

# Finance & Procedures Overview & Scrutiny Committee – 20 April 2006

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Minutes of the meeting of the **Finance & Procedures Overview & Scrutiny Committee** held on **20 April 2006** when there were present:-

Chairman: Cllr K H Hudson  
Vice-Chairman: Cllr P K Savill

Cllr R G S Choppen  
Cllr K J Gordon  
Cllr Mrs S A Harper  
Cllr T Livings

Cllr Mrs J R Lumley  
Cllr P R Robinson  
Cllr P F A Webster

## OFFICERS PRESENT

P Warren	- Chief Executive
R J Honey	- Corporate Director (Internal Services)
R Crofts	- Corporate Director (External Services)
T Metcalf	- Audit & Process Review Manager
Y Woodward	- Financial Services Manager
A Brown	- Payments & Income Manager
J Kevany	- Principal Auditor
M Martin	- Committee Administrator

## ALSO ATTENDING

S Frith - PKF

## 148 MINUTES

The Minutes of the meeting held on 13 April 2006 were agreed as a correct record and signed by the Chairman, subject to noting the following:-

Minute 138 – as well as the two risks specifically identified as causing Member concern, the methodology for scoring the impact of all risks identified would be reconsidered by senior officers. Any revisions would be included in the update report to be brought back to Members in October 2006.

**Note:** Cllr Mrs J R Lumley declared a personal interest by virtue of being a trustee of the Rayleigh and Rochford Association of Voluntary Services (RRAVS).

Minute 136 - The Chief Executive advised Members that this Council provided RRAVS with minimum funding at present. Other major funding bodies were Essex County Council and the Primary Care Trust, who had service level agreements with RRAVS. Now that the Local Area Agreement had been signed up to, there would be an increasing role and responsibility placed on the voluntary sector.

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Members were advised that RRAVS had appointed a funding officer and a further trustee. It would be opportune to bring a report back to the appropriate Committee before the Summer recess.

### **Resolved**

That a report be made to the Community Services Committee before the Summer recess 2006 on the latest position in the voluntary sector. (CE)

### **149 ANNUAL AUDIT AND INSPECTION LETTER 2004/05**

The Committee considered the report of the Corporate Director (External Services) to which had been attached the Annual Audit and Inspection Letter.

The Chairman welcomed Mr Frith to the meeting.

Members noted that the report had been prepared jointly by the Council's external auditors, PKF, and the Audit Commission. The Council's Comprehensive Performance Assessment Progress Assessment, which had been prepared by the Council's Relationship Manager, had been reported to the Council in December 2005 and then to this Committee. The Direction of Travel section of the Letter had been based on this, whereas the Key Lines of Enquiry (KLOE) section had been prepared by PKF.

The areas with a score of one had been separately addressed under the heading of 'Analysis'.

In respect of 'Internal Control', Mr Frith was pleased to note that Members had begun to address this issue when they had considered the report on Risk Management at their meeting held on 13 April 2006.

In response to Member questions, the following was noted:-

- Under the results in the KLOE section, theme 5.2 would include the 'monitoring of' as well as 'managing and improving' value for money.
- In respect of the Council's new Committee structure, commencing in the forthcoming municipal year, the Policy Committees would have better control over their budgets and Mr Frith confirmed that this would address PKF's comments against theme 2.2 – 'Managing performance against budgets', provided that Members, having been involved in the Council's budget setting, were kept informed of progress against budget.
- All comments within the 'Analysis' section were specifically related to the monitoring of budgets on an ongoing basis. This did not appear to happen within the current arrangements of service committees.

**Resolved**

That the Annual Audit & Inspection Letter 2004/05 be noted. (CD(ES))

**150 UPDATE OF AUDIT RECOMMENDATIONS**

The Committee considered the report of the Chief Executive drawing Members' attention to the recommendations of the External Auditor's report SAS610 dated October 2005.

In response to Member questions, the following was noted:-

- Timings indicated were accurate at the time of printing the report and were based upon agreement with the responsible officer, including the noting of any anticipated delay. If dates were not adhered to, a reason had to be provided. Members could challenge these dates at any stage.
- In future, the Statement of Internal Control (SIC) would be the subject of a separate report. At year-end accounting, areas common to SIC and KLOE would be brought together in the reporting process.

**Resolved**

That the monitoring sheets for the External Audit recommendations be agreed. (CE)

**151 INTERNAL AUDIT PROGRESS REPORT 2005/06 AND PROPOSED AUDIT PLAN FOR 2006/07**

The Committee considered the report of the Chief Executive detailing the progress of the Internal Audit Plan for 2005/06 and the 2006/07 Audit Plan.

In response to a Member question, it was noted that the figure of 102% was achieved because time had been allowed in the original plan, but not used, for potential staff absences. For example, due to training, administration, sickness and bank holidays which had allowed additional time for direct audit work.

In response to questions specifically relating to Appendix 2, the following was noted:-

**Anti-Fraud & Corruption**

- It would be possible as an extra control to invite employees to sign a copy of the Code of Conduct.
- While the Human Resources Manager was suggested as the point of contact, there was no restriction as to whom a member of staff could

report a 'whistle blowing' incident to. The Monitoring Officer had a statutory responsibility to report any maladministration to Members.

### **Housing Stock Option Appraisal**

- Whilst there had not been an occurrence of malpractice, internal controls had picked up that officers had not followed the Council's Financial Regulations correctly. As a matter of course, such instances were reported to the Senior Management Team.

### **Corporate Debt Policy**

- The Corporate Debt Policy would be reported to the meeting of the Audit Committee on 4 July 2006

### **Resolved**

- (1) That the completion of the 2005/06 Audit Plan be noted.
- (2) That the Audit Plan for 2006/07 be agreed. (CE)

### **EXCLUSION OF THE PRESS AND PUBLIC**

#### **Resolved**

That the public and press be excluded from the meeting for the remaining item of business on the grounds that exempt information as disclosed in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed.

## **152 AUDIT REPORT**

The Committee considered the exempt report of the Chief Executive drawing Members' attention to some completed audit investigations, together with an update of audit recommendations.

#### **Resolved**

- (1) That, subject to Member comments, the conclusions and results from the audits in Appendix 1 be agreed.
- (2) That the updated information on the audit recommendations, outlined in Appendix 2, be agreed. (CE)

Prior to the close of the meeting the Chairman thanked Members and officers for all their efforts during this Municipal year.

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The meeting closed at 8.39 pm.

Chairman .....

Date .....