

AUDIT COMMITTEE

MONDAY 16 APRIL 2012 AT 10.00 AM

PRESENT: Councillors Betton (until 11.52 am), Bowditch (as substitute for Councillor Boaden), Ms Franklin, Lishman, Nedved and Ms Patrick

ALSO

PRESENT: Ms Jackie Bellard (District Auditor)
Mr Richard McGahon (Audit Manager – Audit Commission)

AUC.17/12 APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Boaden and Mrs Mallinson (Chairman).

Councillor Ms Patrick (Vice-Chairman) took the Chair

AUC.18/12 DECLARATION OF INTEREST

Councillor Nedved declared a personal interest in accordance with the Council's Code of Conduct in respect of Agenda item A.12 – Carlisle Airport: Update. The interest related to the fact that Councillor Nedved is a substitute Member on the Development Control Committee.

AUC.19/12 MINUTES

RESOLVED – That the Minutes of the meeting of the Audit Committee held on 13 January 2012 be agreed as a correct record and signed by the Chairman.

AUC.20/12 MINUTES OF RESOURCES OVERVIEW AND SCRUTINY PANEL

The Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 5 January and 16 February 2012 were submitted for information.

Referring to Minute ROSP.15/12, a Member was pleased to note that the Resources Overview and Scrutiny Panel was monitoring sickness absence via a Lean Systems Review.

RESOLVED – That the Minutes of the meetings of the Resources Overview and Scrutiny Panel held on 5 January and 16 February 2012 be noted and received.

AUC.21/12 RESPONSE FROM THE EXECUTIVE

There was submitted Excerpt from the Minutes of the Executive meeting held on 13 February 2012 (EX.022/12) setting out the undernoted response to a reference from this Committee (AUC.09/12) concerning the Audit Plan 2011/12:

“That Officers from Financial Services were leading on the issue and discussions were taking place with Property Services to identify the Heritage Assets, and more work was required.”

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

AUC.22/12 FUTURE OF THE AUDIT COMMISSION

Subsequent to her verbal update at the last meeting of the Committee, the District Auditor informed Members that Grant Thornton had now been awarded the contract (for a five year period) for the North West area, and staff would be TUPE transferred over from 1 November 2012. Work was ongoing on transitional arrangements to support staff transferring from the Audit Commission to Grant Thornton.

The District Auditor added that a meeting was scheduled to take place with Grant Thornton on 1 May 2012, at which time senior managers would be introduced and their approach explained. A communication would be sent out later in the day inviting the Council’s attendance and she would encourage representatives to attend and ask questions. She would be present and could brief Members on the outcome should they so wish.

In conclusion, the District Auditor said that she was encouraged by Grant Thornton’s very positive approach to public sector audit and their commitment to delivering a good quality service.

In response to Members’ questions, the District Auditor explained that Grant Thornton would take over all of the audit work undertaken by the Audit Commission in the North West i.e. they now had 40% of the total public sector audit market. That would provide strength in depth, including investment in technical support.

The District Auditor then explained the functions of the Audit Commission for the benefit of Members.

In response to question, the Financial Services Manager confirmed that she would attend the meeting to be held on 1 May 2012 on behalf of Financial Services.

RESOLVED – That the Audit Committee welcomed the verbal update provided by the District Auditor, together with the progress made; and would receive a further update at their next meeting.

AUC.23/12 CERTIFICATION OF CLAIMS AND RETURNS – ANNUAL REPORT

The Audit Manager (Audit Commission) presented the Annual Report on the Certification of Claims and Returns for 2010/11.

The report summarised the findings from the certification of 2010/11 claims and returns. It included the messages arising from the Audit Commission's assessment of the City Council's arrangements for preparing claims and returns and information on claims that the Audit Commission had amended or qualified.

The Audit Manager (Audit Commission) reported that the City Council had performed adequately in preparing claims and returns, and he did not find any issues that had a significant impact on the amount of a claim or return nor a material impact on the accounts. There was, however, scope to improve further by:

- Improving the accuracy of the work of benefits assessors to minimise the under or overpayment of benefit;
- Ensuring uncashed housing benefit and council tax benefit cheques were treated correctly on the system and therefore in the claim; and
- Strengthening the management of single programme claims to ensure compliance with grant conditions and to minimise errors.

