

REPORT FROM AUDIT SUB-GROUP

**OSCPR090605
ITEM 8**

NOTES OF MEETING OF 13TH MAY 2005

Present: Cllrs Mrs Y Clarkson; A Norwood; G Sunderland
Apologies: Cllr Mrs C Watson

Also present: Head of Finance and Business Development; Audit Services
Manager; Scrutiny Support Officer

Quarterly Monitoring – Fourth Quarter 2004-05

PFI Payment Arrangements:

Since the report was written, all recommendations with respect to PFI payment arrangements had been implemented. Deductions were expected in May in respect of the April payment.

Main Accounting System:

All reconciliations had now been made and sent off to the External Auditor.

Corporate Governance:

Due to the organisational restructure, there were a number of outstanding recommendations in this area. A full report was to be made to Executive on 24/05/05.

Wages Costing Control Balance:

The discrepancy is minor and not cost-effective to pursue.

Outstanding recommendations

All Members present expressed their concern at the number of outstanding items with a first target date of 3-7 years ago. It was understood that the restructure had had an impact over the past 12-18 months, but that this could not continue to be used as an excuse. There was genuine concern that audit recommendations were not being taken seriously enough. In particular Members highlighted:

1997/98	Benefits	Written procedures (Members accepted that progress was now underway with the Benefits Fraud Inspectorate Action Plan.)
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2000/01	Housing Benefits Overpayment	- as above
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- 2002/03 Renovation Grants
(Accepted that there was a skills shortage and long-term sickness, but as this area had now been undermanned for some considerable time, Members felt that there was an urgent need to address the situation).
- 2000/01 Acquisition of Hardware & Software VFM – post implementation review of major acquisitions over £25,000 was needed.

In addition to the above, Members questioned/commented:

Cash receipting – that checks had been made with the insurers that the modifications were acceptable and Audit and Benefits Fraud Service Manager confirmed that verbal agreement had been received from the Insurers, but that Chris Lloyd was chasing written agreement.

Performance Monitoring (spot checks of data) – that this was an important issue and that Policy and Performance be invited to the next meeting of OSC PR to discuss.

Code of Conduct for Employees – there was concern again that this and other guidance such as contract standing orders was not given sufficiently high regard. Head of Finance and Business development reported that the attention of all staff would be brought to their responsibilities during assimilation interviews to be conducted shortly.

Enforcement DPE – there was concern that the Council was losing a good deal of revenue due to the IT system not working properly. Members felt that the Head of Leisure and Environmental Services should be giving priority to this. *[Following the meeting, the Audit Services Manager confirmed that reminders were being sent out but that the system, since Christmas, was failing to create the file correctly to register with the Traffic Enforcement Centre for warrants to be issued. Compex was due on site on 24/05/05 to resolve this.]*

Flexi-time – Members noted the revised target date of 30/06/05 for recommendation 1.7 and 31/08/05 for recommendation 2.5. Head of Finance and Business Development reported that management were looking at a flexible working scheme.

Politically restricted posts – Members noted the revised target date of 30/06/05

Wages – that evidence is provided to show that pay rates have been checked – Members noted that this had now been completed.

Audit staffing – Members noted that there had been no internal expressions of interest in the additional part-time post. The post would need to be advertised externally and as training would need to take place, it was envisaged that it would take some time for the post-holder to make a real contribution.

Strategic Audit Plan

Members had already seen and examined the audit plan in detail. They noted the Audit and Benefit Fraud Services Manager's view that there is a need to move to a five year audit plan. Other Cumbrian authorities had moved to a 1 year audit plan due to ever-changing priorities, however it was felt that this would not give the required overview of audit coverage over a number of years. Both Members and staff expressed concern about the systems which had never been audited and Members sought reassurance that risk assessments had been carried out on these areas of work.

Annual Report on Internal Control

Members picked up again on Performance Monitoring as noted under quarterly monitoring above.

Under 3.3 (Sundry debtors), it was noted that data protection training had been organised and that only 1 of these employees had turned up. Members felt again that insufficient priority was being given by managers audit recommendations.

Questionnaire – Members noted and were disappointed by the poor response to the questionnaire.

Appendices

The information considered is attached for information:

Appendices 1-3	Strategic Audit Plan
Appendix 4	Statement of Internal Control
Appendices 5-8	Quarterly monitoring.