

## **AUDIT COMMITTEE**

**MONDAY 15 APRIL 2013 AT 10.00 AM**

**PRESENT:** Councillor Ms Patrick (Chairman), Councillors Bowditch, Craig (as substitute for Councillor Mrs Mallinson), Ms Franklin, Nedved, Mrs Parsons (as substitute for Councillor Mrs Bowman – until 11.55 am) and Miss Sheriff

**OFFICERS:** Town Clerk and Chief Executive  
Deputy Chief Executive  
Director of Governance  
Director of Community Engagement  
Director of Local Environment  
Financial Services Manager  
Audit Manager  
Chief Accountant  
Policy and Performance Officer

**ALSO**

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

### **AUC.16/13 APOLOGIES FOR ABSENCE**

Apologies for absence were submitted on behalf of Councillors Mrs Bowman and Mrs Mallinson.

### **AUC.17/13 DECLARATION OF INTEREST**

Councillor Miss Sherriff declared a registrable interest in accordance with the Council's Code of Conduct in respect of Agenda item A.6 (Audit Services Progress Report 2012-13 (No. 4)) because she also served on the Board of Carlisle Leisure Limited.

### **AUC.18/13 MINUTES**

The Minutes of the meeting of the Audit Committee held on 11 January 2013 were submitted.

**RESOLVED** – That the Minutes of the meeting of the Audit Committee held on 11 January 2013 be agreed as a correct record and signed by the Chairman of that meeting.

### **AUC.19/13 MINUTES OF RESOURCES OVERVIEW AND SCRUTINY PANEL**

The Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 3 January and 21 February 2013 were submitted for information.

RESOLVED – That the Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 3 January and 21 February 2013 be noted and received.

### **AUC.20/13      CERTIFICATION WORK REPORT 2011/12**

The Manager (Grant Thornton) presented the Certification Work Report for 2011/12.

He explained that the report summarised their overall assessment of the Council's management arrangements in respect of the certification process and drew attention to significant matters in relation to individual claims. An overview of the approach to certification work, the roles and responsibilities of the various parties involved and the scope of the work performed was provided at Appendix A.

Members were asked to note that all work reported in the certification report had been completed by the Audit Commission prior to Grant Thornton's appointment as the Council's auditors. Therefore the findings set out in the report represented the results of the Council's previous auditors' work.

A summary of all claims and returns subject to certification and details of grant certification fee were also provided at Appendix B. The claims in respect of the Housing Benefit and Council Tax Benefit Scheme and the National Non-domestic Rates Return were substantial in terms of the authority.

The Manager (Grant Thornton) reported that overall the City Council was performing well and there were no significant matters arising from their certification of claims and returns, which was good news. He added that:

- there were no amendments to claims this year
- only one qualification letter was issued on the Housing Benefit and Council Tax Benefit claim
- less errors were found on the benefits claim in 2011/12 compared with the previous year
- supporting working papers for the claims and returns were good, which enabled certification within the deadlines

In terms of the way forward, the Manager (Grant Thornton) explained that the Council had implemented the agreed recommendations in the Audit Commission's Certification of Claims and Returns – Annual Report 2010/11. For 2011/12 there was only one error in the detailed testing of benefit cases which represented a significant improvement on the previous year. Accordingly, there were no issues that required a recommendation to be made.

In conclusion, the Manager (Grant Thornton) reiterated that this was a very good news report for the City Council.

RESOLVED – That the Audit Committee received the Certification Work Report 2011/12; and was pleased to note the significant improvement from the previous year.

## **AUC.21/13 GRANT THORNTON – AUDIT COMMITTEE UPDATE**

The Director (Grant Thornton) submitted a paper detailing progress in delivering Grant Thornton's responsibilities as the Council's external auditors. Also included was a summary of emerging national issues and developments which may be of relevance to the authority.

She drew Members' attention to page 5 pointing out that in previous years a detailed Audit Plan would have been issued at this stage. Grant Thornton would not, however, issue the Audit Plan until the results of the interim visit (scheduled to be completed by mid April 2013) were included. The Plan would therefore be submitted to the next Audit Committee following that date.

The Director (Grant Thornton) advised that no significant matters had been identified at this stage of the process. The Manager (Grant Thornton) added that there was nothing significant which would impact on their view of the Accounts.

