

# A G E N D A

## Audit and Corporate Governance Committee

Date: **Thursday, 25th September, 2008**

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Time: **9.30 a.m.**

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Place: **Council Chamber, Brockington, 35  
Hafod Road, Hereford HR1 1SH**

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Notes: Please note the **time, date** and **venue** of the meeting.

*For any further information please contact:*

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**Herefordshire Council**



# AGENDA

## for the Meeting of the Audit and Corporate Governance Committee

To: Councillor ACR Chappell (Chairman)  
Councillor RH Smith (Vice-Chairman)

Councillors MJ Fishley, JHR Goodwin, B Hunt, R Mills and AM Toon

In Attendance: Councillor H Bramer, Cabinet Member (Resources) and T Tobin, Audit Commission

	Pages
<p><b>1. APOLOGIES FOR ABSENCE</b></p> <p>To receive any apologies for absence.</p>	
<p><b>2. DECLARATIONS OF INTEREST</b></p> <p>To receive any declarations of interest by Members in respect of items on the Agenda.</p> <p><b>GUIDANCE ON DECLARING PERSONAL AND PREJUDICIAL INTERESTS AT MEETINGS</b></p> <p>The Council's Members' Code of Conduct requires Councillors to declare against an Agenda item(s) the nature of an interest and whether the interest is personal or prejudicial. Councillors have to decide first whether or not they have a personal interest in the matter under discussion. They will then have to decide whether that personal interest is also prejudicial.</p> <p>A personal interest is an interest that affects the Councillor more than most other people in the area. People in the area include those who live, work or have property in the area of the Council. Councillors will also have a personal interest if their partner, relative or a close friend, or an organisation that they or the member works for, is affected more than other people in the area. If they do have a personal interest, they must declare it but can stay and take part and vote in the meeting.</p> <p>Whether an interest is prejudicial is a matter of judgement for each Councillor. What Councillors have to do is ask themselves whether a member of the public – if he or she knew all the facts – would think that the Councillor's interest was so important that their decision would be affected by it. If a Councillor has a prejudicial interest then they must declare what that interest is and leave the meeting room.</p>	
<p><b>3. NAMED SUBSTITUTES(IF ANY)</b></p> <p>To receive any named substitutes.</p>	

<b>4. MINUTES</b>	To approve the Minutes of the meeting held on 3 July 2008.	1 - 4
<b>5. ANNUAL GOVERNANCE LETTER FOR 2008</b>	To introduce the external auditor's Annual Governance Letter for 2008 as an appendix to the Director of Resources report.	5 - 26
<b>6. REVIEW OF THE CODE OF CORPORATE GOVERNANCE</b>	To consider and agree a revised Code of Corporate Governance for the Council following the issuing of a new governance framework and guidelines.	27 - 34
<b>7. LEARNING DISABILITY INSPECTION ACTION PLAN - PROGRESS REPORT</b>	To inform the committee of the progress made through the implementation of the action plan which followed the Commission for Social Care Inspection in January 2007, and the ongoing adult social care transformation programme.	35 - 48
<b>8. ANALYSIS OF INTERNAL AUDIT RECOMMENDATIONS IN 2007/08</b>	To provide the Audit & Corporate Governance Committee with information requested on: <ul style="list-style-type: none"> <li>a) The risk analysis of internal audit recommendations made in 2007/08.</li> <li>b) The internal audit recommendations not accepted by management in the year.</li> </ul>	49 - 52
<b>9. FIRST INTERIM AUDIT ASSURANCE REPORT 2008/09</b>	This report provides the Committee with an update on progress in making planned improvements to the internal control environment and progress with the Annual Audit Plan for 2008/09.	53 - 78

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# **COUNTY OF HEREFORDSHIRE DISTRICT COUNCIL**

**BROCKINGTON, 35 HAFOD ROAD, HEREFORD.**

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HEREFORDSHIRE COUNCIL

**MINUTES of the meeting of Audit and Corporate Governance Committee held at Council Chamber, Brockington, 35 Hafod Road, Hereford HR1 1SH on Thursday, 3 July 2008 at 9.30 a.m.**

**Present:** Councillor ACR Chappell (Chairman)  
Councillor RH Smith (Vice Chairman)

**Councillors:** MJ Fishley, JHR Goodwin and R Mills

**In attendance:** Councillor AT Oliver

**101. APOLOGIES FOR ABSENCE**

Apologies were received from Councillors B Hunt and AM Toon.

**102. NAMED SUBSTITUTES(IF ANY)**

There were no named substitutes declared.

**103. DECLARATIONS OF INTEREST**

There were no declarations of interest made.

**104. MINUTES**

**RESOLVED:** That the minutes of the meeting held on 20 June 2008 be approved as a correct record and signed by the Chairman subject to the following amendments;

**(a) page 4 (paragraph 4), item 93: Audit Services Assurance Report 2007/08**

**Amended minute to include; 'Councillor RH Smith expressed concern about the unsatisfactory results and sought assurances that improvements were taking place especially in relation to the findings outlined in paragraph 39 (d) and (e) of the report.'**

**(b) Page 5 (paragraph 5), item 94: Annual Governance Statement 2007/08**

**With reference to data quality, minute to be amended to read; 'Councillor RH Smith referred to page 31, paragraph 16 regarding data quality and asked when the Committee would receive a progress report outlining the Council's improvement in relation to data quality'.**

**(c) Page 7, item 100 (paragraph 3): Joint Internal Audit Plan 2008/09**

**With reference to Business Continuity Planning, minute to be amended to read; '..arrangements for the Council and reminded**

the Committee that a Business Continuity Plan was to have been produced by 31 March 2008. To date the item had not been considered by the Audit and Corporate Governance Committee.'

**RESOLVED:** That under section 100 (A)(4) of the Local Government Act 1972, the public be excluded from the meeting for the following item of business on the grounds that it involved the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below.

#### **SUMMARY OF THE PROCEEDINGS OF EXEMPT INFORMATION**

The Committee considered the exempt minute of 20 June 2008 and resolved to approve its content as a true record.

#### **105. REVIEW OF CODE OF CORPORATE GOVERNANCE**

Alan McLaughlin, Assistant Chief Executive Legal and Democratic, introduced the report and informed the Committee that the Code of Corporate Governance, for consideration by the Committee, reflected the current guidance jointly produced by CIPFA/SOLACE. The Code of Corporate Governance also took account of the requirements of the Accounts and Audit Regulations 2003 (as amended) and was considered to be best practice within local authorities. The Committee was informed that a framework which supported the Code of Corporate Governance process was approved by Cabinet on 27 March 2008.

Cllr J Fishley stated that it was her view that the document attached as Appendix 2, (which reflected previous guidance), provided greater clarity in approach and advised that the content of Appendix 1 as currently presented (the revised code for consideration) proved too long and turgid a document for any constructive purpose.

The Chairman, Cllr C Chappell, reminded Councillors that the Code of Corporate Governance originated from guidance published jointly by CIPFA and SOLACE, and whilst it was acknowledged that some of the language used in the document did not sit well with Members, it would be difficult to deviate from the form of words published.

Councillor R H Smith advised Members of the background to the report on the Code of Corporate Governance being considered outside of the scheduled meeting of 20 June 2008 (at which it was originally due to be considered) and advised Councillors that, following considerations by the Chairman and himself as Vice Chairman, together with the Chief Executive and Assistant Chief Executive Legal and Democratic Services, it was determined that a revised report be submitted for the Committee's comments and approval. The Committee were also advised that the Vice Chairman would be in attendance at the Standards Committee on 4 July when the item would be further considered.

Councillor R Mills stated that whilst it was appreciated that a Code of Corporate Governance was necessary, the document as currently presented could be considered to be too broad as the principles outlined covered every eventuality.

Members were advised that typographical errors contained within the document would be amended.

**RESOLVED that:**

**(a) The Audit and Corporate Government consider and agree the**

revised Code of Corporate Governance for consideration by the Standards Committee for onward approval by Cabinet.

(b) The Chairman of the Audit and Corporate Governance Committee (or nominee) attend the Standards Committee on 4 July 2008.

(c) The Audit and Corporate Governance Committee receive a report formally reviewing the Code of Corporate Governance at the meeting scheduled to be held on 20 March 2009.

## 106. SCHEME OF DELEGATION

Alan McLaughlin, Assistant Chief Executive Legal and Democratic, presented a report on a revised Scheme of Delegation for consideration and approval by the Committee. The document under consideration (attached as Appendix 1 to the report) incorporated the comments agreed by the Committee at the meeting held on 21 December 2007, together with the amendments received from the Constitutional Review Working Group at their meeting in 16 April 2008. In addition, the revised Scheme of Delegation incorporated the new senior management team arrangements. Members were informed that the Scheme of Delegation was to be considered by the Joint Management Team on 7 July 2008.

Councillor R H Smith advised the Committee that the Scheme of Delegation had been scheduled for consideration at the meeting held on 20 June 2008, however the report had been withdrawn in order to allow for further considered work to be undertaken which took account of substantive comments received from the Chairman and Vice Chairman. The Vice Chairman informed the Committee that he had taken exception to parts of the original report and the Scheme of Delegation which he considered not to be acceptable and advised Members that the original document made available for comparison purposes did not reflect the accurate starting position.

In commenting on the report and appendix on the agenda, Councillor R H Smith suggested the following amendments for consideration:

- (i) Page 25, paragraph 12.4.7: ‘..the Cabinet Member *shall concur* to sign..’, to provide the Cabinet Member with an option not currently given under the existing wording of, ‘..the Cabinet Member *must* sign..’
- (ii) Page 39, paragraph 12.14.11: The word ‘all’ to be included to read; ‘..funding implications are factored into *all* decisions from the outset.’

In addition, Councillor RH Smith raised the following items for consideration:

- (iii) Page 33, paragraph 12.7.40: That Members be provided with the list of preferred Council suppliers on request.
- (iv) Page 34, paragraph 12.7.45 : Human Resources. The Scheme of Delegation under consideration did not outline any delegated responsibilities for the Assistant Chief Executive Human Resources and Councillor RH Smith stated he did not support the Council’s current convention of authorising Members of the JMT to appoint, dismiss and discipline staff (together with other matters).

In relation to issue (iv) above, Officers advised the Committee that all members of JMT were subject to requirements as set out in Appendix 6 of the Council’s Constitution (Appointment and Discipline of Employees) and that the Assistant Chief Executive Human Resources developed relevant corporate policy and provided advice and guidance as required. Members were also reminded that the views of JMT would be sought at their meeting on 7 July 2008 and any

substantive amendments considered by the Chairman and Vice-Chair of the Audit and Corporate Governance Committee.

**RESOLVED that:**

- (a) the Committee comment on and approve in principle the revised Scheme of Delegation attached as Appendix 1, subject to the inclusion of amendments outlined in (i) and (ii) above. It was further agreed that paragraph 12.7.45 be revised to read; 'Subject to Appendix 6 of the Council's Constitution, all members of JMT are authorised to ..'**
- (b) Members noted that the Scheme of Delegation (Appendix 1) would be considered by the Joint Management Team on 7 July 2008. Approval was sought that, should the comments from JMT require substantial (non technical changes) to the revised Scheme of Delegation, the Chairman and Vice-Chairman of Audit and Corporate Governance be informed and their approval sought for ratification of such changes prior to formal adoption by Council on 25 July 2008.**

The meeting ended at 10.00 a.m.

