

## **Audit Committee – 12 July 2007**

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Minutes of the meeting of the **Audit Committee** held on **12 July 2007** when there were present:-

Vice-Chairman: Cllr J Thomass (in the chair)

Cllr Mrs J Dillnutt

Cllr Mrs S A Harper

Cllr Mrs J A Mockford

Cllr S P Smith

Cllr D G Stansby

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs Mrs L A Butcher and T Livings.

### **OFFICERS PRESENT**

Y Woodward	- Head of Finance, Audit and Performance Management
T Metcalf	- Audit and Process Review Manager
J Kevany	- Principal Auditor
T Harper	- Senior Performance Management Officer
S Worthington	- Committee Administrator

### **227 MINUTES**

The Minutes of the meeting held on 6 June 2007 were approved as a correct record and signed by the Chairman.

### **228 AUDIT CHARTER REVIEW**

The Committee considered the report of the Head of Finance, Audit & Performance Management proposing a Charter of Internal Audit designed to ensure compliance with sound systems of internal control.

In response to a Member enquiry, officers confirmed that all Local Authorities produced an Audit Charter. It was further emphasised that the document demonstrated Internal Audit's operating arrangements, and in particular, drew attention to the fact that Internal Audit had access to all Council records and was completely independent .

#### **Resolved**

- (1) That the revised Audit Charter be approved.
- (2) That the Audit Charter be reviewed annually as part of the Statement on Internal Control report. (HFAPM)

### **229 APPROACH TO INTERNAL AUDIT SELF ASSESSMENT**

The Committee considered the report of the Head of Finance, Audit & Performance Management providing a comparison of how the Local Authorities within the Essex Audit Group approached the Internal Audit self

assessment.

Members' attention was drawn to the fact that it was now a statutory requirement for Local Authorities to conduct an Internal Audit self assessment.

Officers advised that Essex Local Authorities would be using the same approach next year for conducting the self assessment, given the high level of compliance with the self assessment checklist that had been used this year.

Responding to a Member question about a peer review approach to the self assessment, officers confirmed that it would not currently be advantageous to conduct the self assessment by means of a peer review, given that other Authorities did not want it. However, it was clear that a peer review would provide learning opportunities for officers in terms of acquiring knowledge about the different practices adopted by the various Local Authorities with respect to Internal Audit.

In response to a Member enquiry relating to risk management, officers advised that it usually required a period of 2 to 3 years to embed risk management within a Local Authority.

Officers confirmed, in response to a Member enquiry relating to the quality assurance of audit work, that there were currently some staffing resources issues to resolve, as an auditor had just left the Authority; work would, however, be prioritised as necessary.

### **Resolved**

- (1) That the current arrangements remain in 2007/08 for determining the self assessment.
- (2) That the Audit & Process Review Manager remains in contact with members of the Essex Audit Group to give further consideration to a Peer Review following the 2007/08 self assessment. (HFAPM)

### **230 DATA QUALITY AND RECORDS MANAGEMENT POLICY, DATA QUALITY STRATEGY AND ACTION PLAN**

The Committee considered the report of the Head of Finance, Audit & Performance Management introducing a proposed Data Quality Strategy and Data Quality Action Plan for Members' consideration and approval.

Members were advised that a new process had been introduced from 2005/06 for the external audit of the statutory performance indicators. An inspection took place of the Council's arrangements to assure data quality and the Council subsequently received a level 2 score, which meant that the Council's performance was adequate.

Officers confirmed that the Council's 2006/07 assessment would take place in August and that the Council would be seeking to improve its score to level 3.

Responding to a Member query relating to the Council's data quality and records management policy, officers advised that this had originally been developed in 2004 and enhanced by drawing on elements of best practices of other Authorities including Chester-le-Street.

In response to a supplementary enquiry about resources, officers confirmed that there would be additional work required in order to attain a level 3 score and that resources would need to be carefully managed.