There were no significant changes in approach to the Value for Money (VFM) conclusion work carried out in previous years. However greater emphasis had been placed on financial resilience and a separate report would be produced and reported in September alongside the ISA+260 Audit Findings Report.

Referring to page 5 (interim accounts audit), the Chairman asked whether a different range of skills could be accessed under Grant Thornton.

In response the Manager (Grant Thornton) advised that although the skill set was very similar to that under the audit practice, there may be a slight difference in focus in terms of information technology.

The Director (Grant Thornton) added that she had used VAT and employee services specialists to gain an understanding / level of assurance of the Council's VAT and taxation environment.

The Chairman asked whether the emerging issues referred to in the report would create additional work.

The Financial Services Manager replied that CIPFA had, in December 2012, issued a consultation on proposed amendments to the 2013/14 Code of Practice on Local Authority Accounting in the United Kingdom for the implications of business rates retention schemes (BRRS). In summary, the accounting treatment for the BRRS would be similar to council tax. Training would be provided on those changes as part of the 2013/14 accounts.

The Manager (Grant Thornton) added that there were a number of reports which would prove useful for Members going forward. He undertook to extract those reports and forward them to the Lead Committee Clerk for onward transmission to Members of the Committee.

The Chairman thanked the Director and Manager for submission of the report.

**RESOLVED** – That the Audit Committee noted the content of the Update Report; and that appropriate resources would be required to address the emerging issues referred to.

## **AUC.22/13      AUDIT COMMITTEE'S ANNUAL REPORT 2012/13**

The Chairman presented report RD.04/13 summarising the work undertaken by the Audit Committee during the period from 16 April 2012 to 11 January 2013.

The Chairman stated that the existence of the Audit Committee and its work programme enabled the Council to demonstrate that it was following the recommended best practice of the CIPFA Practical Guidance for Audit Committees in Local Authorities. The Committee had strengthened the Council's internal control process through its ability to ensure that systems and controls were robust; that challenges were raised as appropriate; and that adequate follow-up procedures were in operation in relation to audit recommendations. That had been noted and commented on by the Audit Commission's Audit Manager.

In conclusion, the Chairman recommended that the Audit Committee note and accept the report.

RESOLVED – That the Annual Report of the Audit Committee, which would be submitted to the City Council on 30 April 2013, be noted and accepted.

## **AUC.23/13      STRATEGIC AUDIT PLAN AND AUDIT PLAN FOR 2013/14**

The Audit Manager (Carlisle City) submitted report RD.06/13 providing details of the updated Strategic Audit Plan and the proposed Audit Plan for 2013/14.

She referred Members to the Risk Assessment Model utilised by Carlisle City which was in line with a version endorsed by CIPFA and the Institute of Internal Auditors.

The Audit Manager (Carlisle City) then outlined for Members the revised Audit Risk Assessment (Strategic Risk Based Plan) which had been prepared in line with best audit practice. Discussions had taken place with all Directors regarding the Strategic Audit Plan for their respective Directorates and their comments incorporated into the planning arrangements. Reference had also been made to those systems identified by Directorates as being business critical.

She emphasised that the strategic risk based approach to audit planning did not provide coverage of all audit areas within a given period, rather the model was dynamic and to some extent subjective in areas. It identified the "risk areas" which could be addressed over any given timescale, ad-hoc demands, etc. depending on the audit resources available for the year. The draft Annual Audit Plan 2013-14 was attached at Appendix A.

In conclusion, the Audit Manager (Carlisle City) pointed out that any significant extra demands on audit time which could not be accommodated within the contingency allocation may require a revision to the Audit Plan. In such circumstances those revisions would be considered / authorised by the Director of Resources, before being reported as part of the quarterly progress reporting to the Committee for Members' consideration / approval.

Speaking from a personal point of view, the Chairman was pleased to note that street cleaning was on now the Agenda.

RESOLVED – (1) That the Audit Committee noted the content of Report RD.06/13.

(2) That the Audit Committee had considered and approved the Internal Audit Plan for 2013/14 attached as Appendix A to the report.