**CHAIRMAN**

**ANNUAL GOVERNANCE REPORT 2008****Report By: Director of Resources****Wards Affected**

1. None.

**Purpose**

2. To introduce the external auditor's Annual Governance Report for 2008 which sets out:
  - a. Their opinion on the financial statements for 2007/08 approved by the Committee on 20 June 2008.
  - b. Their opinion on the council's arrangements for securing value for money.
  - c. Their recommendations for further improvements in the council's governance arrangements arising from their audit work.

**Financial Implications**

3. None arising directly from this report.

**RECOMMENDATIONS****THAT:**

- (a) The Audit & Corporate Governance Committee discusses the content of the Annual Governance Report for 2008 attached to this report with the external auditor.**
- (b) The Audit & Corporate Governance Committee agrees the proposed action plan in response to the recommendations contained in the Annual Governance Report for 2008.**
- (c) The Audit & Corporate Governance Committee approves the Letter of Representation (Appendix 1 of the Annual Governance Report 2008 attached to this report refers) for signature by the Chair of the Committee and the Director of Resources.**

## Reasons

- The statutory Code of Audit Practice in Local Government Bodies requires the external auditor to make a report to those charged with governance that summarises the conclusions they have drawn from their audit work and their opinion on the financial statements and value for money. The Council's Constitution sets out the Audit & Corporate Governance Committee's responsibilities for matters of governance.

## Considerations

- The external auditor will present the Annual Governance Letter for 2008.
- The Audit Commission anticipates issuing an unqualified opinion on both the statement of accounts for 2007/08 and the council's arrangements for securing value for money by the statutory deadline of 30 September 2008.
- The adjustments to the statements of final account for 2007/08 approved by the Audit & Corporate Governance Committee in June 2008 resulting from the external auditor's review are trivial in nature. As such, the external auditor has confirmed that the amendments do not need to be approved by the Committee.
- The Audit Commission has not identified any material or significant issues to bring to the Committee's attention this year. The Annual Governance Report 2008 does however include two recommendations made for completeness of the record of both internal and external audit activity relating to 2007/08. The table below sets out the management response to both recommendations, outlining action that has already been taken and that proposed for the future.

Recommendation	Responsible Officer	Management Response & Proposed Action Plan
1. Address issues raised in relation to the system for paying nursing homes.	Director of Integrated Commissioning  Director of Adult Social Care	The external auditor's recommendation relates to findings in last financial year. Systems and procedures have been improved since that time to ensure robust financial management is in place. All proposed placements are now the subject of a weekly panel decision making process. Placements are no longer made until a contract has been agreed with the nursing home concerned. Monthly budget meetings are held so that timely checks can be made to ensure that the new procedures are being followed.

Recommendation	Responsible Officer	Management Response & Proposed Action Plan
<p>2. Review pooled budget arrangements with the PCT including ensuring governance arrangements are updated and signed agreements are in place.</p>	<p>Director of Integrated Commissioning</p> <p>Director of Adult Social Care</p>	<p>Five separate joint arrangements have been in place with the PCT for over 6 years and are underpinned by signed agreements including an outline of each organisation's budget contribution.</p> <p>The services covered by these agreements are mental health, learning disability, an intermediate care centre, an integrated community equipment store and a health and social care residential and respite unit.</p> <p>Whilst currently not operating as a fully pooled budget with agreed risk sharing protocols in place, the services are managed jointly and performance – including financial performance - is monitored the Adult Commissioning Board (ACB). The ACB includes director level representation from both organisations, the lead Cabinet Member for adult social care and the Chair of the PCT Board.</p> <p>The ACB has agreed that the joint arrangements will be reviewed and strengthened following the arrival of the Director of Integrated Commissioning in August 2008. This review will encompass the pooling of budgets and risk sharing arrangements.</p> <p>The council allocated additional resources for the learning disabilities service in 2008/09 to ensure the budget is more realistic. The PCT and the council have also agreed to review a number of individuals with very complex needs under the new Continuing Health Criteria. This could reduce the pressure on the council's budget for this service although it will not reduce the total expenditure for a future pooled budget.</p> <p>The ACB has agreed a budget recovery plan for mental health services and this is being implemented.</p>

## **Risk Management**

9. The Audit & Corporate Governance Committee is charged with responsibility for corporate governance and will monitor progress made by management in addressing the issues identified in the external auditor's Annual Governance Letter for 2008. The Chief Internal Auditor will report progress in the internal audit assurance report he presents at each of the Committee's meetings.

## **Background Papers**

Annual Governance Letter 2008 (attached as an appendix to this report).

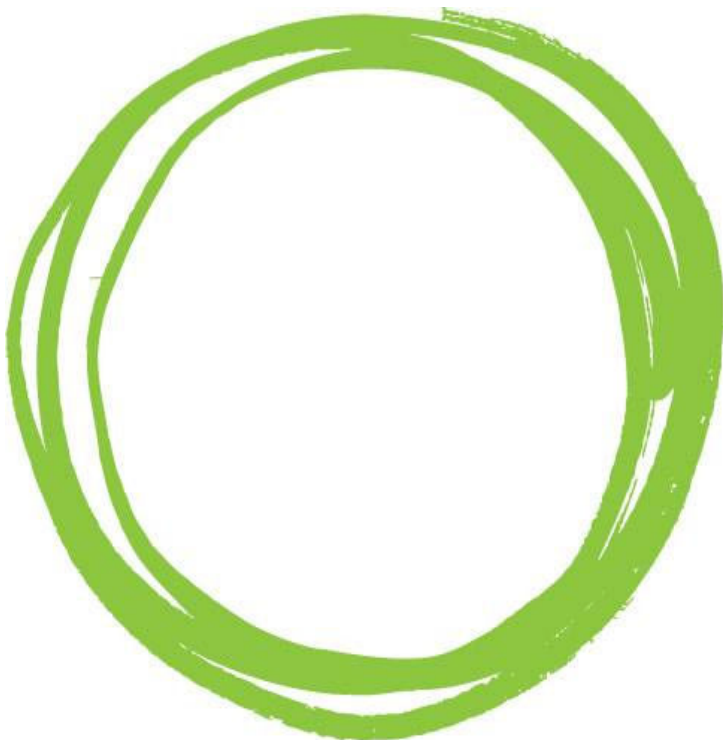


# Annual Governance Report

Herefordshire Council

Audit 2007/08

September 2008



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## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
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# Summary

## Purpose

- 1 This report summarises the findings from our 2007/08 audit, which is substantially complete. It identifies the key issues that you should consider before we issue our opinion, conclusion and certificate.
- 2 This report includes only matters of governance interest that have come to our attention in performing our audit. Our audit is not designed to identify all matters that might be relevant to you.

## Financial statements

- 3 We expect to issue an unqualified opinion on your financial statements. The audit went very smoothly and co-operation and working papers were good and an improvement on previous years.

## Value for Money

- 4 We expect to issue an unqualified opinion on the your arrangements for ensuring value for money.

## Next steps

- 5 We ask the Audit and Corporate Governance Committee to:
  - consider the matters raised in the report before approving the financial statements/recommend the financial statements for approval;
  - approve the representation letter on behalf of the Council before we issue our opinion, conclusion and certificate; and
  - agree the proposed action plan.

# Financial statements and Annual Governance Statement

- 6 The Council’s financial statements and Annual Governance Statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for the financial statements and Annual Governance Statement. It is therefore important that you consider our findings before you adopt the financial statements and the Annual Governance Statement.
- 7 In planning our audit we identified specific risks and areas of judgement that we have focused on during our audit. We report to you the findings of our work in those areas.
- 8 In addition, auditing standards require us to report to you:
- the draft representation letter which we are asking management and you to sign;
  - our views about the Council’s accounting practices and financial reporting;
  - errors in the financial statements;
  - any expected modification to our report;
  - weaknesses in internal control; and
  - certain other matters.

## Key areas of judgement and audit risk

- 9 In planning our audit we identified key areas of judgement and audit risk that we have considered as part of our audit. Our findings are set out in Table 1.

**Table 1 Key areas of judgement and audit risk**

Issue or risk	Finding
New accounting requirements of the 2007 Local Government Statement of Recommended Practice eg in relation to financial instruments and the new revaluation reserve	We discussed the Council's approach to the new requirements during the year and at year end reviewed the Council's implementation in detail and found this to be satisfactory.
Intangible Assets – In the last two years expenditure coded to intangible assets has been incorrect	We reviewed your intangible assets and found these to be not materially misstated.
Fixed Assets – last year we reported that fixed asset accounting needed review prior to being presented to the auditor	We reviewed fixed assets in detail and found these to be fairly presented.

## Financial statements and Annual Governance Statement

Education Payroll – Internal Audit assessed this system as ‘marginal’ in 2006-07 and 2007/08. This has subsequently transferred to the main payroll team.	We asked Internal Audit to carry out additional work on the Education payroll and this proved generally satisfactory.
The ICT system received an unsatisfactory internal audit opinion in 2006/07, although there was an improved position when Internal Audit revisited this later in 2007/08	We carried out additional substantive testing which proved satisfactory.

### Draft representation letter

10 Before we issue our opinion, auditing standards require us to obtain from you and management, written representations that:

- you acknowledge your collective responsibility for preparing financial statements in accordance with the applicable financial reporting framework;
- you have approved the financial statements;
- you acknowledge your responsibility for the design and implementation of internal controls to prevent and detect fraud and error;
- you have told me the results of your assessment of the risk that the financial statements might be materially misstated because of fraud;
- you have told me any actual or suspected fraud by management, employees with significant roles in internal control or others (where the fraud could have a material impact on the financial statements);
- you have told me of any allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, regulators or others;
- you have told me about all known actual or possible non-compliance with laws and regulations whose effects should be considered when preparing financial statements;
- you have assessed the reasonableness of significant assumptions, including whether they appropriately reflect management's intent and ability to carry out specific courses of action on behalf of the Council where relevant to the fair value measurements or disclosures;
- you are satisfied that all related parties requiring disclosure in the financial statements have been disclosed and that the disclosure is adequate;
- you are satisfied that the individual or collective impact of errors we have identified, but that you have not corrected, is not material; and
- cover areas where other sufficient appropriate evidence cannot reasonably be expected to exist, for example the completeness of the disclosure of contingent liabilities.

11 Appendix 1 contains the draft of the letter of representation we seek from you.

**Accounting policies and financial reporting**

12 We considered the qualitative aspects of your financial reporting and have not identified any significant issues to raise with you. The audit went very smoothly and co-operation and working papers were good and an improvement on previous years.

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**Errors in the financial statements**

13 We have not identified any errors (other than those of a trivial nature) that management has declined to correct.

**The audit report**

14 We plan to issue an unmodified report including an unqualified opinion on the financial statements. Appendix 2 contains a copy of our draft report.

**Material weaknesses in internal control**

15 We have not identified any weakness in the design or operation of an internal control that might result in a material error in your financial statements of which you are not aware (eg from Internal Audit work). We did note some issues when we reviewed the ISIS (nursing home payments) system:

- Significant delays from the time people are admitted to homes and funding being approved and contracts signed. Financial commitments are not made until the point at which approval is made and contracts signed; and
- There are isolated instances where funding for placements is not approved by the funding panel prior to the contract being signed.

<b>Recommendation</b>
<b>R1</b> Address issues raised in relation to the system for paying nursing homes.

16 We have not provided a comprehensive statement of all weaknesses which may exist in internal control, nor of all improvements which may be made. We have reported only those matters which have come to our attention because of the audit procedures we have performed.

