member noted that the Audit Shared Service Strategic Board meeting held on 21 November 2012 had not been quorate. Another Member was concerned that the governance rules had not been followed as far as achieving a quorum was concerned.

The Financial Services Manager replied that it was disappointing since a number of dates had been put forward for the meeting.

The Vice Chairman added that, although a quorum had not been achieved, it was decided that the meeting would continue; it being acknowledged that any decisions would have to be confirmed at a future meeting of the Strategic Board. He added

that Chairmanship of the meeting would rotate annually, commencing with Carlisle in year 1.

The Director of Governance confirmed that the matters discussed and agreed upon at the informal meeting would be reported to the next Strategic Board for confirmation and therefore effectively no business had been transacted.

RESOLVED – That the content of report RD.71/12 be noted.

AUC.10/13 2012/13 FINAL ACCOUNTS PROCESS

The Financial Services Manager submitted report RD.65/12 providing information regarding the 2012/13 Final Accounts process.

She reminded Members that under the Accounts and Audit Regulations 2011 the City Council's Statement of Accounts for 2012/13 required to be submitted to a relevant body of the Council (Grant Thornton) for approval by 30 September 2013. Prior to approval the Section 151 Officer would be required to sign off the Accounts by 30 June 2013.

The Financial Services Manager outlined the final accounts process which, in order to meet the prescribed deadlines, commenced in January with the production of an internal timetable for the completion of the various tasks involved. The timetable was monitored by Financial Services Officers and progress reported to the Senior Management Team throughout the final accounts process since it was essential that a corporate approach be taken to achieve a set of Accounts which gave a true and fair view of the financial position of the authority.

The 2011/12 Annual Governance Report considered by the Committee on 26 September 2012 acknowledged continuing significant improvements in the final accounts process compared to previous years. However, it also set out six recommendations, details of which were provided.

The Financial Services Manager reminded Members that the previous Code of Practice (2011) introduced significant changes to the way authorities had to prepare their Accounts, the main change for 2011/12 being the requirement to recognise all of the Council's Heritage Assets on the balance sheet. For 2012/13 there were no significant changes and the Code gave greater emphasis on clarifying some of the issues that had arisen in previous years.

The existing Statement of Accounting Policies had been reviewed to reflect the changes in the 2012 Code of Practice and also to provide further explanation of other existing policies (Appendix A). Members were asked to consider the accounting policies as outlined to provide the basis for the preparation of the 2012/13 Accounts.

To facilitate Members' understanding of the Accounts, the accounting policies and the main changes required as a result of the 2012 Code of Practice, a training session was proposed in June / July 2013.

A Member referred to the many statues, ancient monuments and other heritage assets within Cumbria (e.g. Hadrian's Wall and West Walls) and questioned how those could be reliably valued and recorded within the Asset Register / Accounts.

In response, the Manager (Grant Thornton) explained that the issue identified was problematic for many organisations. The Code of Practice recognised that there were two elements; heritage assets (e.g. pictures, paintings, sculptures) which could be valued and those (e.g. City Walls) to which a value could not be attributed. In those cases evidence of ownership should be disclosed.

He added that the Director (Grant Thornton) had been very impressed by the Council's approach to the matter, which was fully compliant with the requirements of the Code of Practice.

RESOLVED – That the Audit Committee noted the content of Report RD.65/12 and had considered the accounting policies to be used in the preparation of the 2012/13 Accounts.

AUC.11/13 INTERNAL AUDIT PROGRESS REPORT

Councillor Mrs Mallinson, having declared an interest, remained within the meeting room and took part in discussion on this item.

The Audit Manager (Carlisle City) submitted report RD.69/12 summarising the work carried out by Audit Services since the previous report to Committee on 26 September 2012 and detailing progress made on delivery of the approved Audit Plan in the third quarter of 2012/13.

The current position of the Plan was illustrated at Appendix A for Members' assistance.

She outlined the key points which were:

- The Plan called for 540 direct audit days to be delivered in 2012/13. 441 days had been delivered (82%) which was 67 days ahead of target for this time of the year.
- Resources in the team had now been reduced and time available in quarter four would mainly concentrate on the completion of the remaining material audit reviews.
- Investigatory work had some impact on planned work during quarter three.
- There was one recent change to the Plan, details of which were provided at Section 3 of the report.

The Audit Manager reminded Members that the Audit Plan should be dynamic and able to demonstrate a degree of flexibility to accommodate requests for other audit support during the course of the year.