#### **AUC.24/13      AUDIT SERVICES PROGRESS REPORT 2012-13 (NO. 4)**

Councillor Miss Sherriff, having declared a registrable interest, took no part in discussions on this item of business.

The Audit Manager (Carlisle City) submitted report RD.05/13 summarising the work carried out by Audit Services since the previous report to Committee on 11 January 2013 and detailing progress made on delivery of the approved Audit Plan during the fourth quarter of 2012/13.

The current position of the Plan up to 8 March 2013 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. 546 days had been delivered, which was 6 days over the annual target. Further (planned) audit days had been necessary up to the end of March in order to complete the remaining work on the material financial systems reviews.
- Investigatory work had impacted to some extent on planned work during 2012/13. Some of that time had been met by redirecting planned audit days from other areas of the Audit Plan and also through an element of available contingency time. There were, however, some additional (unplanned) days to be charged for separately. The Director of Resources had been kept informed on the progress made regarding those investigations and was aware of those additional unplanned days to be charged resulting from that work.

Members were asked to note the progress made against the agreed 2012/13 Audit Plan.

At this point of the year it was necessary to revisit the Plan and determine which audits were yet to be completed. 3 audits – (Electoral Registration; Transformation – would now be examined as part of the wider review of Improvement, Efficiency and VFM Programme; and ICT Project Management) had not yet commenced and there was insufficient time to start those before the year end due to other work priorities. Those had been rolled forward to the 2013-14 Audit Plan.

The Director of Resources had, following discussions with the Senior Management Team, agreed to the above changes.

Members were asked to note the amendments to the 2012/13 Audit Plan.

The Audit Manager (Carlisle City) outlined the background to and scope of the Audit of Customer Services which had been conducted following a very detailed briefing with Management. The final report had been issued in September 2012; 6 grade B recommendations and a restricted assurance were reported at that time. She explained that progress to finalise the audit report had been delayed in some parts.

Due to the constantly changing and evolving nature of the service it was essential that the audit opinion provided should be reflective of the current service provision. To that end, a formal follow up of the agreed actions arising from the review of Customer Services would be undertaken in April 2013. Any matters arising from the follow up would be combined with the initial audit findings and reported to the Audit Committee at its meeting in July 2013. The Deputy Chief Executive and Director of Resources had commented upon and agreed that approach, which Members were now asked to note.

Turning to the matter of previous Audit Recommendations, the Audit Manager (Carlisle City) reported that a revised follow up system was now in operation utilising Covalent, the corporate performance management system. That revised system placed the onus upon Managers to feedback on the action which they had taken within the agreed timescales to effectively implement the recommendations to which they were assigned responsibility. Importantly, the arrangement only affected audits with substantial and reasonable assurance ratings; those audits with restricted (and limited) assurance being formally followed up and reported on separately by Audit Services. Additionally, those recommendations arising from the material financial system reviews were routinely followed up and reported on as part of the next year's audit findings.

There are no matters to be brought to Members' attention regarding the follow up of audit recommendations via Covalent. Audit Services continued to work with Managers to assist them with that new arrangement.

She added that the Audits of Tendering and Contracting and the Carlisle Cycle Scheme (aka Connect 2 Cycle Scheme) were both restricted assurances which required formal follow up. In line with agreed audit practice, follow ups on those two audits would be completed in quarter 1 of 2013-14, the outcomes of which would be reported to Members once finalised.

Members were asked to note the revised arrangements for follow up of previous recommendations and the current status thereof.

The Chairman felt that it would be useful for the Committee to be appraised of performance by Managers in terms of feeding back on actions they had taken within the agreed timescales.

The Audit Manager (Carlisle City) explained that an audit resource was in place to provide training for Managers. Performance details could be provided along the lines requested.

The Manager (Grant Thornton) added that Copeland Borough Council's Audit and Governance Committee received quarterly or six monthly performance reports, and it may be useful to look at those as an example.

Referring to audit reporting arrangements, the Audit Manager (Carlisle City) indicated that the Shared Internal Audit Service was constantly looking at ways to improve its audit operations and reporting methods. She set out, for Members' consideration, a number of suggested changes to the reporting arrangements at Carlisle City in 2013-14 as detailed at section 6.1 of the report.