Other matters

17 We have identified the following matters that we require you to consider.

**Table 2 Other matters**

Issue or risk	Finding
Pooled Budgets	We have reported in previous years that there have been no formal Section 75 (previously Section 31) pooled budget agreements with the PCT for several years. Annual meetings are held to agree budgets. We understand that there are still no signed agreements. Members will also be aware that some pooled budgets have significantly overspent in 2007/08. Learning Difficulties overspent by £2.2 million (for which the Council took financial responsibility in full) and Mental Health by £3.4 million (of which the Council was financially responsible for £1.1 million). We will consider the reasons further in our current use of resources review.

Recommendation
<b>R2</b> Review pooled budget arrangements with the PCT including ensuring governance arrangements are updated and signed agreements are in place.

# Value for money

- 18 We are required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. We assess your arrangements against criteria specified by the Commission. Our conclusion is informed by our work on Use of Resources, a scored judgement reported to the Audit Commission.
- 19 We have assessed the arrangements of the Council as adequate in all areas and we therefore propose to issue an unqualified conclusion.



# Formal audit powers

20 We have:

- a power to issue a public interest report. We do so where we believe this is necessary to draw a matter to your attention, or to that of the public;
- a power to apply to court for a declaration that an item in the Council's accounts is contrary to law;
- a power to issue an advisory notice. An advisory notice requires the Council to meet and consider the notice before:
  - making a decision that might give rise to unlawful expenditure; or
  - taking an unlawful course of action that would give rise to a loss; or
  - making unlawful entry in the accounts; and
- a power to seek judicial review of a decision of the Council.

21 We have not and do not propose to exercise these powers.

# Independence

- 22 The Code of Audit Practice and the APB's Ethical Standards with which auditors must comply require that auditors act, and are seen to act, with integrity, objectivity and independence.
- 23 We confirm that we comply with the APB's Ethical Standards, that we are independent and that our objectivity is not compromised.
- 24 We communicate to you:
- any relationships between us and the Council, its members and senior management that might affect our objectivity and independence and any safeguards put in place;
  - total fees charged to you for audit and non-audit services; and
  - our arrangements to ensure independence and objectivity.

## Relationships with the Council

- 25 We have identified no relationships that might affect objectivity and independence.

## Audit fees

- 26 We reported our fee proposals as part of the Audit Plan for 2007/08. The table below reports the outturn fee against that plan.

**Table 3      Audit fees**

	<b>Plan 2007/08</b>	<b>Actual 2007/08</b>
Financial statements and Annual Governance Statement	138,454	138,454
Value for Money	109,695	109,695
<b>Total Audit Fees</b>	<b>248,149</b>	<b>248,149</b>

- 27 The analysis above shows that we contained our audit fee within the totals you have already agreed.

## Our arrangements to ensure independence and objectivity

- 28 We have comprehensive procedures to ensure independence and objectivity. These are outlined in Table 4.

**Table 4 Arrangements to ensure independence and objectivity**

Area	Arrangements
Independence policies	<p>Our policies and procedures ensure that professional staff or an immediate family member:</p> <ul style="list-style-type: none"> <li>● do not hold a financial interest in any of our audit clients;</li> <li>● may not work on assignments if they have a financial interest in the client or a party to the transaction or if they have a beneficial interest in a trust holding a financial position in the client; and</li> <li>● may not enter into business relationships with UK audit clients or their affiliates.</li> </ul> <p>Our procedures also cover the following topics and can be provided to you on request:</p> <ul style="list-style-type: none"> <li>● the general requirement to carry out work independently and objectively;</li> <li>● safeguarding against potential conflicts of interest;</li> <li>● acceptance of additional (non-audit) work;</li> <li>● rotation of key staff;</li> <li>● other links with audited bodies;</li> <li>● secondments;</li> <li>● membership of audited bodies;</li> <li>● employment by audited bodies;</li> <li>● political activity; and</li> <li>● gifts and hospitality.</li> </ul>
Code of Conduct	<p>The Code of Conduct forms part of the terms and conditions of all Audit Commission employees. The Code of Conduct states that staff have to comply with ethical guidance issued by their relevant professional bodies.</p>
Confidentiality	<p>All staff are required to sign an annual undertaking of confidentiality as a condition of employment.</p>

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# Appendix 1 – Draft Letter of Representation

## Resources

Director: Mrs Sonia Rees CPFA

Mrs E. Cave,  
District Auditor,  
The Audit Commission,  
The Business Centre,  
Blackpole Road,  
Worcester,  
WR3 8SQ

Your Ref:

Our Ref: SC/dc/11LECave

Please ask for: Mrs Sonia Rees

Direct Line / 01432 383519

Extension:

Fax: 01432 340189

E-mail: srees@herefordshire.gov.uk

16 September 2008

Dear Mrs Cave,

### **Re: Herefordshire Council – Audit for the year ended 31st March, 2008.**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Herefordshire Council, that the following representations given to you in connection with your audit of Council's financial statements for the year ended 31 March, 2008, are accurate.

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements which give a true and fair view and for making accurate representations to you. I acknowledge my responsibilities under the relevant statutory authorities to prepare the Council's accounts in accordance with proper practices, as defined in relevant legislation or guidance.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council meetings, have been made available to you.

### **Related party transactions**

I confirm the completeness of the information provided regarding the identification of related parties.

The identity of, and balances and transactions with related parties have been properly recorded and, where appropriate, adequately disclosed in the financial statements.

## **Contingent liabilities**

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

## **Law, regulations, contractual arrangements and codes of practice**

There are no instances of non-compliance with laws, regulations and codes of practice likely to have a significant effect on the finances or operations of the Council.

In all material respects, the expenditure and income disclosed in the financial statements has been applied to purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

The body has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

## **Assets**

The following have been properly recorded and, when appropriate, adequately disclosed in the financial statements:

- losses arising from sale and purchase commitments;
- agreements and options to buy back assets previously sold; and
- assets pledged as collateral.

## **Irregularities**

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; and
- communications from regulatory agencies concerning non-compliance with, or deficiencies on financial reporting practices which could have a material effect on the financial statements.

**Post balance sheet events**

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

**Compensating arrangements**

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

Signed on behalf of Herefordshire Council

Signed

**Name:** Sonia Rees

Councillor C Chappell

**Position:** Director of Resources

Chairman of Audit and Corporate Governance  
Committee

**Date:** September, 2008.

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# Appendix 2 – Independent auditor’s report to the Members of Herefordshire Council

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## Opinion on the financial statements

I have audited the Authority accounting statements and related notes of Herefordshire Council for the year ended 31 March 2008 under the Audit Commission Act 1998. The Authority accounting statements comprise the Authority Income and Expenditure Account, the Authority Statement of the Movement on the General Fund Balance, the Authority Balance Sheet, the Authority Statement of Total Recognised Gains and Losses, the Authority Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Herefordshire Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 36 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

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## Respective responsibilities of the Director of Resources and auditor

The Director of Resources responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007: the financial position of the Authority and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority accounting statements, and consider whether it is consistent with the audited Authority accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements. My responsibilities do not extend to any other information.

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### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority accounting statements and related notes.

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### Opinion

In my opinion:

The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Statement of Recommended Practice on Local Authority Accounting in the United Kingdom 2007, the financial position of the Authority as at 31 March 2008 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

### Authority’s Responsibilities

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

### Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements.



I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in December 2006, I am satisfied that, in all significant respects, Herefordshire Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2008.

## **Best Value Performance Plan**

I have issued our statutory report on the audit of the authority's best value performance plan for the financial year 2007/08 on December 2007. I did not identify any matters to be reported to the authority and did not make any recommendations on procedures in relation to the plan.

## **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Elizabeth Cave

District Auditor

Date:

The Business Centre

Blackpole Road

Worcester

WR3 8SQ

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# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, covering the £180 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

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[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

## **REVIEW OF THE CODE OF CORPORATE GOVERNANCE**

**Report By: Assistant Chief Executive - Legal and Democratic**

### **Wards Affected**

None.

### **Purpose**

1. To consider and agree a revised Code of Corporate Governance for the Council following the issuing of a new governance framework and guidelines.

### **Financial Implications**

2. None arising as a direct result of this report.

### **Recommendations**

3. **THAT:**
  - (a) **The Audit and Corporate Governance Committee consider and agree a redrafted Code of Corporate Governance for consideration by the Standards Committee for onward adoption by Council on 31 October 2008.**

### **Background**

4. The Committee will recall considering a revised Code of Corporate Governance at its meeting on 3 July 2008 which was further considered by the Standards Committee at its meeting on 4 July 2008. The Standards Committee was attended by the Vice Chairman of this Committee who communicated the views of the Audit and Corporate Governance Committee.
5. It was the view of the Standards Committee that two main factors needed to be addressed and clarified to ensure the robustness of the Code of Corporate Governance;
  - (i) The Code to be simpler, easier to use and written in an appropriate form and style in order that it engaged with and was accessible to the people of Herefordshire.
  - (ii) The Code should not mix statement of principles and aspirations (appropriate to a Code) with that of compliance reporting.

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Further information on the subject of this report is available from Alan McLaughlin,  
Assistant Chief Executive Legal and Democratic Services  
on tel: (01432 260200)

6. The Standards Committee acknowledged that the revised Code of Corporate Governance had been prepared according to CIPFA/SOLACE guidance and was mindful that were the Herefordshire Code to depart substantially from national guidance, it would be necessary to ensure that the Code met the requirements of CIPFA/SOLACE by seeking their view on this matter.
7. The Standards Committee undertook to redraft of the Code of Corporate Governance which would take account of the agreed approach of both the Audit and Corporate Governance Committee and Standards Committee which would be considered at the respective Committee meetings scheduled for 25 September and 17 October 2008.
8. The attached redraft has been produced by Mr Robert Rogers, the Chairman of the Standards Committee and has been circulated to the members of the Standards Committee and the Chairman and Vice Chairman of the Audit and Corporate Governance. Suggested amendments received from members to the redraft have been included in the version as agreed by Mr Rogers.
9. The principle of the redrafting document is that it forms a comprehensible contract between the Council and the people of Herefordshire. It is acknowledged that should more practical guidance be required within the Council about how the Code's aspirations are to be put into effect, a parallel commentary/instructions could be prepared, and may be necessary to secure CIPFA/SOLACE endorsement/compliance.
10. Within the redrafted Code, the six principles have been reduced to five as it was considered that that Member/Officer co-operation was sufficiently close to issues of capability for the two to be combined.
11. The formal approval for the redrafted Code of Corporate Governance is sought from the Audit and Corporate Governance Committee and Standards Committee for onward submission to the meeting of Council on 31 October 2008.

## **Reasons**

12. To meet the requirements of Accounts and Audit Regulations 2003 (as amended) and to ensure governance arrangements continue to meet best practice.
13. An annual review of the Code of Corporate Governance will be conducted to produce an Annual Governance Statement, in order to formally meet audit and accounting regulations.