The Audit Manager (Audit Commission) outlined in some detail the results of his 2010/11 certification work and highlighted the significant issues arising from that work. In particular, he drew Members' attention to the National Non-Domestic Rates return which was well put together and evidenced. The return was very positive for Carlisle and was the benchmark to which the Council should be looking in terms of its claims. He also outlined concerns and issues regarding the Housing Benefit and Council Tax Benefit claims.

The Audit Manager (Audit Commission) then outlined the progress made in implementing previous recommendations arising from certification work which was quite positive, and highlighted the three recommendations arising from 2010/11 certification work together with the actions agreed for implementation. He was very happy with the way in which Officers had responded to agreed recommendation two.

The Audit Manager (Audit Commission) commented upon the need to improve the accuracy of the work of the Benefits Assessors. He was pleased the Council had recognised the need to improve quality and that it was currently trying to recruit a 'Quality Officer' to help check accuracy of assessments. He highlighted to Members that the Council's response showed that the accuracy target for 2011/12 accepted an error rate of 12.65% with current performance being an error rate of 11.87%. Although, errors in the assessments did not always lead to an under or overpayment of benefit / subsidy a 12% error rate was high. He was aware that the Director of Resources had recently raised the accuracy rate issue with the RBS management.

Turning to the summary of certification fees, the Audit Manager (Audit Commission) explained that the fee had increased due to the additional testing required this year.

A Member commented upon the importance of percentages of errors in terms of the level of fees charged and questioned what the Council could do to improve matters.

In response, the Audit Manager (Audit Commission) outlined the process followed in terms of testing commenting that, if a specific issue was identified, the authority should focus its training on that with a view to raising accuracy levels. Increased workloads could potentially lead to increased pressure upon Officers and resultant slip ups, therefore the Council should look to set acceptable targets and ascertain how those could be reached.

The Member further commented upon the lengthy nature of the process and asked how much costs would reduce.

The Audit Manager (Audit Commission) replied that as part of his report he was pointing out to Members that they were effectively accepting a 12% error rate. It was a matter for Members to determine what percentage was acceptable and to ensure that was monitored by the Revenues and Benefits Shared Service.

A Member said that in all likelihood more services would be shared in the future. If the systems in place were not correct that would impact upon the savings achieved under the share service.

In response, the Audit Manager (Audit Commission) provided an explanation of the value of the amendments made in terms of the Housing Benefit and Council Tax Benefit claim. He reiterated that it was a question of improving accuracy in the service provided, and in turn minimising the additional work required by the Audit Commission.

The Financial Services Manager added that, following discussions, the Partnership Manager was looking to maintain 96% accuracy levels. She had also raised the issue of resources with a view to identifying what could be put in place next year to assist in terms of additional checking. Recruitment to the

vacant Quality Assurance post was proving difficult, but the matter was being moved forward.

A Member added that Officers could perhaps raise the matter with the Shared Services Task and Finish Group.

RESOLVED – (1) That the Annual Report on Claims and Returns for 2010/11 be received.

(2) That the Audit Committee was pleased to note the actions being undertaken to follow up on the issues identified within the report; together with the National Non-Domestic Rates return which had been well received by the Audit Commission. Members hoped that benchmark would be repeated in other areas and that ultimately 96% accuracy levels could be achieved.

AUC.24/12 REVIEW OF FINANCIAL SYSTEMS 2011/12

The Audit Manager (Audit Commission) submitted his Review of Financial Systems for the 2011/12 Audit.

The Audit Manager (Audit Commission) reminded Members that, as part of his work each year, he was required by the Code of Audit Practice to consider the annual Accounts and whether they gave a true and fair view of the Council's financial position. A summary of those systems was provided at Table 1 to the report. He then outlined the findings from his review of the Council's financial systems and IT control environment, together with the following main conclusions:

- The Council needed to improve the controls operating within some of its systems to safeguard its assets and ensure that transactions were correctly recorded within the statement of accounts.
- He had identified some control weaknesses in the Council's systems and made recommendations to improve arrangements. A full summary of the issues identified and the Action Plan agreed with Officers was attached at Appendix 1 to the report.
- He had made recommendations to improve and formalise arrangements for journal authorisation; Council Tax write offs; and IT control environment.
- The background to the professional practice he must follow, together with his audit approach were detailed at Appendix 2 to the report.

In summary, the Audit Manager stated that it was a good report overall.