A Member noted that, whilst all audit reports were cleared by service Managers and the relevant Directors, it had been agreed that from January 2013 all final audit reports with restricted assurance would be forwarded to the Senior Management Team to be noted. He suggested that the reports should also go forward to the Joint Management Team (which included Portfolio Holders) which may result in issues being addressed at an earlier stage.

In response, the Chairman stated that the Audit Committee received final audit reports with restricted assurances. The Committee could refer those to Portfolio Holders if that was considered to be appropriate.

A Member commented that certain Members were now using tablets within meetings (rather than hard copy documentation). He considered that the incorporation of the key findings from each audit review within future Audit Progress Reports would be of assistance to those Members.

The Director of Governance added that the Management Summaries would still be available to Members via CMIS as background documentation.

The Audit Manager (Carlisle City) reported that there were eight audit reports for consideration by Members: Council Tax; and Treasury Management which had received substantial assurance; and Systems Administration; Bereavement Services and Car Parking Income which had a reasonable assurance. Copies were appended to the report.

The Audit Manager (Carlisle City) indicated that she would focus in the main upon the Audits of the Leisure Services Contract; Recycling; and Bring Sites which provided restricted assurance. She further explained that the restricted assurance levels highlighted a 'themed' weakness in the area of contract monitoring and performance reporting arrangements of key service contracts.

The Resources Overview and Scrutiny Panel had on 3 January 2013 undertaken a review of partnerships 2011/12.

The Panel had resolved:

"1) That the Town Clerk and Chief Executive be asked to write Carlisle Leisure Limited to inform them that the Scrutiny Panel is looking closely at the monitoring arrangements for the contract between the City Council and themselves.

2) That the concerns and comments of the Panel be passed to the Audit Committee for their consideration of the Audit report on the Carlisle Leisure Contract.

3) That representatives of Carlisle Leisure Limited be invited to attend a future meeting of the Panel.

4) That the Tullie House contract is monitored on a regular basis to ensure that the City Council is achieving value for money for the contributions made."

Copies of Minute Excerpt ROSP.09/13 had been circulated.

She added that the contract monitoring 'theme' was a corporate concern and the matters arising from those audit reports had been considered in full by the Senior Management Team. The detailed Action Plans resulting from the contract monitoring reviews would be formally followed up by Audit Services in quarter 3 2013-14 and an update on progress made would be reported to the Audit Committee in due course.

The Committee then gave in depth consideration to the following audits:

#### Audit of the Carlisle Leisure Limited (CLL) Client Contract

The Audit Manager (Carlisle City) outlined in some detail the key findings arising from the Audit of the Carlisle Leisure Limited (CLL) Client Contract. It was important to note that the audit related to a long established contract which was well in to its operative term. The current management of the area for the Council had (Community Engagement), notably made improvements in monitoring arrangements in the recent past.

The Director of Community Engagement welcomed the audit report which was helpful in terms of highlighting the areas where work was required. He stressed that certain elements were already being picked up before the commencement of the audit review.

He provided an overview of progress to date, emphasising that a number of very significant changes were being undertaken to address the audit recommendations. The Carlisle Leisure Limited contract was due to terminate in 2017 and it was therefore timely to consider how that would be handled, including risks to the authority.

The Director of Community Engagement added that certain of the recommendations had already been actioned and he was confident that all would be complete within the allotted timeframe.

The Chairman then asked the Director of Community Engagement to outline, in turn, progress on each of the recommendations set out within the Action Plan, following which Members would raise questions :

- Recommendation R1

The Director reported that regular quarterly meetings were taking place with Carlisle Leisure Limited (including the Portfolio Holder; Chief Accountant; Policy and Performance Officer; the Executive Manager and Area Manager of CLL; and himself). Detailed consideration was given to risk at every meeting. A greater emphasis would be placed on the risks to the City Council from 2013/14 and contingency plans drawn up in the event of a contract failure.

A Member stated that, in his view, this was a "devastating report". He was particularly concerned to ensure that action was taken so that the authority would not find itself in a similar situation in five years time.

The Member further sought clarification of the difference between contract monitoring being undertaken by a specific Department as opposed to being dealt with through various Directorates.