A recent matter had arisen which had prompted a change to the Plan. The audit of Street Cleaning was deferred from the 2011/12 Audit Plan and the time used to support the review of the Connect 2 Cycle Way Scheme. Street Cleaning was now in the Plan for 2012/13 and planning discussions regarding that audit with the Director of Local Environment concluded that it was not an appropriate time to complete this audit given that the transformational review of the Street Cleaning service was near completion. Instead, a request was made by the Director of Local Environment to utilise this audit time to deliver a contract management review of the Recycling 'Bring' Sites, as there were concerns about the effectiveness of the service and costs associated with the current contract. The Director of Resources had agreed the action and street cleaning would be factored into the 2013/14 Audit Plan. Members were asked to note the change to the 2012/13 Audit Plan.

The Audit Manager (Carlisle City) advised that a revised system for the follow up of audit recommendations was now in operation, utilising the Covalent performance management system. Managers were now being encouraged to update, within the agreed timescales, the progress made on any recommendations which they were responsible for implementing. She added that there were two previous audits whereby the follow ups were now overdue (Tendering and Contracting and the Connect 2 Cycle Scheme). In line with agreed audit practice for audits with restricted assurances, those two audits would be subject to formal audit follow up procedures and the outcomes would be reported to Members once finalised.

Turning to the issue of Data Quality and Records Management, the Audit Manager (Carlisle City) recalled that, at their last meeting, the Committee had been concerned at the 'restricted' rating attributed to the audit of Records Management and that there were no overall records management arrangements at corporate level. Members had asked to see the development of a draft Records Management Policy by December 2012 for submission to this meeting. It was also recommended that a Senior Officer take immediate responsibility for the matter and clarity was sought over the adequacy of the implementation date of 31 March 2012.

The Senior Management Team (SMT) had on 19 December 2012 considered a report outlining the set of guiding principles drawn from the Code of Practice on the Management of Records. A project was being established which would establish corporate records management procedures, roll out of which would be undertaken in a structured and informed manner. Details of the key actions were also set out at Section 5.5.

The Policy and Communications Manager outlined the content of the paper submitted to SMT, which was based upon guidance from the Chancellor. He was now working with Managers to put the key principles into practice and produce a strategy to develop a Records Management Register. Opportunities to improve the position would be looked at as they emerged.

In conclusion, the Policy and Communications Manager said that the support of SMT have been secured to ensure that the correct level of support was provided by Managers.

In response to a question, the Director of Governance confirmed that the Policy and Communications Manager had taken ownership of the matter moving forward.

A Member questioned the Council's policy as regards the storage of e-mail correspondence by Members and Officers.

The Policy and Communications Manager recognised that e-governance also posed a real challenge for the authority. He relied upon Managers to recognise that e-mail correspondence was as much a part of the project as paper correspondence.

The Member was concerned to ensure that a clear audit trail / evidence was in place to demonstrate proper permanent storage of e-mails (that should also include Shared Services). That would protect the position of Members and staff within the Council.

In response, the Policy and Communications Manager explained that some practices had been put in place which required the level of rigour referred to.

A Member questioned when a written Records Management Policy would be available and the process for scrutiny thereof.

The Policy and Communications Manager indicated that a Risk Management Policy would be written in conjunction with the work being undertaken with Managers. The Director of Governance added that it was a matter for Overview and Scrutiny to decide whether they wished to scrutinise the Policy.

The Deputy Chief Executive considered the report to SMT to be very helpful in terms of drawing attention to the issues involved. A distinction required to be drawn between policy, guidance and records keeping. He gave an overview of discussions at the SMT who felt that there was work to do in terms of updating current practice.

The Deputy Chief Executive added that the issue raised regarding the harvesting and storage of e-mails was helpful and would be picked up.

Members requested that an update on progress with the development of records management be submitted to the Committee in six months time.

The Audit Manager (Carlisle City) then outlined in some detail the content and ratings attached to the audit reports in respect of Tullie House; Housing Benefit Overpayments; Improvement Grants; and Highways Claimed Rights. Copies were appended to the report.

The Audit Manager (Carlisle City) focussed in the main upon the Audit of External Funding which provided restricted assurance. She explained that the restricted assurance level had been influenced by a number of factors, including stability of systems audited, non adherence to procedures and the recommendations made.

There were concerns that the central grant monitoring arrangements and the records maintained by Financial Services for 2011-12 and prior years were not as accurate and up-to-date as they should be. This was in the main due to Directorates not keeping Financial Services informed of external funding obtained. Arrangements were in place for quality checking of Disabled Facility Grants, but a lack of communication led to the late submission of the 2011-12 claim.