The Financial Services Manager pointed out that Internal Audit had allocated 10 days within the 2012/13 Internal Audit Plan to undertake a Systems Administration audit which would follow up the recommendations made in the

Audit Commission's report. Referring to Recommendation 3 (ICT Connect), she advised that last year a joint audit had been undertaken with Allerdale. A follow up audit would be done, details of which would come back to this Committee.

The Audit Manager (Audit Commission) and Financial Services Manager then responded to a Member's question concerning Bad Debt Write-Offs.

RESOLVED - That the Audit Committee welcomed the submission of the Review of Financial Systems 2011/12 and noted that issues identified would be followed up through Internal Audit.

AUC.25/12 AUDIT COMMITTEE'S ANNUAL REPORT

The Audit Manager presented report RD.05/12 summarising the work undertaken by the Audit Committee during the period from 5 July 2011 to 13 January 2012.

The Audit Manager 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.

A Member asked whether it would be possible for Audit Committee Members to receive a written briefing note in advance of meetings, similar to that provided to Overview and Scrutiny Members.

In response, the Director of Governance explained that briefing Overview and Scrutiny Members fell within the remit of the Scrutiny Officer, but there was no such dedicated resource for the Audit Committee. It was also important to note that the business of the Audit Committee was in the main undertaken in public and documentation should be available for the public to see.

The Vice-Chairman added that private preparatory / briefing meetings for Members of the Committee were held prior to each meeting, at which full attendance by Members would be welcomed.

RESOLVED – That the Annual Report of the Audit Committee, which would be submitted to the City Council on 1 May 2012, be noted and accepted.

AUC.26/12 2011/12 FINAL ACCOUNTS PROCESS

The Financial Services Manager submitted report RD.98/11 providing information regarding the final accounts process.

The Financial Services Manager outlined the background to the matter, reminding Members that the Accounting Policies brought before the Committee in January 2012 were based on the draft Code of Practice. Since then, however, those had been reviewed further and tailored more to the Council's requirements, in particular around heritage assets. She requested that Members give consideration to the revised Accounting Policies for Heritage Assets, as outlined in Appendix A, to provide the basis for the preparation of the 2011/12 Accounts.

The 2010/11 Annual Governance Report considered by the Committee on 27 September 2011 (Minute AUC.63/11) acknowledged continuing significant improvements in the final accounts process compared to previous years. The report also set out six recommendations and progress against those was detailed at Appendix B. Also included were the main risks identified in the Audit Opinion Plan considered by the Committee in January 2012. Work had already commenced to ensure that the issues referred to were addressed prior to production of the 2011/12 Accounts. Improvements were made in 2010/11 and the requirements of the Financial Reporting Standards were under continuous review.

The Financial Services Manager further gave an overview of progress on the 2011/12 closedown, commenting that arrangements would be made for Member training to take place in June 2012, providing information on the major changes to the Accounts and what to look out for when scrutinising the Statements.

In response to a Member's question, the Financial Services Manager confirmed that work on Heritage Assets was progressing.

RESOLVED – (1) That, having given particular consideration to Appendix A concerning Heritage Assets, the Audit Committee received Report RD.98/11.

(2) That the Committee noted progress on the final Accounts process.

AUC.27/12 STRATEGIC AUDIT PLAN AND AUDIT PLAN 2012/13

The Audit Manager submitted report RD.03/12 providing details of the updated Strategic Audit Plan and the proposed Audit Plan for 2012/13.

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 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 depending on the number of audit staff available. The Audit Risk Assessment was presented in two parts – Part A (General / Corporate Audits) and Part B (ICT Audits).

Members’ attention was drawn to a typographical error within the table at paragraph 3.4.1 – the total risk point range should read “from 8 to 97” rather than from 5 to 87 as stated.

The Audit Manager then referred Members to Appendix B which provided for an Annual Audit Plan of 540 direct audit days.

In conclusion, she 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.

A Member expressed some surprise that Early Retirement and Redundancy was deemed to be low risk.

In response, the Audit Manager explained that the risk model used included various risk categories and, whilst Early Retirement and Redundancy may have resulted in a relatively low risk score, she recognised that it was an area which was flagged in the Corporate Risk Register and because of that she had incorporated it into the Audit Plan for this year.

The Financial Services Manager pointed out that the Audit Plan was actually looking at the controls and systems in place within the Council.

The Director of Governance added that the financial risk would be picked up by the Corporate Risk Management Group.

A Member questioned whether reference to Neighbourhood Forums / public engagement should be included within the Audit Plan.