In response, the Director of Community Engagement stated that he was now very confident that the Council understood its relationship with CLL, including their outputs and impact on the residents of Carlisle. He emphasised that this was not a failing contract, rather weaknesses had been identified within the authority in terms of monitoring said contract. The Director gave an assurance that lessons would be learnt moving forward.

The Town Clerk and Chief Executive did not consider the report to be “devastating”. He reiterated that Officers were dealing with the weaknesses in contract management, in addition to which discussions were taking place with Portfolio Holders with regard to a central corporate role on contract management which would strengthen arrangements. Creation of any new role would, however, require to be off set by savings elsewhere.

- Recommendation R2

The Chairman commented upon the need for a robust review of contract management to address the fact that currently there was no defined client lead monitoring officer.

The Director of Community Engagement replied that the issue was very significant in terms of the Directorate’s budget and would be addressed as part of the Community Engagement transformation process. It was proposed that a senior management position with designated contract monitoring responsibility would be created within the Directorate. He cautioned that the Council could specify what it wanted the contractor to deliver, but not the manner by which that was done. It was important to create an environment whereby the contractor was creative and innovative.

The Chairman questioned whether a skills framework / training had been identified.

In response, the Director of Community Engagement stated that some work had already been undertaken. He recognised that there were gaps in monitoring information and that evidence required to be recorded in order than an audit trail was in place.

A Member asked when the proposed post would be in place.

The Director advised that the consultation period had closed on 5 April 2013. He was in the process of reviewing staff comments, following which a report would be submitted to the Senior Management Team for approval.

A Member referred to the third bullet point on page 90 (Contractual Agreements), expressing concern at the statement that there were omissions to insurance provisions.

In response, the Audit Manager (Carlisle City) explained that the issue related to the need to provide evidence that public liability insurance was in place. The Chief Accountant confirmed that, through CLL’s financial information, payment had been made for annual insurance cover. This recommendation related to the provision of information from CLL.

- Recommendation R3

The Director of Community Engagement advised that, further to the report, an Asset Register had been provided by CLL. Spot checks were also in place.

- Recommendations R4 and R5

The Director of Community Engagement reported that CLL's lease agreements for Carlisle City Council to take ownership of all leases if necessary; and non property insurance arrangements were on the agenda for discussion at the next meeting with CLL to be held on 30 April 2013.

- Recommendation R6

The Director of Community Engagement advised that data quality arrangements would also be raised at the next meeting with CLL.

The Director further outlined the background to and progress made in relation to the evaluation of Performance Indicators (PIs).

The Chairman asked how Members of the Council / the public would feed into any new contract.

In response, the Director of Community Engagement stated that now was the time to commence consideration of a new contract. An internal Officer Group had been set up to look at performance, good practice and also community involvement / customer feedback.

A Member expressed concern that plays, including Shakespeare, were rarely put on at the Sands Centre.

Another Member noted that the CLL contract required a designated City Council Officer whose specific responsibility was to manage the operational delivery of the contract, monitor performance, provide effective challenge and liaise formally with CLL on a more constructed basis and enforce contractual provisions. She questioned whether that requirement had been in place since commencement of the contract.

The Director confirmed that he was happy with that requirement which had always been in place and that the designated Officer was the Director of Community Engagement. The issue was around having an Officer in post who could address the gaps in contract monitoring arrangements.

The Chairman asked whether ethnicity would be built into contract monitoring arrangements.

The Director confirmed that would be picked up in 2013/14.

- Recommendation R7

The Director of Community Engagement explained that Officers were working with the Portfolio Holder to address the issue of service standards / default in performance standards. He did not see the need to enforce the penalty point position on the management of this contract.

- Recommendation R8

The Chief Accountant confirmed that financial information had been received for the period until the end of December 2012. Information for the period up to the end of March 2013 would be reported in the next quarter.

- Recommendation R9

The Director of Community Engagement commented that the matter should be addressed via good quality smart Performance Indicators.

The Chairman questioned whether there was a legal requirement to ensure that contract monies paid by Carlisle City Council were not used to subsidise other communities.

In response, the Chief Accountant said that CLL operated as a company and utilised economies of scale. He added that CLL had been very transparent in terms of the financial information provided, from which it was clear that the City Council was getting good value for money from the contract.

