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## **EXCERPT FROM THE MINUTES OF THE AUDIT COMMITTEE HELD ON 14 JANUARY 2011**

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### **AUC.11/11      AUDIT SERVICES PROGRESS REPORT**

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

The Interim Audit Services Manager submitted report RD.69/10 summarising the work carried out by Audit Services since the previous report to Committee on 30 November 2010.

She outlined in some detail the content of and ratings attached to the final report on the Audit of the Use of Consultants, a copy of which was appended to her report.

Follow-up reviews had been undertaken where appropriate during the period covered by the report, and there were no new issues arising to which Members' attention needed to be drawn.

Referring to the ongoing 2010/11 Audit Work Programme, the Interim Audit Services Manager reminded Members that the Audit Shared Service had gone live on 1 December 2010 and auditors had transferred to the County Council under TUPE arrangements from that date. The Audit Team continued to concentrate on completing the Audit Plan for 2010/11, the main area of focus at this time being completion of the material system reviews which, historically, dominated much of the available audit time in the latter half of the financial year. Those reviews were agreed in advance with the Audit Commission and focus on the key financial systems of the Council. The outcome of those material system reviews would be presented to the Audit Committee early in the new financial year.

The 2010/11 Audit Plan was presented to the Committee meeting on 9 April 2010 (RD.4/10), with necessary revisions to the Plan being reported (RD.58/10) at the meeting on 30 November 2010. To assist Members in monitoring progress against the agreed Audit Plan, progress had been recorded for the period 4 October to 10 December 2010.

The Interim Audit Services Manager reported that 56% of days available in the period represented productive audit time. That had fallen short of the target of 66.4% for the reasons stated. She further drew Members' attention to the report at Appendix B which illustrated the work undertaken to date. Based on current projections a sufficient number of productive audit days should be available to complete the Audit Plan.

At the last meeting consideration was given to the outcome of the audit of Green Spaces, and concern raised over the CRB checking process for agency staff working in that service area.

Members sought an assurance in that regard and, following further discussions with the Assistant Director (Local Environment), the Neighbourhoods and Green Spaces Manager and Officers from Personnel Services regarding the employment of agency staff in positions where CRB checks were appropriate, arrangements had been put in place to review and have those completed if necessary without further delay. Additional recommendations to improve on current processes were also in the process of being agreed.

The issue was an extremely crucial and sensitive area which demanded a high level of assurance. Given the Government's announcement to scale back on their plans to introduce a new Vetting and Barring Scheme and the level of preparatory work undertaken by Officers on the implementation of the Safeguarding theme, Audit Services intended to undertake further work during the early part of 2011/12, which would seek assurance that robust corporate procedures were in place and effectively embedded in the organisation.

The Interim Audit Services Manager commented that, following on from the audit follow up of the ICT Security Policy Audit Progress Report, Members had requested assurance of audit coverage of ICT in a shared services environment. The approach to delivering ICT audits had, to date, focussed on key areas identified through the use of CIPFA control matrices. Whilst still relevant areas for ICT review, the change in the service delivery model meant that Internal Audit should be proactive in its approach to identifying new risks and opportunities brought about through a Shared ICT service arrangement.

She was therefore liaising with Allerdale Borough Council's Internal Audit Section and the Shared ICT Services Manager to ensure that all risks were identified and full audit coverage achieved through the co-ordination of audit work in both authorities. A preliminary meeting had been held to determine the approach and priority areas for review. All new ICT areas raised as potential audit reviews would be factored into the audit planning process for 2011/12 and Members would be advised upon the outcome through the presentation of the draft Audit Plan at their April 2011 meeting.

The Financial Services Manager and Interim Audit Services Manager then responded to a number of questions from Members.

In addition, the Financial Services Manager undertook to provide a written response detailing the breakdown of costs attributable to the Council / NWDA with regard to Carlisle Renaissance (page 13 referred).

A Member questioned whether the miscoding of large sums of expenditure would be picked up by the Audit Commission.

In response, the District Auditor explained that the classification of expenditure was at a different level for her interest. It was important nonetheless that expenditure was coded correctly and, if a decision was taken to publish all expenditure over £500, that would become more so. Miscoding could be publicly damaging for the authority.

The Financial Services Manager added that budgetary control courses were held on an annual basis, when the importance of coding and the implications of not getting it right were emphasised. That training may need to be mandatory in the future.

A Member referred to the considerable criticism levelled towards the use of consultants, commenting that it could be forgotten that some consultants were very good and their services required on occasion.

Discussion arose around the importance of the work initially undertaken by Audit in 2005 in relation to the use of consultants which was not finalised at that time.

Referring to the CRB checking process, a Member expressed the view that if a person was cleared once that should be all that was necessary.

The Interim Audit Services Manager undertook to look at that point.

Members congratulated the Interim Audit Services Manager for what was a very good and helpful report.

RESOLVED – (1) That report RD.69/10 be received.

(2) That the Audit Committee wished to draw the Executive's attention to recommendations A.1 (There is no clearly defined standard definition of what constitutes consultancy) and A.2 (There is an unacceptable level of miscoding of expenditure) of the Audit Report on the Use of Consultants.

(3) That the Senior Management Team give consideration to mandatory training for staff on budgetary control to prevent the miscoding of expenditure in future and that Audit Services monitor the position on a monthly basis.

(4) The Financial Services Manager to provide a written response to the question raised regarding Carlisle Renaissance costs.