

## **Finance & Procedures Overview & Scrutiny Committee – 25 October 2005**

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Minutes of the meeting of the **Finance & Procedures Overview & Scrutiny Committee** held on **25 October 2005** 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 P R Robinson  
Cllr P F A Webster

### **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Cllrs T Livings and Mrs J R Lumley

### **SUBSTITUTES**

Cllr J M Pullen

### **OFFICERS PRESENT**

R J Honey	- Corporate Director (Law, Planning & Administration)
R Crofts	- Corporate Director (Finance & External Services)
S Fowler	- Head of Administrative & Member Services
J Kevany	- Principal Auditor
Y Woodward	- Financial Services Manager
M Martin	- Committee Administrator

### **ALSO ATTENDING**

D Eagles	- PKF
K Hennessy	- Area Manager, SunGard Vivista

### **412 MINUTES**

The Minutes of the meeting held on 22 September 2005 were approved as a correct record and signed by the Chairman.

### **413 PROGRESS ON DECISIONS**

The Committee received the Schedule relating to Progress on Decisions and in response to Member questions/comments the following was noted:-

#### **Rayleigh, Rochford and District Association for Voluntary Services (RRAVS) – Core Funding Support (Minute 539/04)**

Discussions between the Primary Care Trust, Essex County Council and RRAVS were underway and the outcome of these was awaited.

**Community Transport – Longer Term Funding (Minute 120/05)**

Members were disappointed to note that the Taxi Voucher scheme had not yet formally been accepted by Wyvern Community Transport as a number of residents spoke highly of the scheme

Outstanding issues would be carried forward.

**414 VIVISTA PROGRESS REPORT**

The Chairman welcomed Ms Hennessy to the meeting.

In noting the contents contained within the contractor's update, Members were advised that since Vivista had been acquired by SunGard, the name of the company had now officially changed to SunGard Vivista and contract amendments had been made accordingly.

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

- SunGard Vivista would continue to look at ways of improving the level of response to the customer satisfaction survey. However, adverse comments received were always investigated immediately. A further survey would be sent out shortly.
- On-going customer surveys were carried out, as users were contacted once a call had been closed for the purpose of establishing satisfaction levels.
- The contractor was continuing to work closely with users of the Comino records management software on the phase two rollout; any issues arising were dealt with as quickly as possible.
- The Thin Client application allowed the processing power to be held on a server, thereby enabling the client to gain access to the latest technology without the need for the latest processor.

**415 EXTERNAL AUDIT SAS610 AND INTERIM REPORTS**

The Chairman welcomed Mr Eagles to the meeting. Members were advised that the SAS610 report was a strategic document relating to an auditing standard. Its purpose was not to provide a balanced report, but to provide detail around the accounts process and to enable certain issues to be looked at in more detail. The Interim Report was a detailed operational report written primarily for officers; its key points were repeated in the SAS610 report.

During Members' detailed consideration of the SAS610 report, the following points were noted:-

- As a general rule an unadjusted misstatement would be an amount falling below £¾million.
- In line with previous years, receipts recorded by the bank on 31 March 2005 would not be paid into the account until the following day, resulting in them being shown in the next financial year.
- An additional member of staff had now been appointed who would begin work on the reconciliation of funding and costs associated with the Supporting People activity.
- The arrears in Council Tax were not high in percentage terms; a large proportion of the amount quoted would be recovered in the next year. The figures quoted were the year end position for arrears and should not be added together.
- The need to approve the accounts prior to 30 June 2006 may require more estimations to be made and would prove challenging in the light of the impending retirement of significant finance staff.
- The Financial Services Manager reported that she had arranged a workshop with four other local authorities where ideas around shortening processes had been shared.
- Earmarked Reserves referred to projects identified but not completed within the anticipated timescales; these were retained on the general ledger as an internal control mechanism. As a small authority with a tight budget, it was important to flag up any amounts so that they could be carried over rather than being lost into the General Fund. These items would then be monitored to identify any patterns. This was reported each year to Members in the budget strategy report.
- As part of the Ethical Framework, officers would be required to sign a statutory Code of Conduct; guidance and training would be arranged.