### **Resolved**

- (1) That the revised Data Quality and Records Management Policy be approved.
- (2) That the Data Quality Strategy and Action Plan be approved.
- (3) That Data Quality progress reports be considered by the Audit Committee in September 2007 and January 2008. (HFAPM)

### **231 KEY LINES OF ENQUIRY – USE OF RESOURCES JUDGMENT 2006**

The Committee considered the report of the Head of Finance, Audit & Performance Management setting out how the action plan arising from the use of resources judgment 2006 will be implemented and monitored.

In response to Member enquiries the following was noted:-

- One of the Council's neighbouring Authorities had received lower scores in 2006 compared to the previous year; Rochford District Council's ranking among other Essex Authorities had gone up over the past two years and its performance was comparable to other similarly sized and resourced Authorities.
- It was anticipated that the detailed action plan should not only maintain and reinforce existing scores, but should lead to some scores of 2 being improved to 3.
- The Council needed to improve with respect to Value for Money in order to move from a 2 score to a 3.
- Areas that would be given most priority would include financial reporting and Value for Money.

### **Resolved**

- (1) That it be noted that officers are implementing a detailed Action Plan to

improve the Use of Resources Judgment.

- (2) That monitoring of the summarised Action Plan be reported to Members as part of the regular monitoring of External Audit's recommendations. (HFAPM)

### **232 UPDATE OF EXTERNAL AUDIT RECOMMENDATIONS**

The Committee considered the report of the Head of Finance, Audit & Performance Management drawing Members' attention to the implementation of all the outstanding recommendations of the External Auditor's Final Report to Those Charged with Governance.

#### **Resolved**

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

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

#### **Resolved**

That the press and public be excluded from the meeting for the remaining item of business on the grounds that exempt information as disclosed in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 would be disclosed.

### **233 AUDIT REPORT**

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

#### **Telecoms Services – Report 6 – (2006/07)**

Officers confirmed that all telephone calls were answered first by the switchboard and transferred to the appropriate extension. Incoming and outgoing calls were monitored by means of a sophisticated call logger that recorded where calls were made to as well as their duration. All staff were aware of Council policy with respect to use of Council telephones, namely that they should be used for emergencies only, with the costs of any such calls reimbursed to the Council.

Members were advised that the possibilities of expanding the use of mobile telephones were currently being explored with a view to officers working off site potentially using mobile phones to download information to the Council.

### **Contracts – Report 18 – (2006/07)**

Officers confirmed that, in exceptional circumstances, tenders other than the most financially advantageous, were awarded contracts, however the preferred way of awarding contracts was on the basis of lowest cost to the Authority.

In examining the progress of Audit recommendations detailed in appendix 2 to the report, Members noted the following:-

- Staffing issues had resulted in a delay to the recommendations relating to report 1.
- Recommendation 1 relating to report 12 had been implemented and could therefore be deleted.
- Recommendation 1 relating to report 16 had been implemented and could therefore be deleted. Recommendation 2 had not yet been completed as a result of work associated with the transfer of housing stock; the end date was therefore revised to 30 July 2007.
- Recommendation 3 relating to report 6 had not yet been completed as a result of staffing issues and the end date would therefore be revised to 30 July 2007.

Members concurred, that the wording of the beginning of the second sentence of paragraph four of the summary section of report 18 – Contracts (2006/07) should be amended to: “In the latter cases consultation must be sought with the Leader of the Council and relevant...”

On a Motion moved by Cllr P F A Webster and seconded by Cllr Mrs S A Harper it was:-

### **Resolved**

- (1) That the conclusions and results from the audits in Appendix 1 be agreed, subject to “should” being replaced by “must” in the second sentence of paragraph 4 of the summary section of report 18 – Contracts (2006/07).
- (2) That the updated information on the audit recommendations, outlined in Appendix 2, be agreed. (HFAPM)

## Audit Committee – 12 July 2007

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The meeting closed at 8.25 pm.

Chairman .....

Date .....

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