

Audit Committee – 29 April 2009

Minutes of the meeting of the **Audit Committee** held on **29 April 2009** when there were present:-

Vice-Chairman: Cllr J P Cottis (in the chair)

Cllr C I Black

Cllr Mrs L A Butcher

Cllr Mrs J Dillnutt

Cllr K A Gibbs

Cllr T Livings

Cllr Mrs J A Mockford

Cllr S P Smith

Apologies for absence were received from Cllrs D G Stansby, J Thomass, P F A Webster and Mr Ian Davidson.

OFFICERS PRESENT

Y Woodward

J Bourne

T Metcalf

S Neville

J Kevany

S Worthington

- Head of Finance, Audit and Performance Management

- Head of Community Services

- Audit and Performance Manager

- Strategic Housing Manager

- Principal Auditor

- Committee Administrator

ALSO ATTENDING

D Eagles

- PKF

104 MINUTES

The Minutes of the meeting held on 4 March 2009 were approved as a correct record and signed by the Chairman.

105 DECLARATIONS OF INTEREST

Cllr Mrs L A Butcher declared a personal interest in item 14 of the Agenda, relating to the handyman and gardening services, by virtue of being the Council's representative on the Rochford Crime and Disorder Reduction Partnership.

106 ANNUAL AUDIT AND INSPECTION LETTER

The Committee considered the report of the Head of Finance, Audit and Performance Management introducing the Annual Audit and Inspection Letter (AAIL).

In presenting the AAIL, Mr Eagles advised that it summarised a year of significant change and improvement for the Council, as evidenced by the new CPA rating of 'good'.

In response to a Member enquiry relating to funding for recycling, officers confirmed that the Council would receive £390,000 through the Inter Authority

Waste Agreement.

Responding to a Member concern relating to the report identifying that there was less improvement with respect to housing, officers advised that they were working closely with Rochford Housing Association (RHA) to identify suitable sites for new homes; this was high on the agenda for all partnership meetings with RHA.

Resolved

That the content of the report and the arrangements for addressing the areas highlighted for action be noted. (HFAPM)

107 USE OF RESOURCES JUDGMENT

The Committee considered the report of the Head of Finance, Audit and Performance Management summarising the results of the Use of Resources Judgment for 2007/08, carried out by the Council's external auditors, PKF, which showed an improvement to a score of 3 overall and in particular an improvement to a score of 3 for value for money. The report also set out the Council's approach for the 2008/09 assessment.

Mr Eagles reiterated the view of officers that changes to the Use of Resources framework will focus more on outcomes, rather than processes, with more strategic criteria. It will therefore be more challenging for Local Authorities; under the new arrangements it was likely that the majority of Authorities attaining a level 3 this year would drop to level 2 next year.

He emphasised that it was particularly noteworthy that the Council had attained a score of 4, i.e. performing well above minimum requirements – performing strongly, for the promotion of external accountability.

Resolved

- (1) That the 2007/08 Use of Resources scores be noted.
- (2) That the introduction of a new Use of Resources framework and the timetable for completing the self assessment be noted. (HFAPM)

108 DATA QUALITY PROGRESS REPORT

The Committee considered the report of the Head of Finance, Audit and Performance Management providing an update on the progress being made against the data quality strategy and action plan.

It was noted that this year the external data quality assessment was a separate assessment; for 2008/09 it would form part of the Use of Resources Judgment, which would have a different approach.

Mr Eagles drew particular attention to the fact that he had received good support from the Council during the Use of Resources process and that it was a significant achievement for the Council to be assessed as 'performing well', given that a lot of other Authorities only attained an 'adequate performance' assessment.

In response to concern expressed by Members that the new framework could lead to a lower rating for the Council next year, Mr Eagles advised that it was necessary for Authorities to make continuous improvement, particularly as there were a number of Councils improving at similar levels.

Resolved

- (1) That the findings contained in the data quality report 2008 be noted and accepted.
- (2) That a further data quality progress report be reported for consideration by the Audit Committee when the results of the 2009 data quality audit are available. (HFAPM)

109 REVIEW OF THE EFFECTIVENESS OF INTERNAL AUDIT

The Committee considered the report of the Head of Finance, Audit and Performance Management advising Members of the outcome of the review of the effectiveness of Internal Audit.

There was a general consensus that, given the significant level of improvement made by Internal Audit since the last self assessment, the outcome of the review should be recognised as successful, rather than merely satisfactory.

On a Motion moved by Cllr S P Smith and seconded by Cllr C I Black it was:-

Resolved

That the successful outcome of the review be noted. (HFAPM)

110 ANNUAL AUDIT PLAN FOR 2009/10

The Committee considered the report of the Head of Finance, Audit and Performance Management presenting the 2009/10 Annual Audit Plan to Members for approval.

Officers advised that, since production of the report, following a meeting of the Executive on 15 April it was agreed that the Review Committee would work with the Corporate Policy and Partnerships Unit to conduct reviews of the Local Strategic Partnership and those partnerships already highlighted by Internal Audit as part of its audit plan for 2009/10. The time allocation of 25 days set aside within the plan for work on partnerships would, however, be

retained.