A Member noted that a 'lessons learnt' report would be written before the retendering process took place. He asked whether that report should go to the Portfolio Holder / Joint Management Team to ensure that it was scrutinised and Members' views were taken on board.

The Audit Manager (Carlisle City) noted progress had been made in acquiring the required financial information and the Chief Accountant had given the Committee assurance that the matter was in order.

In response to a comment by the Town Clerk and Chief Executive, the Audit Manager (Carlisle City) acknowledged that the issue was around transparency of information.

The Director of Governance pointed out that the Council was eleven years into a fifteen year contract which to date had worked well. The terms were those which the Council committed to at the time. Improvements could be made, but any changes would require to be agreed with CLL.

- Recommendation R10

The Director of Community Engagement advised that this recommendation reinforced messages from the other recommendations within the Action Plan.

The Town Clerk and Chief Executive reiterated that the specific requirement for a corporate role to look at contract management and the commercial activities of the Council was the way in which the recommendation could be addressed in terms of better governance of contracts.

Moving forward, a Member asked when detailed negotiations with CLL on another contract would be undertaken.

The Town Clerk and Chief Executive clarified that the Council was not negotiating an extension of the existing contract. The process of re-tendering the contract was starting now. Members would be involved in that debate moving forward.

The Chairman recognised that a separate corporate risk in relation to the monitoring of external contracts had been identified. The Committee were assured that contract monitoring would improve and requested a formal report back to the Committee outlining progress made.

A Member reiterated his previous comment that audit reports with restricted assurance levels should be circulated to Portfolio Holders in order that the issues identified were addressed and a proper audit trail was in place.

Following discussion, with input from the Town Clerk and Chief Executive, the Deputy Chief Executive and the Director of Governance, it was agreed that the Committee would receive a report outlining progress at a future meeting.

- Audit of Recycling

The Audit Manager (Carlisle City) outlined for Members' the key findings arising from the Audit of Recycling.

The Director of Local Environment provided an overview of the background to the matter. She welcomed the audit review which set out the current position and actions for improvement moving forward. The main issue was around weighbridge procedures.

The Director of Local Environment then explained that a great deal of work had already been completed in response to the recommendations, with changes to weighbridge operations having been undertaken within a week. The impact upon the authority would however take longer to emerge. Contractual requirements on the resale of recyclates had not yet been resolved.

The Waste Services Team was also looking at key performance aspects of the contract. A new back office system had been implemented to monitor the number of collections made, which evidenced that the quality in terms of collections was very good. In addition, health and safety was being monitored with the contractor.

In conclusion the Director of Local Environment confirmed that, although operationally she was happier, paper based aspects needed to be looked at.

In response to a question, the Director of Local Environment stated that she was satisfied with the issues around the accuracy of data and provided assurances that there were no intentional misrepresentations of tonnage calculations.

The Audit Manager (Carlisle City) added that some assurance could be derived from the fact that operational practices had been amended immediately following the Auditor's site visit.

The Chairman recognised that limited resources were available within Waste Services to implement contract management. She asked how that would be addressed in future.

The Director of Local Environment replied that resources were stretched. Consideration was being given to back office procedures with a view to ensuring that they were as lean as possible. The management restructure for Waste Services was underway, and the issues raised would be taken into consideration and used to formulate the new structure.

The Chairman asked whether specialist knowledge was required.

The Director of Local Environment advised that, in addition to specific contract management skills, it was necessary to raise awareness across the team.

- Audit of Bring Sites

The Audit Manager (Carlisle City) reported that the Audit of Bring Sites had been undertaken as an additional review to follow on from the Audit of Recycling at the request of the Director of Local Environment.

She outlined in the key findings arising from the Audit, together with the detailed Action Plan appended thereto.

The Director of Local Environment summarised the background and current position, commenting that this was a very popular and well used service. She informed Members that a report on the Bring Sites Review was scheduled to be submitted to the Executive on 31 May 2013. It should be noted, however, that could result in a reduction in the number of Bring Sites provided by the City Council.

A Member asked whether the Director was confident that sufficient resources were in place to deal with the issues raised under the review.

In response, the Director of Local Environment indicated that the shape of the Team would be different moving forward.

A Member commented upon the excellent service provided by staff at Bousteads Grassing. The service was about much more than kerbside recycling.