## **Risk Management**

14. The Code of Corporate Governance is needed to meet the requirements of the Audit and Accounts Regulations 2003 (as amended) and to ensure that governance arrangements continue to meet best practice

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Further information on the subject of this report is available from Alan McLaughlin,  
Assistant Chief Executive Legal and Democratic Services  
on tel: (01432 260200)

## **Background Papers**

Cabinet Report – 27 March 2008: Annual Governance Statement 2008

Audit and Corporate Governance Agenda Papers – 3 July 2008

Standards Committee Agenda Papers – 4 July 2008

## **Appendices**

Appendix 1 – (Draft) Redraft Code of Corporate Governance

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Further information on the subject of this report is available from Alan McLaughlin,  
Assistant Chief Executive Legal and Democratic Services  
on tel: (01432 260200)



## HEREFORDSHIRE COUNCIL'S CODE OF CORPORATE GOVERNANCE

### Introduction

1. Herefordshire Council must meet high ethical and other standards in everything it does; it must comply with legal requirements; it must serve the people of Herefordshire well; and it must use public money and other resources economically, efficiently and effectively, accounting fully for its actions.
2. This Code of Corporate Governance sets out the Council's promise to the people of Herefordshire about how this will be done.

### Responsibilities

3. All Members and Officers have a responsibility to ensure the proper governance of the Council's affairs and the stewardship of its resources. In particular, under the overall responsibility of the Chief Executive, the Council's Director of Resources is responsible for the effective application of the Code in matters of financial probity, performance and risk; and the Assistant Chief Executive (Legal and Democratic Services) is responsible for the effective application of the Code in respect of legal obligations and ethical standards.

### Reporting

4. The Council will report annually on its compliance with this Code. That report will draw upon reports by the Director of Resources to the Audit and Corporate Governance Committee, and by the Assistant Chief Executive (Legal and Democratic) to the Standards Committee, and upon the opinions of those Committees.

### The principles of this Code

5. This Code follows five principles of good governance:
  - Provide the best possible service to the people of Herefordshire
  - Define the roles of Members and Officers, ensure that they work together constructively, and improve their effectiveness
  - Require high standards of conduct
  - Take sound decisions on the basis of good information
  - Be transparent and open: responsive to Herefordshire's needs and accountable to its people.
6. The rest of this Code demonstrates how the Council will put these principles into action.

### Provide the best possible service to the people of Herefordshire

7. The Council will

- Set out a strategic vision for the County, and its intended outcomes for citizens
- Provide high quality services representing excellent value for money;
- Develop and sustain effective partnerships
- Encourage public participation in Herefordshire local government
- Identify and manage risk
- Make environmental impact a key part of decision-making at all levels
- Measure performance rigorously and improve it where necessary

**Define the roles of Members and Officers, ensure that they work constructively together, and improve their effectiveness**

8. The Council will
- Encourage and support effective leadership, and constructive working relationships, at all levels
  - Make clear the roles of Members and Officers, the way in which decisions are taken, and the nature and limits of delegated authority
  - Determine remuneration in a transparent and open way, with recommendations on Members' allowances made independently
  - Ensure that Members and Officers have the training and support they need to be effective; that their performance is appraised; and that development needs are addressed

**Require high standards of conduct**

9. The Council will
- Create and maintain a climate of openness, and mutual support and respect
  - Ensure that Members and Officers display consistently high standards of conduct
  - Be punctilious in ensuring that governance and decision-making reflects these high standards
  - Take effective action on “whistleblowing”: complaints based on matters of propriety and conscience
  - Support an effective Standards Committee

**Take sound decisions on the basis of good information**

10. The Council will
- Be open about how and why decisions are taken



- Demonstrate and record the evidence and analysis underpinning decisions
- Enable and support effective scrutiny of those decisions
- Guard against any conflict of interest
- Support an effective Audit and Corporate Governance Committee

**Be transparent and open: responsive to Herefordshire's needs and accountable to its people**

11. The Council will

- Be open about its actions and plans, subject to the requirements of the law or of personal or commercial confidentiality
- Give a high priority to communicating and explaining its policies
- Respond readily to public needs and aspirations
- Take prompt and effective action on complaints
- Publish a comprehensive annual report on this Code
- Review this Code regularly and revise it in the light of experience



## **LEARNING DISABILITY INSPECTION ACTION PLAN – PROGRESS REPORT**

**Report By: Interim Director of Adult Social care**

### **Wards Affected**

Countywide

### **Purpose**

1. To inform the committee of the progress made through the implementation of the action plan which followed the Commission for Social Care Inspection (CSCI) in January 2007, and the ongoing adult social care transformation programme.

### **Financial Implications**

2. None identified associated with this report.

### **BACKGROUND**

3. The Commission for Social Care Inspection (CSCI) concluded in January 2007 that “people with learning disability in Herefordshire were not being served well and that the Councils capacity for improvement was uncertain”
4. The full report and action plan was presented to the Adult Social care Scrutiny committee in June 2007 with an update report in October that year and a final report in Dec - Appendix 2.
5. Appendix 1 shows progress against each of the CSCI recommendations.
6. A Needs Analysis report presented to Cabinet Dec 2006 resulted in investment of £600k in 2007/8 to improve and modernise the service. This investment, together with the action plan is demonstrating significantly improved outcomes for service users - with more individuals living more independent lives and having more say as to how funds allocated to them are spent to achieve their stated ambitions.
7. Following the completion of the action plan the learning disability service development has been incorporated into the overall adult social care transformation programme and service plan.

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Further information on the subject of this report is available from Eleanor Brazil  
on tel: (01432 383529)

8. The overall transformation programme comprises of the following seven priorities;
  - a. Effective leadership and management
  - b. Strengthening joint commissioning
  - c. Strengthening user and carer engagement
  - d. Personalisation – agreeing and implementing Herefordshire’s plan for putting people first
  - e. Increasing options to support independence
  - f. Implementing a robust quality assurance framework
9. These priorities are reflected in the overall Service Plan, which clearly identifies links between actions and the LAA priorities and CSCI issues to be addressed arising from the Annual Performance Assessment (APA)

## RECOMMENDATION

**THAT (a) the Committee note the progress made against the action plan, and it’s future inclusion in the overall social care transformation programme.**

## Risk Management

10. The Transformation plan is monitored monthly by the Change and Transformation Team, chaired by the Interim Director of Adult Social Care and reporting to the Adult Commissioning Board.

## Background Papers

Future Needs of adults with learning disability; Cabinet Dec 2006

CSCI inspection report on service for people with learning disability and the councils action plan: Adult Social Care and Strategic Housing Committee June 2007

Learning disability action plan; Adult Social Care and Strategic Housing Committee October 2007

“Better Lives” - Personalised service for people with learning disabilities in Herefordshire Dec 2007

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Further information on the subject of this report is available from Eleanor Brazil  
on tel: (01432 383529)

## Appendices

- Appendix 1 Progress on implementation of Learning Disabilities Action plan
- Appendix 2 Adult Social Care Scrutiny Committee report Dec 07 - Learning Disabilities Service improvement plan – progress update -0

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Further information on the subject of this report is available from Eleanor Brazil  
on tel: (01432 383529)



## PROGRESS ON IMPLEMENTING THE LEARNING DISABILITY ACTION PLAN

### 1. **Assessment, care management and safeguarding.**

#### CSCI Recommendation / Objective:

1. **The Council should address the huge backlog of annual reviews to ensure that service users have their needs appropriately met.**
2. **The Council should strengthen the Assessment and Care Management service with regard to improving management oversight, processes, practice and recording.**
3. **The Council, with its partner agencies, should ensure that adult protection arrangements are more effectively managed at both strategic and operational levels.**
4. **The Council should ensure a co-ordinated, strategic approach to support the development and delivery of person-centred plans to people with learning disabilities.**
5. **The Council should ensure that young people with learning disabilities reliably and consistently experience a seamless transition between Children's and Adult Services and that all relevant agencies are fully engaged in the process.**
6. **The Council should update the manual of policies and procedures, including the development of written protocols covering interfaces with Children's Services and within Adult Social Care services.**

#### Context / Evidence:

1. 530 people known to services, the majority of whom had not had annual reviews
2. Adult protection not given high enough priority across the Council
3. Protection Co-ordinator distracted by other responsibilities, therefore not doing enough on development and quality assurance
4. Training not mandatory, and should be
5. Poor management information, reporting and monitoring
6. Insufficiently shared approach between front-line and contracts staff
7. Insufficient capacity to do preventative work
8. No real improvement achieved from person-centred planning

9. Scope for more strategic approach re. priorities for action
10. Lack of clarity as to the relationship between person-centred plans and assessment and care management
11. No demonstrable link between protection procedures of children's services and those for adults. The Council should update the manual of policies and procedures, including the development of written protocols covering interfaces with Children's Services and within Adult Social Care services
12. Need to improve quality of the transitions process

**Progress:**

- a. **All service users will have had a review of their support and care needs within a twelve month period by the end of November. Management quality audit of all reviews will be complete by end of December.**
- b. **The learning disabilities community team structure and staff roles have been reviewed. Additional staff appointed to provide timely initial response and a commitment to a named worker for all service users.**
- c. **Monthly performance monitoring reports are provided to managers.**
- d. **Adult Protection Committee's role, membership and function reviewed. Renamed Adult safeguarding Board to reflect new Terms of Reference and strategic role. Recommendation that Chief Executive nominate senior manager to chair the committee.**
- e. **Training now mandatory for all staff. Recruitment of dedicated training officer to extend scope of safeguarding training and awareness.**
- f. **Team manager supported by dedicated administrator and additional contract monitoring capacity created.**
- g. **Monthly reporting on safeguarding cases shows significant improvement on actions on individual safeguarding plans.**
- h. **Framework agreed for service providers self assessment tool.**
- i. **Review of community team roles has confirmed PCP as integral to assessment process. Self directed support (in Control) adopted as first service response with integrated PCP.**
- j. **Multi-agency protocol to support the successful transition of young people into adult services agreed and being piloted. VPPB to be engaged in outcome of pilot.**



- k. All young people are offered self-directed support as first service response.
- l. Lead social worker role agreed to co-ordinate the transition of all young people and multi-agency tracking system in place.

## 2. Plans and commissioning.

### CSCI Recommendation/Objective:

1. The Council, with its PCT partner, should continue to improve the economy, efficiency and effectiveness of learning disability services
2. The Council should ensure that commissioning and contracting processes are used to improve the quality of services commissioned
3. The Council, with its partners, should develop a strategy to access resources from outside the adult social care budget.
4. The Council should ensure that people with learning disabilities maximise their independence and choice through a broader range of services.
5. The Council should develop a comprehensive quality assurance strategy to underpin all aspects of learning disability services
6. The Council should ensure the management capacity to implement, in a timely manner, the actions required in the five work-streams of the Improvement Plan for Adult Social Care Services, in order to improve service delivery.
7. The Council, with its PCT partner, should implement robust business planning arrangements for learning disability services.

### Context/Evidence:

1. Significant finance tied up in traditional residential and day care services.
2. Need to expand 'In Control' (self-directed support)
3. Need for ICT modernisation
4. Fuller and better joint approach to reducing risks re. pooled budgets
5. Maximising external funding and income from users
6. Market management underdeveloped
7. Contract monitoring not strong, with over-reliance on care management
8. Additional resources invested by the Council have largely secured existing (non-modernised) services
9. Need to increase income from users, in line with comparable Authorities.

10. Insufficient opportunities to promote independence because of current pattern of services
  
11. Legacy of reactive response in assessment and care management
12. Potential of 'In Control' (self-directed support) needs to be fully realised
13. No QA framework developed for LD services
14. The Council has to implement the five work-streams successfully
15. Not yet a coherent approach to strategic action planning for LD services.
16. More explicit links required between the various plans in this service area.