Members requested detailed information around the following:-

- The final amount that had been written off from last year's council tax.
- The amount of arrears as at the end of 2004/05 which has been subsequently collected.

In response to Member questions relating to the Interim Report, the following points were noted:-

- The contract with Chelmsford Borough Council, whereby they carry out Business Rate collection on behalf of this Authority, had commenced.

Members would be advised of the progress being made in relation to the External Auditors' recommendations for the NNDR system.

- The new HR/payroll system is in place and the recommendation was for the reconciliation between this system and the financial General Ledger system.
- The monthly reconciliations carried out between the General Ledger and bank statement required an adjustment at the end of the year. The revised timing of 'Ongoing' reflected the situation immediately after April, but reconciliations since then have been carried out satisfactorily.
- It was not possible to provide evidence of electronic checking of invoices, so in certain instances a paper copy was required, for example to provide an audit trail when chasing a bad debt.
- It was now acceptable to HM Revenues & Customs to maintain electronic data of invoices sent out by the Authority without hard copies.
- Storage of electronic data was safeguarded by the backing up of the server each night and off-site storage of data.

Mr Eagles expressed his thanks to those officers who had provided assistance in the provision of the two reports and completion of the closure of the Authority's accounts.

### **Resolved**

That implementation of the Action Plans be reported through the Audit process. (CD(F&ES))

## **416 RISK MANAGEMENT – PROGRESS UPDATE**

The Committee received the report of the Chief Executive providing Members with an update on progress in connection with Risk Management across the Council and noted its contents.

In response to Member questions relating to the main Corporate Risks listed, the following was noted:-

- By way of clarifying the term 'Governance issues', officers advised that risk management was an integral part of Corporate Governance ensuring that decision-making was transparent and for that reason all Committee reports now indicated whether there were any risk implications. The Council's Scheme of Delegation to Officers was cited as an example which would fall within this category.

- The maintenance of a good working relationship between Members and senior staff was essential and as such would pose a serious risk to the Authority if it broke down.
- The next update report would include details of the work carried out on the risk regulations.

**Resolved**

That an update on progress be reported to Members in 6 months' time. (CE)

**417 PROCUREMENT STRATEGY – SIX MONTH REVIEW**

The Committee received the report of the Corporate Director (Finance & External Services) and noted the work carried out in implementing the above Strategy.

Members undertook a detailed analysis of the report and its appendix, noting that the first five columns of the table was an extract from the Service Action Plan.

In response to Member questions/comments the following was noted/agreed:-

- The Authority gained limited value from the Centre of Regional Excellence. This Council was part of the Eastern Region, run by Norfolk County Council on behalf of the Office of the Deputy Prime Minister, but membership of the Procurement Agency for Essex had proved more useful.
- The latest Procurement Strategy document was on the Council's web site.
- The Council's Contract Procedure Rules and Financial Regulations were two separate documents.
- Officers were of the opinion that, with the exception of urgent situations, and in line with the Council's Financial Regulations, it continued to be good practice to get a price before placing an order and that a general waiving of this provision would not be advisable.
- In the majority of cases the delay incurred in obtaining the price would not cause an undue problem.
- Where it was discovered there had been a significant inflation of prices, this could be in breach of the Council's Contract Procedure Rules in terms of obtaining best value.

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- Two officer checks existed in raising an order. Accounts staff would subsequently check the relevant budget and raise any problems detected with the Head of Financial Services.
- Officers arranged to meet with the Chairman to discuss the issues raised around how the Council's procedures addressed these issues.
- Investigations around the use of the procurement card for low cost purchases and the costs of implementing such a scheme were still being carried out and it was anticipated these would be completed by December 2005. Officers were exchanging information with Maldon District Council, a similar sized authority, in order to decide whether there was a business case for its introduction.
- It was a requirement of the National Procurement Strategy that an independent health check be carried out by the Improvement and Development Agency; the cost was not yet known.
- The term OJEU referred to the Official Journal of the European Union.

### **Recommended to the Policy & Finance Committee**

That membership of the Procurement Agency for Essex continues into 2007/08 and that provision is made in the five year rolling budget strategy. (CD(F&ES))

The meeting closed at 9.10 pm.

Chairman .....

Date .....