She added that a number of opportunities to further enhance controls had been identified and those were shown in the Summary of Audit Recommendations and Action Plan. Details of the key issues arising from the review were also provided.

In conclusion, the Audit Manager requested that Members receive the report and note progress against the agreed 2012/13 Audit Plan.

The Committee gave in depth consideration to the completed audits, raising the following issues:

- Audit of External Funding and Grants

Referring to Section 5.1 (follow up to the previous audit review), a Member was concerned to note that regular (annual) training sessions still needed to be scheduled into the internal training programme which should be (compulsory) attended by all Officers with grant processing responsibilities. She sought re-assurance that the issue was being addressed correctly.

The Member also referred to recommendation R1 concerning the removal from the establishment of the External Funding Officer post, and questioned what the outcome would be.

The Audit Manager (Carlisle City) advised that the Senior Management Team needed to take a decision as to whether an external funding lead was required.

The Member said that personally she did not believe that the External Funding Officer post should be resurrected. She suggested that, in the interim, a Director should take ownership of the matter and recommended reference back to SMT (copied to the Executive) to that effect.

By way of assistance, the Deputy Chief Executive outlined the background to removal of the External Funding Officer post pointing out that, although that Officer had responsibility for external funding, a number of other Officers across the authority had also taken on the role of attracting external funding. It would be helpful if the SMT, the Executive and Overview and Scrutiny undertook collaborative work on the matter.

The Deputy Chief Executive added that he was happy to take the lead in terms of raising the issue with SMT.

The Director of Governance reminded Members that the Council operated an Ethical Governance Group, which delivered appropriate and relevant training to Members and Officers. Attendance in respect of certain elements was mandatory and, in addition, the e-learning package offer would be expanded and targeted at appropriate recipients.

- Audit of Tullie House (Management of Assets)

A Member expressed concern that some of the insurance valuations may be more than twenty years old. She suggested that a clause be inserted into the existing insurance policy to ensure that the collection was covered in the event of theft.

In response, the Financial Services Manager undertook to raise the matter with the Council's insurance brokers.

- Audit of Housing Benefit Overpayments; and Audit of Highways Claimed Rights

Members commended staff for their hard work in relation to what were exceptionally good pieces of audit work.

RESOLVED – (1) That report RD.69/12 be received and progress made towards completion of the 2012/13 Audit Plan, for the third quarter period (as illustrated in Appendix A), be noted.

(2) That the change to the 2012/13 Audit Plan, detailed at Section 3, be noted.

(3) That the progress taken to date to progress the Action Plan to address the recommendations concerning Corporate Risk Management arrangements be noted.

(4) That the Audit Committee received the completed audit reports attached as Appendices C to G of the report, subject to the following :

- That the Policy and Communications Manager submit a report, updating the Committee on progress with regard to Data Quality and Records Management, in six months time.
- That the Deputy Chief Executive raise Members' concerns regarding resolution of the role of External Funding coordinator with the Senior Management Team and report back to a future meeting of the Audit Committee.
- That the Financial Services Manager raise the concerns expressed with regard to insurance of the Tullie House collection with the Council's insurance brokers.
- That the thanks for the Committee be conveyed to members of staff involved in the Audit of Housing Benefit Overpayments; and Audit of Highways Claimed Rights.

**AUC.12/13 DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT,
INVESTMENT STRATEGY AND MINIMUM REVENUE PROVISION
STRATEGY 2013/14**

The Financial Services Manger submitted report RD.60/12 setting out the Council's Treasury Management Strategy Statement for 2013/14 in accordance with the CIPFA Code of Practice on Treasury Management.

She informed Members that the Investment Strategy and the Minimum Revenue Provision Strategy for 2013/14 were incorporated as part of the Statement, as were the Prudential Indicators as required within the Prudential Code for Capital Finance in Local Authorities.

She indicated that the draft version of the Statement was considered by the Executive on 17 December 2012 prior to the consultation period on the draft budget for 2013/14. The Committee was asked to make any comments on the report which the Executive would be asked on 14 January 2013 to recommend to Council for approval.

Following approval by Council, further work would be undertaken on counterparty limits. A report would be submitted to the Audit Committee thereafter.

In conclusion, the Financial Services Manager advised that the report had been compiled against a frequently changing background as regards treasury management matters and may need to be further updated before the final version was presented to Council.