**Progress:**

- a) **Following consultation with service users and carers, the VPPB endorsed In Control (self directed support) as the preferred initial service response.**
- b) **Partner organisation identified to support adults with learning disabilities to live more independently. A reduction in those in registered care by thirty-eight in five years.**
- c) **The modernisation of day opportunities will reduce reliance on traditional building based services and increase in community settings.**
- d) **New partnership framework agreed with PCT to manage the pooled budgets, including learning disabilities. The agreement will commit the partners to joint service objectives and agree the resources needed to deliver them.**
- e) **The modernisation programme, to bring a wider range of services will be managed through a single service plan underpinning a wider strategic plan. A "Shaping the Market" group has been created to improve planning with the independent sector.**
- f) **A new charging policy has been agreed.**
- g) **Micro-enterprise development will support 10 individuals to develop their own employment through micro enterprise.**
- h) **The adult improvement across social care is being managed by a single improvement programme of which ICT is a part.**
- i) **A single Quality Assurance framework has been developed for adult social care and the British Institute for Learning Disabilities (BILD) is working with Herefordshire on a quality network to inform developments.**

### **3. Empowering people with learning disabilities and their carers**

#### **CSCI recommendation/objective:**

- 1. The Council and its partners should ensure that the Valuing People Partnership Board and its sub – groups operate effectively and inclusively to support the delivery of key outcomes for service users and carers.**
- 2. The Council should ensure that service users and carers are fully involved in strategic service planning, development and evaluation to promote their active involvement in the modernisation agenda.**
- 3. The Council should routinely seek feedback from people with learning disability and their carers about the quality of services, and act on this information.**
- 4. The Council should continue to promote self-directed support by increasing the take-up of Direct Payments and individualised budgets**
- 5. The Council should work with carers to develop a better range of, and access to, services to support them in their caring role.**
- 6. The Council should ensure that comprehensive, accessible information is available to people with learning disabilities about the nature, range and types of services provided and how to access them.**
- 7. The Council should ensure that the Fair Access to Care Services eligibility criteria are clear to people with learning disabilities and their carers**
- 8. The Council should ensure the independent advocacy services are accessible on an individual basis**

#### **Context/Evidence:**

1. VPPB not an effective decision-making body and strategic driver
2. No overall strategy document to respond to national priorities
3. Performance management role of VPPB weak
4. No carers' strategy
5. Users and carers not fully involved in strategic planning, development and evaluation of services. Their views are not routinely sought at present, but over past year some efforts to get feedback in report of current day services and accommodation and support services.
6. Foundations laid by being part of the 'In Control' pilot, with five people having secured individualised budgets.

7. Insufficient range of services
8. Insufficient access to relevant, timely information, advice and support
9. Insufficient support, in particular, for carers of those with complex needs
10. Carer's assessments not having demonstrable impact on their lives.
11. Need to accelerate planning to meet needs of those with older carers.
12. Said to be no specific support for BME carers.
13. Comprehensive information/directory not available
14. Need for information in range of formats
15. Range of printed leaflets limited
16. Functional IQ definition not an appropriate basis for meeting needs
17. Some users and carers not clear about eligibility criteria
18. Some individuals reporting limited access to independent advocacy

**Progress:**

- a. **The review of the VPPB is complete. The Board will take a more strategic role; concentrating on the “big issues”, judge progress and engage widely. The Council will employ a partnership officer who will be supported by an expert by experience (someone with a learning disability)**
- b. **The Councils “commitment to carers” has been agreed which describes the expectations of the relationship. Similar commitments to service users and providers are being developed.**
- c. **An overview strategic plan for learning disabilities is in final draft. It will be informed by the Herefordshire Partnership and Corporate Council priorities. It will feed commissioning intentions and is underpinned by a single service plan.**
- d. **The services eligibility criteria have been reviewed and no longer rely on functional IQ as a basis for meeting needs. A series of easy read information leaflets are current out for consultation.**
- e. **Increased investment in advocacy will ensure that everyone who is experiencing a life-changing situation will have access to an advocate.**

#### **4. Tackling inequalities and increasing opportunities**

**CSCI Recommendation/Objective:**

1. **The Council should ensure that equality and diversity issues are embedded at both strategic and individual levels in learning disability services**

2. **The Council should develop a programme of equality impact assessment for learning disability services and implement the changes necessary to address any adverse impact identified.**
3. **The Council should ensure that all its departments are responsive to the needs of people with learning disabilities and promote their inclusion**
4. **The Council, with its PCT partner, should tackle the health inequalities experienced by people with learning disabilities and ensure that their health care needs are met.**
5. **The Council should lead by example by actively promoting the recruitment and retention of people with learning disabilities in both its own workforce and the wider community.**

**Context/Evidence:**

1. Valuing People agenda must be addressed corporately and across the Herefordshire Partnership, not just in social care.
2. The Council has been working to establish a coherent and co-ordinated approach to equality and diversity issues within the formation of a Corporate Diversity Team.
3. Equality impact assessments underdeveloped for learning disability services with regard to both policies and service delivery.
4. Equality and diversity issues not addressed systematically throughout the A and C Directorate
5. Little evidence of specific equality and diversity activity or targets integrated into adult social care service plans or specific service strategies
6. Therefore services cannot evidence whether existing and new policies and services are having an adverse impact, and Council can't claim that all people with learning disabilities have consistently fair and equitable access to services.
7. Insufficient attention paid to addressing users spiritual and religious needs
8. Transport a major area for development in order to increase the social inclusion of people with LD and promote their independence: council transport services not user-centred
9. Council and PCT performing poorly in addressing health care needs of people with LD and tackling health inequalities
10. People with LD not currently represented in the Council's workforce
11. LDPB employment sub-group not effective: low number of people with learning disabilities with jobs, paid or unpaid
12. Council should exercise more leverage in procuring services

13. Most Council services secured from external providers; Council employment mainly in respect of planning, commissioning, procurement and assessment – limiting opportunities for the direct employment of AWLD

**Progress:**

- a) **A partnership officer to support the wider role of the VPPB will be appointed and supported by and expert by experience, and be based in the Diversity team.**
- b) **A group of people with a learning disability will support the Equality Impact assessments this year to ensure their views influence the action plan.**
- c) **The Council's Human Resources department will nominate an officer to lead on increasing the opportunities for employment of people with disabilities.**
- d) **All external contracts are being reviewed to ensure opportunities are created for employment of people with disabilities.**
- e) **A travel trainer will support people with disabilities to maximise use of the free bus passes for people with disabilities.**

**5. A workforce to deliver.**

**CSCI Recommendation/Objective:**

1. **The Council, with the PCT, should ensure that it has a workforce that is of sufficient size, skill-mix, and competency in learning disability services**

**Context/Evidence:**

1. No comprehensive development and learning plan for the workforce.
2. No QA framework to ensure staff meeting standard and expectations regarding competencies to undertake their roles and responsibilities in learning disability services

**Progress:**

- a) **A learning and development plan for social care staff including targeted plan for each team manger to achieve learning and qualifications targets is in place.**
- b) **A multi-agency workforce development group has established the key priorities which will be followed by a comprehensive workforce development plan.**

## LEARNING DISABILITIES SERVICE IMPROVEMENT PLAN - PROGRESS REPORT

Report By: Head of Adult Social Care – Learning Disabilities

### Wards Affected

County-wide

### Purpose

1. To update the Committee on the Council's response to the Commission for Social Care (CSCI) report on the Learning Disability Service.

### Financial implications

2. None

### Background

3. The Commission for Social Care Inspection (CSCI) inspected Herefordshire Council's services for people with a learning disability in January and February 2007. Their report indicated significant failings in the planning and delivery of the service: judging the service as "not serving people well with uncertain prospects". The Council accepted the findings of the inspection.
4. The inspectors presented their report to the Council on 21st June, 2007. The Council responded simultaneously with a comprehensive action plan.
5. Appendix 1 of this report provides an update on the progress of the action plan further to the report to his Committee in October.. The plan groups and priorities the actions the Council will take to address the 27 recommendations made by CSCI into five sections which are summarised below;

#### Section 1: Assessment, care management and safeguarding

7. Immediate priority was given to the recommendations in respect of weaknesses in assessment and care management, including safeguarding. Action was quickly taken to tackle the backlog of reviews by engaging additional social work staff through an independent team. Additional long-term capacity is now in place to ensure all service users are provided with at least an annual review of their support needs.
8. The other matters in this grouping concern person-centred planning, transitions from children to adult services and the updating of the manual of procedures.

#### Section 2: Plans and commissioning

9. This second grouping is to ensure Council and its partner's plans are comprehensive and integrated in order to successfully deliver high quality services. Targets and

timescales for service improvement will be determined through a single learning disabilities service plan.

**Section 3: Empowering people with learning disabilities and their carers**

10. This third grouping is central to the Council's intention to make self-directed support (direct payments and individualised budgets) the mainstream response to meeting people's needs. Other important components are the re-launching and re-energising of the valuing People Partnership Board and greater access to advocacy.

**Section 4: Tacking inequalities and increasing opportunities**

11. The fourth grouping sets out how we will increase opportunities for people with learning disabilities and tackle inequalities through an accelerated and targeted programme of equality impact assessments, increasing the number of people in employment and ensuring better health care.

**Section 5: A workforce to deliver success**

12. This programme of radical change requires a fundamental shift in culture and approach to provision of services. This section sets out the actions the Council and its partners will take to have a workforce with the right understanding, knowledge and skills to deliver it successfully.
13. Overall progress on implementing the Action Plan is good with all actions on target. By January 2008 the majority of the improvement milestones will have been achieved. The remaining milestones will become part of the mainstream Adult Social Care Improvement programme.

**RECOMMENDATION**

**THAT the action plan progress report be noted, subject to any comments the Committee wishes to make.**

**BACKGROUND PAPERS**

- Cabinet paper – 21st June, 2007
- CSCI Inspection report and Council's Action plan – available in Member's room



## **ANALYSIS OF INTERNAL AUDIT RECOMMENDATIONS IN 2007/08**

**Report By: Chief Internal Auditor**

### **Wards Affected**

1. None.

### **Purpose**

2. To provide the Audit & Corporate Governance Committee with information requested on:
  - a) The risk analysis of internal audit recommendations made in 2007/08.
  - b) The internal audit recommendations not accepted by management in the year.

### **Financial Implications**

3. None identified.

### **RECOMMENDATION**

**THAT:** (a) **The Audit and Corporate Governance Committee notes the content of this report.**

### **Reasons**

4. The Audit & Corporate Committee requested a more detailed analysis of internal audit recommendations made during 2007/08 when it considered the Chief Internal Auditor's annual assurance report for 2007/08 at its last meeting.

### **Considerations**

5. All internal audit recommendations are ranked as follows:

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Further information on the subject of this report is available from Tony Ford (Chief Internal Auditor) on tel: (01432) 260425

<b>1 Critical</b>	<p>ACTION IS REQUIRED URGENTLY OR WITHIN AN AGREED TIMESCALE.</p> <p>Non-compliance will be a high risk to the Council.</p> <p>These recommendations will be shown as Rank 1 (Critical) on the Recommendation Sheet and highlighted under the Opinion paragraph in the Main Report. These recommendations are reported to the Audit Corporate Governance Committee.</p>
1	<p>TIMELY ACTION REQUIRED.</p> <p>Necessary due to statutory obligation, legal requirement, Authority Policy, or risk of loss or damage</p>
2	<p>Necessary for sound internal control and confidence in the system to exist – medium risk, should be pursued in the short to medium term, ideally within 6 months.</p>

6. The Audit Services team made 655 recommendations in 2007/08 as follows:

Analysis of Internal Audit Recommendations in 2007/08				
Level	Recommendations Made		Recommendations Accepted	
	No.	%	No.	%
<b>Critical</b>	9	1.4	9	100.0
<b>1</b>	307	46.9	300	2.3
<b>2</b>	339	51.7	339	100.0
<b>Total</b>	<b>655</b>	<b>100.0</b>	<b>648</b>	<b>98.9</b>

7. The increase of 175 in the number of recommendations between that previously reported and the final outturn is due to the timing in relation to finalising some reports relating to 2007/08 and receipt of returned action plans from clients.