The Director of Local Environment emphasised the importance of being aware of the available recycling facilities to avoid duplication of service. She gave an assurance that Officers were looking at service tonnage information which was very detailed and accurate. Accordingly, the Director had confidence in terms of the tonnage and accuracy of the data.

Referring to recommendation R1 a Member questioned whether the Contract with Cumbria Waste Management for Bring Sites had been signed.

In response, the Director advised that the contract had not yet been signed.

A Member suggested that the Action Plan should include an additional column titled "Date Actioned / Begun".

In response to a question, the Director of Local Environment advised that, where appropriate, containers would be locked (recommendation R4 referred).

RESOLVED – (1) That report RD.05/13 be received and progress made against the agreed 2012/13 Audit Plan referred to in Section 2 and as illustrated in Appendix A be noted.

(2) That the changes made to the 2012/13 Audit Plan as outlined in Section 3 be noted.

(3) That the arrangements in place to revisit Customer Services, as detailed in Section 4, to deliver an up-to-date audit opinion on that service area be noted.

(4) That the revised arrangements for follow up of previous recommendations and the current status thereof, as outlined in Section 5, be noted.

(5) That the Audit Committee had considered and approved the changes to the audit reporting arrangements, as detailed in Section 6.

(6) That the Audit Committee had considered the completed audit reports referred to in Section 7 and attached as Appendices C to J of the report, and determined that:

- (i) the audits of Council Tax; Treasury Management; and Systems Administration be received;
- (ii) Members noted the Bereavement Services Action Plan
- (iii) the Car Parking Income Action Plan be received
- (iv) Carlisle Leisure Limited Client Contract:
  - Members were concerned at the restricted assurance rating; but noted the content of the robust Action Plan developed by Internal Audit and looked forward to receiving an update in six months time
  - Members were pleased to note that regular quarterly meetings with CLL and increased monitoring was taking place
  - that the Committee had been made aware of the proposal to create a senior management position with designated contract responsibility within the Community Engagement Directorate
  - that a copy of the Audit Report be forwarded to the Portfolio Holder
- (v) Audit of Recycling:
  - the Director of Local Environment had reassured the Committee that robust action was being undertaken to address the audit recommendations
  - the Committee had received assurance that the contractor had made immediate changes to weighbridge operations in response to the audit review

- that the proposed new role within the Directorate to look at revised practices on contract management be noted
- awareness of the issue and links with corporate arrangements within the authority as a whole remained to be determined
- that a copy of the Audit Report be forwarded to the Portfolio Holder
- the Committee looked forward to receiving an update at a future meeting

(vi) Audit of Bring Sites:

- that the Committee received the Audit Report and Action Plan; together with the assurance from the Director of Local Environment that many of the recommendations had already been addressed
- that it be noted that the management structure for Waste Services was under review and the issues raised would be taken into consideration and used to formulate the new structure
- that the Committee noted that security of containers would be reviewed and containers locked where appropriate
- that the Committee looked forward to receiving a follow up report at a future meeting

(7) That the Committee noted that a separate corporate risk had been identified in terms of the management of external contracts; that the Resources Overview and Scrutiny Panel would continue to monitor contracts; and that this Committee would receive a report outlining the process to develop contract monitoring within the authority at a future meeting.

**AUC.25/13      TREASURY MANAGEMENT OCTOBER – DECEMBER 2012**

The Chief Accountant submitted report RD.76/12 providing the regular quarterly summary of Treasury Management transactions for the third quarter of 2012/13, including the requirements of the Prudential Code.

The Chief Accountant 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. He added that investment rates had dropped significantly and were now only 1.1% which would have an impact going forward.

The Executive had on 11 February 2013 received the report (Minute EX.19/13 refers).

The Committee was invited to make any observations on the treasury matters which had taken place during that quarter, although it would be noted that it had been a relatively quiet period in treasury terms.

The Chief Accountant then responded to Members' questions.

**RESOLVED** – (1) That Report RD.76/12 be received and the good progress in terms of returns on monies invested be noted.

(2) That the Committee was appreciative of the good work undertaken by members of treasury management staff as reflected in the Audit of Treasury Management considered earlier on the agenda.

[The meeting ended at 12.23 pm]