RESOLVED – (1) That the Audit Committee received Report RD.60/12 and noted that the report may require to be further updated before the final version was presented to Council.

(2) That the Committee noted that a further report would be submitted detailing the outcome of additional work on counterparty limits.

AUC.13/13 TREASURY MANAGEMENT JULY – SEPTEMBER 2012

The Financial Services Manager submitted report RD.47/12 providing the regular quarterly summary of Treasury Management transactions for the second quarter of 2012/13, including the requirements of the Prudential Code.

She outlined, in some detail, the outstanding investments as set out in Appendix A3 and explained the colour coding system used by Sector, the Council's Treasury Advisors.

Members congratulated staff for work undertaken.

RESOLVED - That Report RD.47/12 be received and the good progress in terms of returns on monies invested be noted.

AUC.14/12 CODE OF CORPORATE GOVERNANCE

The Financial Services Manager submitted report RD.72/12 updating Members on the Council's governance arrangements and its systems of internal control in line with CIPFA's Good Governance Framework.

Details of the background to the matter and why it was timely to undertake a review of the Council's Code of Governance were provided.

The Financial Services Manager reminded Members that the Annual Governance Statement for 2011/12 highlighted no significant weaknesses in the Council's governance arrangements, nor were there any outstanding issues from previous Action Plans. She added that there were no new significant issues which needed to be brought to Members' attention, nor were there any new areas of risk arising from the Audit Reviews or from the Risk Registers that needed to be drawn to their attention.

The Committee had previously considered an Audit Report on the Connect 2 Cycle Scheme and had requested assurances that proper project management arrangements were in place for all significant schemes being undertaken, including supporting documentation such as full business cases and risk registers. Appendix A provided details of all those schemes currently monitored by the Project Assurance Group and the documentation in place for each scheme.

The Financial Services Manager pointed out that the Project Assurance Group had been renamed the Corporate Programme Board (CPB); it would have a wider remit to ensure effective governance arrangements on all initiatives that supported the corporate programme and Carlisle Plan. She added that the CPB would be chaired by the Chief Executive and include Members of PAG along with representatives from each Directorate and ICT.

A Member questioned why the Business Improvement Centre had not been included as a risk at Appendix A.

In response, the Deputy Chief Executive explained the background to discussions regarding the Business Improvement Centre, commenting that the issue was not considered to constitute a corporate risk.

A Member referred to the aims of the Project Assurance Group as opposed to the Corporate Programme Board and questioned the difference between the two.

The Deputy Chief Executive replied that, although operation of the Corporate Programme Board would not be significantly different, its scope would be much wider than that of the Project Assurance Group.

RESOLVED – That Report RD.72/12 and the assurances that had been provided with regard to all significant projects undertaken by the Council be noted.

AUC.15/13 CORPORATE RISK MANAGEMENT

The Deputy Chief Executive submitted report SD.01/13 providing an update on the Council's risk management arrangements. The report contained the Risk Register presented to the Resources Overview and Scrutiny Panel on 18 October 2012.

The Corporate Risk Register had been reviewed by the Senior Management Team (SMT) and the Corporate Risk Management Group. During the last quarter the Current Action Status / Control Strategy sections had been addressed, and the scoring of certain risks amended accordingly.

The Deputy Chief Executive outlined each of the risks set out in Appendix A to the report.

A number of risks had been removed from the Corporate Risk Register as those risks had been reduced through successful mitigation action. They would, however, continue to be monitored as operational risks 2013/14 onwards.

The SMT and the Corporate Risk Management Group had started to identify and analyse the risks in delivering the new priorities within the draft Carlisle Plan and the actions/resources that would be required to mitigate those risks. Those risks, still at draft stage, were now incorporated into the Corporate Risk Register and would be further developed as the priorities were worked up and approved at full Council on 30 April 2013. Considering the risks at this early stage was an important step in assessing both the downside risks and also the emerging opportunities. That would provide valuable information for the further development of the priorities and key actions in delivering them.

The Deputy Chief Executive informed Members that the annual corporate risk management session had taken place on 7 January 2013. Members of SMT, along with the Financial Services Manager, Audit Manager (Carlisle City Council) and Policy and Communications Manager met to further analyse risks as the Carlisle Plan continued to be developed, to highlight any significant risks from recent audits and to identify risks emerging from the budget process.

RESOLVED – That the Audit Committee had considered and noted the content of Report SD.01/13 as an indication of the continuing commitment to sound governance arrangements for corporate risk management.

[The meeting ended at 11.36 am]