The Audit Manager advised that, although that was not specifically referred to within the Audit Plan this year, the audit of specific functions would be taking place which supported that e.g. Street Cleaning.

RESOLVED – (1) That the Audit Committee had considered the revised Audit Risk Assessment (Strategic Risk Based Plan) attached as Appendix A to Report RD.03/12.

(2) That the Internal Audit Plan for 2012/13, attached as Appendix B to the above report, be approved.

AUC.28/12 AUDIT SERVICES PROGRESS REPORT

The Audit Manager submitted report RD.04/12 summarising the work carried out by Audit Services since the previous report to Committee on 13 January 2012 and detailing the progress made against the 2011/12 Audit Plan up to 31 March 2012. The current position of the Plan was illustrated at Appendix A for Members' assistance.

She informed Members that:

- of the 535 direct audit days scheduled for completion in 2011/12, 592 direct audit days had been delivered i.e. 57 days more than originally planned
- all 12 main financial system reviews had been completed in year
- 3 unplanned audits had arisen during the course of the year – adjustments having been made to accommodate that
- 6 audits had been deferred until 2012/13, as authorised by the Director of Resources
- 4 audits, which would have minimal impact on the 2012/13 Audit Plan, were ongoing

The 2011/12 Audit Services outturn report presenting further performance details would be presented to the Committee in July 2012.

Referring to Appendix A (Progress against the Audit Plan 2011/12), the Audit Manager said that, although the Tendering and Contracting report was finalised, it was not attached since it had not been possible to complete the Action Plan in advance of reporting deadlines. That report would be submitted to the Committee at their July 2012 meeting.

The Audit Manager reminded Members that they had at their previous meeting asked that a formal follow up of the position in relation to the Bereavement Services Audit Review be reported to this meeting. The Neighbourhoods and Green Spaces Manager had now responded providing an outline of the actions taken to effectively address the recommendations / agreed actions arising from the audit review (Appendix B). She added that, whilst not all of the recommendations had been implemented, progress had been made in all areas. Outstanding matters would continue to be addressed by the service area as part of the ongoing service improvement review. Furthermore, Bereavement Services was scheduled for audit review later in 2012 and so progress against those outstanding recommendations would once again be examined and reported.

There were no further issues concerning follow up reviews which needed to be brought to Members' attention at this time.

The Audit Manager then outlined in some detail the content of and ratings attached to the final reports which had provided reasonable assurance. These were the Audits of Partnerships; Fixed Assets; Council Tax and Debtors.

Copies of the above final reports and the final reports on the Audits of Capital Programme; Main Accounting System; Treasury Management; and Cash Receipting and Income Management which provided for substantial assurance in those areas, were appended to the report.

In conclusion, the Audit Manager requested that Members receive the report and note progress against the agreed 2011/12 Audit Plan.

Referring to the Audit of Partnerships, a Member considered it crucial that careful consideration was given to the setting up of partnerships, particularly the inclusion of robust exist strategies.

In response, the Audit Manager said that training was key.

A Member added that attendance at training was in some instances poor, and focus needed to be directed towards ensuring that people attended relevant training. She referred to the agreed action at Recommendation R5 (numerous updates and reminders are issued to responsible Officers by Development and Support...), commenting that more detail was required on why those reminders were being ignored.

The Audit Manager replied that the Development and Support Team (Financial Services) was responsible for providing a central partnerships monitoring role. The central monitoring process relied on the receipt of information from Service Managers who were managing the partnerships. The audit had found that it took some time to obtain the necessary information, which in some instances was not sufficiently substantial for central monitoring purposes. It was a matter for Service Managers to address.

A Member asked whether the issue could be referred to Directors for action.

In response, the Director of Governance explained that the Council operated an Ethical Governance Training Programme under which Directors were requested to identify staff within their Directorates for appropriate training. If the Committee wished to make a recommendation that would reinforce the matter.

Referring to the Audit of Fixed Assets, a Member noted that a number of assets, with a value of over £81 m, had not been re-valued since 31 March 2009 and there was a risk that the valuation reported in the Financial

Statements would be materially misstated due to changing market conditions. He questioned the time lapse.

In response, the Financial Services Manager explained that the Council was required to undertake a re-valuation exercise every five years, with a desk top exercise each year to ensure that valuations reflected current market conditions.

In response to a further query on land ownership / title deeds, the Financial Services Manager responded by saying that even where no formal proof of ownership existed, the asset could still be recognised on the balance sheet. Establishing proof of land ownership was a joint issue for the Legal Services Manager and the Financial Services Manager.