A Member expressed concern that partnership reviews were to be conducted by the Review Committee and the Corporate Policy and Partnerships Unit, rather than by Internal Audit.

In response to a question relating to how the audit plan was determined, officers drew Members' attention to paragraph 3.1 of the report, which sets out the criteria that were balanced in order to finalise the plan.

Responding to a Member concern relating to whether enough time was allocated within the plan to deal with the staffing issues listed at the top of page 12.6 of the report, officers advised that Internal Audit had previously audited these areas and had accordingly built up data and expertise which resulted in less days being required to audit these areas.

Officers confirmed, in response to a question relating to the nature of the audit of health and safety procedures, that the audit would focus on ensuring that all the processes identified by the Council's Contingency Planning & Health & Safety Manager as being required to comply with health and safety legislation, were being completed. It was noted that the Manager was currently working to minimise any risks associated with the outbreak of 'swine 'flu'.

Resolved

That the 2009/10 Audit Plan be agreed. (HFAPM)

EXCLUSION OF THE PRESS AND PUBLIC

Resolved

That the press and public be excluded from the meeting for the remaining items of business on the grounds that exempt information as disclosed in paragraph 3 of Part 1 of the Local Government Act 1972 would be disclosed.

111 HANDYMAN AND GARDENING SERVICES

The Committee considered the exempt report of the Head of Finance, Audit and Performance Management detailing the outcome of a value for money review undertaken in respect of the handyman and gardening services funded by the Council.

It was noted that, since production of the report, officers had met with the interim Managing Director of Springboard who had indicated that he wanted to work closely with the Council in order to ensure that the services were run as efficiently as possible.

Following the meeting, officers were seeking to gather more up to date information/comparisons from other Local Authorities providing similar

services to residents, which will help evaluate the services in terms of value for money. In addition, officers wished the services to be measured by job hours, as well as by the number of jobs. It was also felt that it would be beneficial, in the event of the Review Committee agreeing to review the service, to invite representatives from Springboard to answer questions relating to the services at a meeting with the Review Committee.

In response to a Member enquiry relating to qualifying criteria officers confirmed that residents aged 60 and above or disabled and on a low income, were eligible to access the services.

During debate, although Members recognised that the services were highly valued by residents and should be maintained, they were nevertheless concerned at the rising costs and there was a general consensus that there should be an in-depth review of the services.

In response to a Member expressing concern that the report contained a recommendation that the issue be referred to the Review Committee for further consideration, it was emphasised that it was for the Review Committee to determine whether or not it wished to add this item to its work programme.

Members concurred that the service to residents should not be withdrawn, but that it would be beneficial for the Portfolio Holder to agree to put in place amendments in the short-term that could lead to improvements. It was further noted that the services should be promoted more widely than via the Council's website, given that some elderly residents did not access computers.

Resolved

- (1) That the outcome of the value for money review be noted.
- (2) That this value for money report be referred to the Portfolio Holder for short-term solutions and to the Review Committee to consider long-term solutions to the outcomes raised. (HFAPM)

(Note: Cllr T Livings wished it to be recorded that he had voted against decision (2) above)

112 AUDIT REPORT

The Committee considered the exempt report of the Head of Finance, Audit and Performance Management drawing Members' attention to the completed audit investigations and providing an update of audit recommendations.

It was noted that any completed audit recommendations would be deleted from the list in appendix 2 to the report. Report 18, detailed on page 15.15, had been completed and would also be deleted from the list. It was emphasised that, with respect to reports 15 and 16, the completion date had been extended to 29 May 2009.

In response to a Member enquiry relating to a bank reconciliation variance, as outlined in page 15.9 of the report, officers confirmed that this went back several years and was a figure that had been carried forward. Responding to a query relating to a statement made against report 8, at the top of page 15.12 of the report, officers advised that the performance development review paperwork was in the process of being revised.

Resolved

- (1) That the conclusions and results from the audits in appendix 1 to the officer's report be agreed.
- (2) That the updated information on the audit recommendations, outlined in appendix 2 to the officer's report, be agreed. (HFAPM)

113 INTERNAL AUDIT ANNUAL REPORT AND OPINION 2008/09

The Committee considered the exempt report of the Head of Finance, Audit and Performance Management informing Members of the progress of Internal Audit work during the year and reporting the opinion of the Audit and Performance Manager in respect of the effectiveness of the systems of internal control that exist within the Authority.

In response to a Member enquiry relating to paragraph 3.8 of the report relating to partnerships, officers advised that the Corporate Policy & Partnerships Manager was in the process of producing a framework of how partnership reviews should be conducted, working in conjunction with the Review Committee.

Resolved

- (1) That the Annual Report be noted.
- (2) That the Audit and Performance Manager's opinion on the systems of internal control be confirmed. (HFAPM)

The meeting closed at 9.00 pm.

Chairman

Date

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