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Further information on the subject of this report is available from Tony Ford (Chief Internal Auditor) on tel: (01432) 260425

8. The reduction of 19 in the number of internal audit recommendations not accepted by management between that previously reported and the final outturn reflects:
  - a) The outcome of audit follow-up since the last report.
  - b) A change in approach by the Department for Children, Schools and Families (DCSF) in the use of the toolkit.
  - c) Heads of Service over-ruling decisions at lower levels to reject internal audit recommendations.
9. The Chief Internal Auditor and directors now have an audit protocol in place that requires Heads of Service to sign off action plans.
10. There are two Critical 1 recommendations included in the table at Paragraph 6 relating to 2007/8 that have not previously reported to the Audit & Corporate Governance committee. One of these was missed out of the Chief Internal Auditor's Assurance Report 2007/08, presented to Committee in June, 2008, in error. The other relates to an audit for 2007/08 finalised after the Committee's last meeting.
11. The first of these two previously unreported Critical 1 recommendations related to the Managed Learning Platform/Virtual Learning Environment report. The relevant recommendation was that 'clarification should be sought from Netmedia regarding the likely effective date of the licences purchased'. The Council has received written assurance from Netmedia that the licences will run from September 2008.
12. The second of these two previously unreported Critical 1 recommendations related to the Management of Property report. The relevant recommendation was that 'a data verification exercise should be carried out to evaluate the extent of data error and introduce data verification systems, including standard reports. A common referencing system should be adopted across all asset management systems'. The Head of Asset Management & Property has accepted the recommendation and has included these requirements in the functional specification for the Integrated Support Services element of the Herefordshire Connects programme.

### **Risk Management**

13. Recommendations made by the Audit Services team form part of the Internal Control Matrix previously adopted by the Audit & Corporate Governance Committee. Lack of action by management would impact adversely on the Internal Control Matrix score. To reduce this risk, the Chief Internal Auditor reports to the Audit and Corporate Governance Committee on the action taken by management on Critical 1 recommendations and the number of recommendations accepted by management. In addition, planned recommendation follow up work by Audit Services team, forms part

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Further information on the subject of this report is available from Tony Ford (Chief Internal Auditor) on tel: (01432) 260425

of the Annual Audit Plan approved by the Audit & Corporate Governance Committee.

**Background Papers**

Annual Assurance Report presented to the Audit and Corporate Governance Committee on 20<sup>th</sup> June 2008.

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Further information on the subject of this report is available from Tony Ford (Chief Internal Auditor) on tel: (01432) 260425

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## FIRST INTERIM AUDIT ASSURANCE REPORT 2008/09

**Report By: Chief Internal Auditor**

### Wards affected

1. County-wide.

### Purpose

2. This report provides the Committee with an update on progress in making planned improvements to the internal control environment and progress with the Annual Audit Plan for 2008/09.

### Financial Implications

3. None.

### Recommendation

**THAT (a) Subject to any comments by the Audit & Corporate Governance Committee, the report is noted.**

### Reasons

4. Compliance with good practice as set out in the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom.

### Considerations

#### Key Issues Identified in 2007/08

5. The Audit & Corporate Governance Committee reviewed and approved the Annual Governance Statement for 2007/08 (AGS) on 20<sup>th</sup> June 2008. The AGS identified the key governance and internal control issues that needed addressing in 2008/09. These issues are set out in the table that follows with commentary provided by the responsible officer on progress to date.

Key Issue Identified for Improvement	Responsible Officer(s)	Reported Progress
Complete the review of the Constitution and implement the remaining actions from the Director of Resources special report and the Crookall review	Deputy Chief Executive  Assistant Chief Executive (Legal & Democratic)	The review is being jointly co-ordinated by Democratic Services Manager and Head of Chief Executive's Office. External, expert constitutional governance support is being secured to enable the review to report back in December 2008.

	Assistant Chief Executive (HR)	
Produce the Corporate Plan 2010 – 2013 in accordance with the agreed timetable	Deputy Chief Executive	Being actioned by the Head of Policy & Performance through the Performance Improvement Framework and in accordance with the Comprehensive Area Assessment action plan, both agreed by Cabinet. See box below.
Review and update the Medium Term Financial Management Strategy regularly in line with the agreed approach to integrating corporate, service and financial planning	Director of Resources	The Joint Management Team agreed the process by which the Corporate Plan 2008 – 2011 and Medium Term Financial Management Strategy 2008 – 2011 will be updated in an integrated way on 8 September 2008.
Review the Code of Governance in line with the approved governance framework	Assistant Chief Executive (Legal & Democratic)	The Code of Governance has been re-drafted by the Chair of Standards committee.
Continue to promote improvement in the Council's financial management arrangements in line with the Use of Resources assessment criteria, audit reviews and the newly update Constitution	Director of Resources	Training sessions for both councillors and employees have been taking place and are scheduled into the future. Employees with financial management responsibilities must attend the financial training course appropriate to their specific responsibilities in order to obtain a 'licence to practice'.
Implement the remaining elements of the improvement plan for the Council's performance management arrangements and report progress to Cabinet in September 2008	Deputy Chief Executive	Being actioned by the Joint Management Team through the Performance Improvement Framework agreed by Cabinet. Next regular report to Cabinet and Strategic Monitoring Committee scheduled for October 2008.
Implement the new assurance framework and risk management arrangements for 2008/09 and improve linkages between	Assistant Chief Executive (Legal & Democratic)	Being actioned through risk register management reviews undertaken quarterly by the Joint Management Team, based on risk register reviews.

corporate, directorate and service risk registers		
Continue to promote the Council's anti fraud, anti corruption and whistle-blowing policies, keeping them under regular review	Assistant Chief Executive (Legal & Democratic)  Director of Resources	The Council's whistle-blowing policy has been reviewed and an associated 'Do the Right Thing' leaflet has been distributed to staff. The anti fraud policy is due for review in March 2009. The intention is to develop a joint policy with the PCT. The Council's anti fraud and anti corruption policies are brought to employees' attention through notices on pay slips and posters on notice boards. The Council's remittance slips for creditor payments inform recipients of the Council's whistle-blowing policies.
Continue to promote the Council's adopted approach to managing major programmes and projects	Deputy Chief Executive and other members of Joint Management Team with Council responsibilities	Approval by Cabinet of the Herefordshire Connects procurement policy has been supported by the extension of Prince 2 project management good practice, resources and training for projects managed or supported by the Corporate Programmes and Herefordshire Connects teams.
Continue to develop the Council's community engagement arrangements including strategic consultation on corporate objectives, priorities and budget allocations	Deputy Chief Executive  Director of Resources	The Joint Management Team agreed proposals for public consultation on strategic budget options on 8 September 2008. These proposals are now being discussed with the Executive.

### **Audit & Corporate Governance Committee Resolutions**

6. The Committee requested a report from the Chief Internal Auditor on the number of ICT travel and subsistence claims reviewed by the Audit Services team last year and whether they had been approved properly. Audit Services looked at 343 claims covering a ten month period between April 2007 and March 2008 and found that 97% were properly authorised.
7. The Committee also requested a report from the Chief Internal Auditor on the procedures regarding the purchase of laptop computers in Children Services. An audit review found that the procurement of the laptops did not follow the Council's ICT procurement procedures.

8. Attached at Appendix 1 to this report is a summary of action taken in respect of resolutions and recommendations made by the Audit & Corporate Governance Committee since May 2007.

#### **Progress with the Internal Audit Plan 2008/09**

9. The Annual Audit Plan 2008/09 was approved by the Audit & Corporate Governance Committee on 4 April 2008. The current status of work is set out in Appendix 2.
10. Following the restructure of the Audit Services, appointments have now been made to all vacant posts. The Audit Services team will be at full complement by December 2008. Agency staff will be used to ensure that any vacancies do not impact adversely on the delivery of the Annual Audit Plan for 2008/09.

#### **Fundamental systems**

11. The Council's target is that all fundamental systems achieve at least a satisfactory audit opinion. Work in this area is has started and the Audit & Corporate Governance Committee will be kept informed of progress.

#### **Performance Management**

12. The audit review of nine performance indicators has been completed and it is pleasing to report that there has been an improvement in the approach taken by service managers. Five were given a **good** audit opinion and four a **satisfactory** audit opinion.

#### **Establishment Audits**

12. Work to assess financial management arrangements within primary schools in line with the Department for Children, Schools and Families (DCSF) standard is in progress. At the present time two primary schools have met the standard. The Audit & Corporate Governance Committee is asked to note that a number of schools only have a single recommendation to clear in order to met the standard.

#### **Audit Opinions**

13. The Council's Financial Procedure Rules (paragraph 4.18) requires the Chief Internal Auditor to provide the Leader, Chair of Audit & Corporate Governance Committee and relevant Cabinet Member(s) with a copy of audit reviews reports with an unsound, unsatisfactory or marginal audit opinion.
14. At the present time there are no audits with an unsound, unsatisfactory or marginal audit opinion.
15. The Council's Financial Procedure Rules (paragraph 4.19) requires the Chief Internal Auditor to provide the Leader, Chair of Audit & Corporate Governance Committee and relevant Cabinet Member(s) with written confirmation of audit review reports with a satisfactory or good audit opinion.
16. Appendix 2 shows the current status of work carried out by Audit Services, with final audits showing an audit opinion. In line with the Council's Financial



Procedure Rules, relevant members have been informed regarding the audit opinions.

### **Recommendations made**

17. Under current reporting protocols the Chief Internal Auditor has to bring to the attention of the Audit & Corporate Governance Committee 'Critical 1' recommendations. These are recommendations where non-compliance will be a high risk to the Council and where action is required urgently or within an agreed timescale.
18. At the present time the Audit Services team does not have any critical 1 recommendations to report.

### **Areas of concern**

19. There are no areas of concern.

### **Risk Management**

20. There is the risk that the level of work required to give an opinion on the Council's Internal Control system is not met. To help mitigate this risk the Audit Plan is kept under constant review by the Chief Internal Auditor.

### **BACKGROUND PAPERS**

- Code of Practice for Internal Audit 2006



Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
2007/08 and 2008/09

Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
1	11	21/09/07	Update on Implementation of Recommendations from Special Investigations	The Head of Legal and Democratic services to liaise with the Audit Services Manager with a view to broadening the brief to encompass the further irregularities referred to in part (e) to Appendix 1 of the report.	Alan McLaughlin	The Head of Legal Services has advised on a form of words to include in Audit Services procedures, covering all matters (e.g. theft, fraud, corruption, irregularity) that must be passed to the police in the first instance.
2	19	21/09/07	Annual Governance Letter	The letter of Representation be signed on behalf of the Council by the Director of Resources	Sonia Rees	Completed.
3	21	21/09/07	Special Report from the Director of Resources	Implementation of the recovery plan as detailed and attached to the Special Report is prioritised in line with the time table indicated within it	Sonia Rees	Progress has been regularly reported to the Audit & Corporate Governance Committee. Progress is now being reported to the Strategic Monitoring Committee and Cabinet as part of the Integrated Corporate Performance Reporting arrangements. The next update will be reported to Cabinet on 2nd October, 2008.
4	21 (ii)	21/09/07	Special Report from the Director of Resources	The dates for additional meetings of this Committee to take place on 19/10/07, 16/11/07 and 21/12/07 to receive updates with regard to the special investigation	Sonia Rees	Completed.

Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
5	21 (iii)	21/09/07	Special Report from the Director of Resources	The Director of Corporate and Customer Services to urgently complete the re-assessment of the Community Network upgrade contract she has initiated.	Jane Jones	Completed. The Society of Information Technology Managers (SOCITM) was engaged to carry out an independent review. SOCITM concluded that the Siemens contract represented reasonable value for money. The Audit Commission had no comment to make in respect of SOCITM's findings.
6	21 (iv)	21/09/07	Special Report from the Director of Resources	Financial governance compliance testing is prioritised in line with the timetable indicated within it.	Geoff Cole	The ICT Financial Management System fundamental audit review has been completed and a satisfactory audit opinion given. The action plan has been signed off by the Head of Service. An audit follow-up visit is planned for September 2008 and any further issues will be reported to the Audit & Corporate Governance Committee, in line with agreed reporting protocols.
7	25	19/10/07	Minutes of 21/9/07	Minutes of the 21/09/07 be approved as a corrected record and signed by the Chairman subject to the word "Finance" being amended to "Financial" in part (iv) of the recommendation to Minute No. 21.	Paul Rogers	Completed.

Audit and Corporate Governance Committee  
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2007/08 and 2008/09

Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
8	26(i)	19/10/07	Progress Report No. 1 – Director of Resources Report	The Director of Resources to submit a report to the next meeting updating the expected completion dates for each action	Sonia Rees	Completed. Report presented to the Audit and Corporate Governance Committee on 16 <sup>th</sup> November 2007.
9	26 (ii)	19/10/07	Progress Report No. 1 – Director of Resources Report	The amended policy in respect of travel and subsistence be reported to this Committee for information.	Gi Cheesman	See comment for Minute No. 21(i) above.
10	26 (iii)	19/10/07	Progress Report No. 1 – Director of Resources Report	The Director of Corporate and Customer Services submits a report to the next meeting of this Committee giving details of the current position regarding the re-assessment of the Community Network Up grade contract she has initiated.	Jane Jones	Completed. Report presented to the Audit and Corporate Governance Committee on 16 <sup>th</sup> November 2007.
11	26 (iv)	19/10/07	Progress Report No. 1 – Director of Resources Report	As well as exceptions in respect of the identification and planning for transfer of resources to be considered by the ISS Board being reported to the Herefordshire Connects Programme Board for decision, these be the subject of report to this Committee.	Sonia Rees	Completed. All financial administration and financial management staff have transferred to the Resources Directorate.
12	26	19/10/07	Progress Report No. 1 – Director of Resources Report	The Audit & Corporate Governance Committee recommended that all overseas trips are authorised in advance and are cash limited and that the appropriate Cabinet Member is Informed.	Gi Cheesman	See comment for Minute No. 21(i) above.

Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
13	28(i)	19/10/07	Update Number Two on implementation of Recommendations arising from Special Investigations.	The Head of Planning Services and the Head of Highways and Transportation Services submit a report to the next meeting of this Committee giving their reasons for their inability to carry out certain follow up action set out in the special investigations recommendations follow up action, part (c) in Appendix 1 to the report refers, and the aforementioned Heads of Service be instructed to attend the meeting to present the report.	Andrew Ashcroft/ Pele Bamber	Completed. Both Heads of Service attended the Audit and Corporate Governance Committee on 16 <sup>th</sup> November 2007.
14	28(ii)	19/10/07	Update Number Two on implementation of Recommendations arising from Special Investigations.	The SMT be instructed to include the attendance of the Audit Services Manager at future meetings of the SMT and SMT be requested to meet more regularly.	Chris Bull	The Senior Management Team no longer meets. Leadership arrangements across the Council are being reviewed as part of the organisational development programme being led by the Assistant Chief Executive (Human Resources). A number of mechanisms are now in place to ensure the Chief Internal Auditor has access to managers to advise on internal control issues, including a revised protocol for agreeing audit reports, training programmes and his attendance at directorate management team meetings.
15	29(i)	19/10/07	Update number Two on the Interim	The Director of Corporate and Customer Services to submit a report to the	Jane Jones	Completed. Report presented to the Audit and Corporate Governance Committee on

Audit and Corporate Governance Committee  
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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITION
16	26 (a)	19/10/07	on the Interim Assurance Report 2007/08  Section 106 Planning Obligations	<p>Services to submit a report to the Committee setting out the timescales of commencement with new protocols with regard to the Four Critical 1 Recommendations set out in paragraph 11 of the Report.</p> <p>The Planning Committee be requested to inform Audit and Corporate Governance Committee of the following with regard to Section 106 Agreements:</p> <p>(i) The rules that apply in Section 106 Agreements which when completed by a Developer prompt the payment of monies to the Council.</p> <p>(ii) The monitoring procedures adopted by the Planning Service to ensure that Developers complete the requirements of Section 106 Agreements.</p> <p>(iii) The protocols for determining how Section 106 contributions are utilised.</p>	Andrew Ashcroft	<p>and Corporate Governance Committee on 30<sup>th</sup> November 2007.</p> <p>Approval was given by Cabinet to establish a post in Planning Services to manage these issues. Recruitment to date has not been successful.</p>
17	26	19/10/07	Update Number Two	That the Planning Committee be	Andrew Ashcroft	See comment for 26(a) above.

Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
2007/08 and 2008/09

Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITION
	(b)		on implementation of Recommendations arising from Special Investigations.	requested to consider adopting a procedure whereby all Section 106 Agreements are available for public inspection to ensure that these matters are transparent.		
18	35	16/11/07	Minutes of 19.10.07	That subject to the following amendments that the minutes of the meeting held on 19 <sup>th</sup> October 2007 be approved as a correct record and signed by the Chairman: (i) The addition of the following final paragraph in the preamble to minute No.29: 'A member suggested that the appraisals of business cases be recorded and conducted.' (ii) The addition of the following final paragraph in the preamble to minute no. 30: 'A member suggested that the timescale for remedial work in response to audit recommendations indicated that audit findings were not taken seriously.'	Paul Rogers	Completed.
19	36	16/11/07	Report of The	Subject to the following additional action,	Alan McLaughlin	The Council's Whistle-blowing policy has



Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
	(ii)		Independent Review	the action plan attached to the Head of Legal and Democratic Services report be endorsed. To promote and ensure the embedding of the Council's Whistle-blowing Policy.		been reviewed and an associated "Do the Right Thing" leaflet distributed to all staff. A training event was also held in April 2008 and will be repeated regularly.
20	36 (iii)	16/11/07	Report of The Independent Review	A report be submitted to this committee detailing the number of travel and subsistence claims that have been made by ICT Services and how they were approved.	Tony Ford	Completed. Included in Interim Assurance 2008/9 Report No. 1 presented to the Audit and Corporate Governance Committee on 25 <sup>th</sup> September 2008.
21	36 (iv)	16/11/07	Report of The Independent Review	The Strategic Monitoring Committee be requested to revisit the review that has been carried out in respect of ICT.	Geoff Cole	The Strategic Monitoring Committee review is in progress.
22	38	16/11/07	Update on the Community Network Upgrade and Critical 1 Recommendations in ICT Services.	That consideration of the report be deferred until the meeting of this Committee to be held on 30 <sup>th</sup> November 2007.	Jane Jones	Completed. Report presented to the Audit and Corporate Governance Committee on 30 <sup>th</sup> November 2007.
23	39	16/11/07	Update on action in the Special Report – Governance Improvement Plan.	That consideration of the report be deferred to the meeting of the Committee to be held on 30 <sup>th</sup> November 2007	Sonia Rees	Completed. Report presented to the Audit and Corporate Governance Committee on 30 <sup>th</sup> November 2007.
24	40	16/11/07	Progress Report No.2-	In paragraph 13 of Appendix 2 to the	Sonia Rees	See comment for Minute No. 26(iv)

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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITION
	(ii)		Director of Resources Special Report.	report, that the exceptions referred to in column 3 should be reported to this Committee and with regards to column 6 paragraph 2, that the words ' this Committee requires to be informed be added at the end of that paragraph.		above.
25	40 (iii)	16/11/07	Progress Report No.2- Director of Resources Special Report.	A report be submitted to this Committee on the procedures regarding the purchase of these Laptop computers.	Tony Ford	Completed. Included in Interim Assurance 2008/9 Report No. 1 presented to the Audit and Corporate Governance Committee on 25 <sup>th</sup> September 2008.
26	41 (i)	16/11/07	Implementation of Recommendations arising from Special Investigations.	A further report be submitted to the Committee providing more detail on Section 106 Agreement income and the other income relating to Planning Services referred to in the report.	Andrew Ashcroft	Completed. Report presented to the Audit and Corporate Governance Committee on 30 <sup>th</sup> November 2008.
27	41 (ii)	16/11/07	Implementation of Recommendations arising from Special investigations.	A further report be submitted detailing income procedures and precise financial income budgets for 2007/08 and actual income for 2006/07 and 2005/06 relating to Highways and Transportation Services.	Pele Bamber	Completed. Report presented to the Audit and Corporate Governance Committee on 30 <sup>th</sup> November 2008
28	42	16/11/07	Review of the Scheme of Delegation Budget	That a Working Group be set up with its membership being Councillors A, C, B	Sonia Rees	The Working Group Meeting was held on 22/11/07

Audit and Corporate Governance Committee  
Follow Up on Resolutions and Recommendations  
2007/08 and 2008/09

Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
29	43	30/11/07	Revised Audit Plan 2007/08	A report be submitted to this Committee giving details on how the ISO 27001 in ICT will affect the Council.	Geoff Cole	These issues have been incorporated into the ICT review being carried out by the Strategic Monitoring Committee. The Strategic Monitoring Committee is scheduled to receive this report in October, 2008.
30	47	30/11/07	Minutes of 16 <sup>th</sup> November 2007.	(i) Subject to the following amendments, the minutes of the meeting held on 16 <sup>th</sup> November 2007 including an exempt minute be approved as a correct record and signed by the Chairman.	Paul Rogers	Completed.
31	47	30/11/07	Minutes of 16 <sup>th</sup> November 2007.	(a) The word "conducted" being replaced with the word "documented" in the second sentence of part (i) of the resolution to minute no 35.	Paul Rogers	Completed.
32	47	30/11/07	Minutes of 16 <sup>th</sup>	(b) In the final paragraph of the preamble	Paul Rogers	Completed.