The Director of Governance added that a large scale voluntary registration exercise had been undertaken in recent years whereby all of the Council's land holdings had been registered with the Land Registry. That had been an enormous undertaking and the policy had been adopted of correcting errors that had occurred in the process as and when they came to light.

With regard to the Audit of Council Tax, a Member noted that each recommendation had been allocated a grade in line with the perceived level of risk. Of the five recommendations arising from the review one was a grade A which, if taken alone, would mean that the assurance level would not be "reasonable".

The Audit Manager explained that the issue had been debated, but she considered the current controls operating within the system for managing Council Tax provided a reasonable assurance overall. The grade A recommendation referred to necessary improvements concerning the reconciliation of write-offs. The Revenues and Benefits Service had accepted the matters raised and actions had been agreed.

A Member noted that insufficient action had been taken to address three of the audit recommendations arising from the previous Audit of Debtors review. She questioned what action would be taken if those actions were not now addressed.

The Financial Services Manager commented that Budgetary Control training was provided on an annual basis, in addition to which a further reminder had been e-mailed to all staff in November 2011. The training needs of staff were identified as part of the Appraisal Process. Targeted training may also be required and the matter would be followed up.

The Director of Governance pointed out that members of staff, once they had received training, also had a responsibility to make use of it when undertaking their respective roles.

RESOLVED – (1) That report RD.04/12 (and Appendices C – J) be received and progress made against the agreed 2011/12 Audit Plan be noted.

(2) That the Audit Committee wished to emphasise to Directors the importance of identifying key staff within their Directorates and ensuring that those members of staff undertook relevant training.

(3) That the Audit Committee was reassured that work was ongoing to address the agreed actions with regard to training under the Audit of Debtors, and hoped to see an improvement in the position.

AUC.29/12 ANNUAL GOVERNANCE STATEMENT - ACTION PLAN

The Financial Services Manager submitted report RD.06/12 updating the Committee on progress made to the Annual Governance Statement Action Plan.

Members' attention was drawn to the updated Action Plan attached to the report. In accordance with established practice the Action Plan was monitored and the updated status reported to Members of the Committee on a quarterly basis.

The Financial Services Manager added that there were no new areas of risk arising from the Audit Reviews or from the Risk Registers that needed to be drawn to Members' attention at this point in time.

Referring to item 1 on the Action Plan (Community Empowerment Pilots to be developed) a Member felt that there was no evidence that this was happening. He was concerned to ensure that the issue was addressed.

In response, the Financial Services Manager said that those concerns could be reported back to the Director of Community Engagement.

RESOLVED – (1) That the Annual Governance Statement Action Plan and the current position relating to the areas identified be noted.

(2) That the Action with regard to the development of Community Empowerment Pilots remain on the Action Plan, and that appropriate timescales be included in future reporting.

AUC.30/12 TREASURY TRANSACTIONS 2011/12 – QUARTER 3

The Financial Services Manager submitted report RD.90/11 providing the regular quarterly summary of Treasury Management Transactions including the requirements of the Prudential Code, as required under the Financial Procedure Rules. The report had been received by the Executive on 13 February 2012.

The Financial Services Manager advised that the final quarter Treasury Transaction report would be submitted to the Committee in July. For Members' information, she added that as at 31 March 2012 investment balances were £16 million yielding an average return of 1.99%. There had been no significant activity in the final quarter of the year.

In conclusion, the Financial Services Manager invited the Committee to make any observations on treasury matters during the quarter in question, noting that it had been a relatively quiet period in treasury terms.

RESOLVED – That the Audit Committee received Report RD.90/11 and was pleased to note investment yields as at 31 March 2012 as detailed above.

AUC.31/12 CARLISLE AIRPORT: UPDATE

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

Pursuant to Minute AUC.11/12, the Director of Economic Development submitted joint report with the Director of Governance (ED.18/12 / GD.22/12) setting out the main changes to the style and content of Development Control Committee reports and how those changes met the objectives of the Action Plan.

Copies of the old (blue) and new (white) style Development Control Committee reports were tabled (as agreed with the Chairman of the Committee prior to the meeting).

She informed Members that the content of the reports had increased substantially over the years and the formatting thereof made the reports difficult to follow or to gain an understanding of the key issues for consideration. Accordingly it was decided that the reports should be reviewed.

The Development Control Section had a meeting with consultants Urban Vision in January 2011 to look at ways of improving the format of the reports. All Planning Officers attended and lengthy discussions took place around the most effective way to change the reports.

The Director of Economic Development provided an overview of the format and make up of the old style committee report as opposed to the new format, which had come into force in June 2011. It was considered that the new format was beneficial to Members as they were immediately aware of the suggested recommendation, the main planning issues and could focus on the relevant planning issues upon which the Planning Officer's recommendation was based.

She added that Members had been involved in the formulation of the new style committee report, their comments having helped to shape the final format. The new style report had been well received by Members, the general consensus being that it was easier to read. Positive comments had also been received from customers of the Planning Service.

Discussion arose, during which Members indicated that they were minded to defer consideration of the Development Control Committee reporting aspect in order that they may read the sample reports provided and digest the content / differences between the old and new reporting styles.

Notwithstanding the above, the Deputy Chief Executive drew Members' attention to the updated Action Plan table from report GD.06/12, which included an additional column indicating the timescale taken to implement the Plan, commenting that Members may wish to consider it today.

RESOLVED – (1) That the Audit Committee noted the steps which had been taken by Officers to implement the Action Plan as detailed in Report ED.18/12 and GD.22/12 and wished to receive a further update report in six months time.

(2) That consideration of the main changes to the style and content of Development Control Committee reports be deferred until the next meeting of the Committee.

AUC.32/12 CORPORATE RISK MANAGEMENT

The Deputy Chief Executive submitted report SD.05/12 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 29 March 2012.

The Corporate Risk Register had been reviewed by the Senior Management Team 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 (detailed in Appendix A) amended accordingly.

The target risk score for the Welfare Reform Agenda – Finance item should read 4 rather than 6 as detailed within the Risk Register.

The Deputy Chief Executive reminded Members that, as previously reported to the Committee, Travelers (the Council's insurance company) had carried out a risk management health check in April 2011. Six non-mandatory issues had been identified during the assessment and the following recommendations made:

- Driver assessment scheme for all employees who drive on Council business
- Driver licence and insurance checks
- Driver handbook to include Council's road safety policy, driver's code of conduct, reporting of accidents, driver assessments and driver licence requirements
- Tree stock survey
- Measure of operator exposure time to harmful vibration
- Improved health and safety arrangements within Highways Section

Whilst none of the recommendations were mandatory, implementation thereof was considered good practice and may help the Council defend potential claims. The Action Plan put in place to address the issues raised was now nearly complete and was detailed at Appendix B.

The Deputy Chief Executive added that a further five days were available from Travelers from 1 May 2012 and would be utilised to deliver the following programme:

- Liability workshop for Senior Managers
- Neighbourhoods and Green Spaces
- Highways
- Events
- Member training – looking at corporate manslaughter, civic and criminal proceedings, care of duty and other areas this Committee would like to be included

Referring to the new risk – Welfare Reform Agenda reputation, Members noted the establishment of a new Officer Project Group to oversee implementation of the changes, but questioned whether the lead Project Officer had been appointed; and at what stage the risk would be monitored.

In response, the Deputy Chief Executive said that the appointment of a Lead Project Officer was imminent and could be followed up.

Arising from the discussion, the Director of Governance clarified that the Committee's role was not to monitor risk, rather to seek assurance that the matter was being dealt with. The Deputy Chief Executive added that if the project continued past April 2013 then an item could be included on the Committee's Agenda.

A Member asked whether any feedback had been received from Riverside Carlisle in respect of their contribution towards the Provision of Disabled Facility Grants.

The Deputy Chief Executive advised that he was in regular correspondence with Riverside and would report back to the Committee with specific information.

The Member further questioned whether Members would be consulted on the content of the training to be provided.

In response, the Financial Services Manager advised that Travelers would provide draft Agenda for the workshops and she could let Members have sight thereof.

Referring to the recommendations made by Travelers (detailed at Appendix B) a Member was concerned to note that driver assessments should include health surveillance and fitness checks. She questions what the implications would be if people were not agreeable to health surveillance.

The Deputy Chief Executive explained the background to the matter, commenting that he could report further to Members should they so wish.

The District Auditor referred to the very good presentation of the report, commenting that she would recommend it to other authorities.

RESOLVED – That the Audit Committee had considered and noted the content of report SD.05/12 as an indication of the continuing commitment to sound governance arrangements for corporate risk management.

[The meeting ended at 12 noon]