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			November 2007.	to Minute no. 36 the words 'and officers' be inserted after the word 'Members' in line 2 and after the word 'Members' in line 4.		
33	47	30/11/07	Minutes of 16 <sup>th</sup> November 2007.	(c) The words "that have been found to be unsatisfactory" being inserted after the word 'claims' in the second line of part (iii) of the resolution to Minute No. 36.	Paul Rogers	Completed.
34	47	30/11/07	Minutes of 16 <sup>th</sup> November 2007.	(d) The words "and approved" being inserted after the word "noted" in part (i) of the resolution to Minute no. 43.	Paul Rogers	Completed.
35	47	30/11/07	Minutes of 16 <sup>th</sup> November 2007.	(ii) In future, reference to Members in these Minutes shall be by name.	Paul Rogers	Completed.
36	48 (i)	30/11/07	Update on Community Network Upgrade and Critical 1 Recommendations in Use of Contractors In ICT Services.	Further consideration of this report be deferred to enable the Director of Corporate and Customer Services to provide a report giving detailed responses to the points raised in (a) to (d) above by Councillor Smith.	Jane Jones	Completed. Report presented to the Audit and Corporate Governance Committee on 21 <sup>st</sup> December 2007.
37	48	30/11/07	Update on Community	The Director of Corporate and Customer	Jane Jones	Completed.

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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITION
	(ii)		Network Upgrade and Critical 1 Recommendations in Use of Contractors In ICT Services.	Services be instructed to attend the next meeting of this Committee to present the report.		
38	49 (i)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	The Head of Corporate and Customer Services to submit a report to this Committee which gives assurance with regard to the interface of software between PCT and Council computer systems.	Geoff Cole	The Council and PCT's ICT teams have been addressing interconnectivity issues as part of the interim accommodation strategy. Interfacing issues will be addressed through the Herefordshire Connects programme, which will be approved in due course by Cabinet.
39	49 (ii)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	All future reports to this Committee to give details of risks, the service they relate to and the name of the officer who manages the risk.	Alan McLaughlin	The report template is being reviewed with the intention to introduce it in November.
40	49 (iii)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	The Strategic Monitoring Committee be requested to review the control of asset management process and procedure and actions which are taken against officers who do not adhere to these rules.	Geoff Cole	Information Outstanding.
41	51	30/11/07	Updated Interim	A form of wording to be incorporated in	Sonia Rees	This was omitted for the review completed

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	(i)		Assurance report 2007/08	the Financial Standing Orders to ensure that contract sums cannot be divided to be reduced below £50,000.		in March, 2008, but will be added to Financial Procedure Rules and Contract Procedure Rules of the next annual review.
42	51 (ii)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	An action plan be formulated regarding monies payable by Parish Councils when elections take place.	Alan McLaughlin	An agreement with HALC is in place, covering the calculation and payment of election costs.
43	51 (iii)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	Human Resources to investigate and report to this Committee on formulating a policy to restrict the use of Council funds for the entertainment of members and officers.	Gi Cheesman/Alan McLaughlin	The Employee Code of Conduct has been reviewed and approved by Council. Joint Management Team approved new guidance on travel and subsistence on 15 September 2008.
44	51 (iv)	30/11/07	Update of Action in the Special Report – Governance Improvement Plan.	The Head of the Economic and Community Service be instructed to review the Terms of Reference of the Drugs Forum Partnership in relation to its involvement in alcohol issues and report back to this Committee accordingly.	Natalia Silver	The Terms of Reference have been reviewed since November, 2007 and a copy is available from the Herefordshire Community Safety & Drugs Partnership Manager.
45	55(i) (b)	21/12/07	Minutes of meeting held on 30 November 2007.	The word 'have' being replaced with the word 'had' in line one of paragraph (c) to minute no. 47.	Paul Rogers	Completed.
46	55(i)	21/12/07	Minutes of meeting	The following words be added after the	Paul Rogers	Completed.

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	(b)		held on 30 <sup>th</sup> November 2007.	Resolution to minute no.51: RESOLVED: that the meeting move into closed session to consider exempt items.		
47	56(i)	21/12/07	Update on Community Network Upgrade and Critical recommendations In Use of Contractors In ICT Services.	All Councillors be given half day awareness training on Prince 2 Project Management and also on the analysis of business cases.	Andrew Williams	The Corporate Programmes Manager is liaising with the Assistant Chief Executive - Legal and Democratic to schedule Prince 2 training for members within the priorities and budget for member training.
48	58(i) (a) to (g)	21/12/07	Review of the Scheme of Delegation, Budget and Policy Procedure Rules, financial Procedure Rules and Contract Procedure Rules	Various amendments to the draft documents presented to Committees.	Sonia Rees	Completed.
49	59(i)	21/12/07	Updated Interim Assurance Report 2007/08 No.4	The use of best practice be suggested to the Social Economic and Regeneration Manager with regard to the management of the Drugs Forum Partnership.	Tony Ford	The Social and Economic Regeneration Manager is aware of the content of the internal audit report.
50	64	25/01/08	Minutes of meeting	Subject to the addition of Cllr GFM Dawe	Paul Rogers	Completed.

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Item	Minute No	Meeting Date	SUBJECT	RESOLUTION/RECOMMENDATION	RESPONSIBLE OFFICER	CURRENT POSITON
			held on 21 <sup>st</sup> December 2007	(Vice Chairman) to those members present, the Minutes of the meeting held on 21 <sup>st</sup> December 2007 be approved as a correct record and signed by the Chairman.		
51	65(i)	25/1/08	Annual Governance Statement	The Audit and Corporate Governance Committee together with the Standards Committee be made responsible for approving the draft Annual Governance Statement.	Tony Ford / Alan McLaughlin	The draft Annual Governance Statement was approved by the Audit and Corporate Governance Committee on 20 <sup>th</sup> June 2008.
52	65 (ii) (a) to (v)	25/1/08	Annual Governance Statement	Various amendments to the draft documents presented to Committee.	Tony Ford	Completed.
53	65 (iii)	25/1/08	Annual Governance Statement	The new framework be subject to an annual review by Cabinet, the Audit and Corporate Governance Committee and the Standards Committee.	Tony Ford	Refreshed framework to be presented to the Audit and Corporate Governance in November 2008.
54	65 (iv)	25/1/08	Annual Governance Statement	The Code of Corporate Governance be reviewed by the Director of Resources and the Monitoring Officer in the light of the new requirements for the Annual Governance Statement by March 2008.	Alan McLaughlin	Following consultation with the Audit and Corporate Governance Committee and the Standards Committee the presented code has been re-written by the Chair of the Standards Committee.
55	71	29/2/08	Use of Resources	The Council's Asset Register and policies	Tony Ford	Completed. The fundamental system



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	(ii)		Report	relating to it be reviewed, particularly in respect of the acquisition and disposal of school property, and the Audit Services Manager will report his findings to a future meeting of the Audit and Corporate Governance Committee.		review has been completed and a satisfactory Audit Opinion given, as reported in the Annual Assurance Report presented to the Audit and Corporate Governance Committee on 20 <sup>th</sup> June 2008.
56	72 (iii)	29/2/08	Annual Audit and Inspection Letter 2008	The Audit Commission's report in respect of the developing Public Service Trust, and the Chief Executive's response, be forwarded to the Committee for information in time for its next meeting.	Andrew Williams	The Interim Deputy Chief Executive intends to brief the Chairman and Deputy Chairman prior to the planned Audit and Corporate Governance Committee scheduled for 25 <sup>th</sup> September 2008.
57	72 (iii)	29/2/08	Annual Audit and Inspection Letter 2008	The Council's Business continuity plan be considered at the next Committee meeting following completion.	Andrew Williams	The Interim Deputy Chief Executive intends to brief the Chairman and Deputy Chairman on Business Continuity Planning prior to the Audit and Corporate Governance Committee scheduled for 25 <sup>th</sup> September 2008.
58	72 (iv)	29/2/08	Annual Audit and Inspection Letter 2008	A 'bring forward' system for actions required by the Audit Commission and the Audit and Corporate Governance Committee, be considered at the Committee's meeting to be held on 20 <sup>th</sup> June 2008.	Paul Rogers	When the draft minutes have been agreed by officers, an action sheet will be circulated to officers indicating required actions by officers.
59	73	29/2/08	Financial and Contract	The Head of Legal & Democratic Services	Alan McLaughlin	The Committee considered the scheme of

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	(iii)		Procedure Rules	conducts a complete revision of the Constitution and Scheme of Delegation to Officers for Council's approval in May 2008.		Delegation at its meeting on 3/7/08.
60		29/2/08	Updated Interim Assurance Report 2007/08 No. 5	That the report be noted, and a report on the Audit Department's Special Investigation into the Information and Communications Technology Department be considered at the Committee's meeting on 4 <sup>th</sup> April 2008, with the public and press being excluded from the meeting under Schedule 12A of the Local Government Act 1972, as appropriate.	Tony Ford	Completed. A verbal report given to the Audit and Corporate Governance Committee on 4 <sup>th</sup> April 2008.
61	76	29/2/08	Training for Members	Training in respect of Prince2 be delivered by external trainers.	Andrew Williams	The Corporate Programmes Manager is liaising with the Assistant Chief Executive - Legal and Democratic to schedule Prince 2 training for members within the priorities and budget for member training.
62	76	29/2/08	Training for Members	An additional training session be arranged	David Powell	Central government funding streams is

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63	93 (i)	20/06/08	Audit Services Assurance Report 2007/08	The Chief Executive circulate details of the number of external contractors employed by Council services other than the ICT Service and also reasons for the delay in the merging of ICT services with another Directorate.	David Powell	A review of agency and contracted expenses is being carried out by the Head of Financial Services for the Strategic Monitoring Committee.
64	95 (i)	20/6/08	Annual Statement of Accounts	The outcome of the independent review of the Community Network Upgrade Project be reported to the Committee.	Andrew Williams	Joint Management Team in July received a report from ICT on the actions being taken to prepare for the specification and tendering of the community network which is required consistent with the current contract with Siemens which ends in 2010 and for which there is a timeline for reviewing and tendering for providers to manage the community network from 2010. The action plan incorporates the advice provided by SOCITM who delivered the independent review.
65	98	20/6/08	Scheme of	That the scheme of delegation report be	Alan McLaughlin	Completed. Report presented on 3 <sup>rd</sup> July

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			Delegations	considered at a meeting of this Committee to be held on 3 <sup>rd</sup> July 2008.		2008 and approved by Council on 28 July 2008.

## STATUS OF AUDITS STARTED DURING THE YEAR

<b>Audit</b>	<b>Status</b>	<b>Audit Opinion</b>
<b>Non Fundamental Systems</b>		
Payments to Independent Providers	Work in Progress	
<b>Governance</b>		
Brockington Ramp	Final	n/a
<b>Other Key Systems</b>		
Members Register of Interests and Gifts	Draft with Client	
Cash Office/Post Opening	Final	Satisfactory
<b>ICT Protocols and Controls (Council Wide)</b>		
E-Pop Cedar E Purchasing	Final	Good
Access Controls	Final	Satisfactory
<b>Performance Management</b>		
Number of private sector dwellings returned into occupation (BVPI 64)	Final	Good
Speed of processing new claims to Housing Benefit/Council Tax Benefit. (BVPI 78a)	Final	Good
Speed of processing changes of circumstances to Housing Benefit/Council Tax Benefit. (BVPI 78b)	Final	Good
Accuracy of Housing Benefit/Council Tax Benefit (BVPI 79a)	Draft with Audit Manager	
Housing Waste Management (recycling) (BVPI 82a)	Draft with Audit Manager	
Housing Waste Management (Composting) (BVPI 82b)	Draft with Audit Manager	
Pedestrian crossings with facilities for disabled people (BVPI 165)	Final	Satisfactory
Average length of Stay in Bed and Breakfast (BVPI 183a)	Final	Satisfactory
Average length of stay in Hostels (BVPI 183b)	Final	Good
Local street and environmental cleanliness (BVPI 199abc )	Final	Satisfactory
Repeat Homelessness (BVPI 214)	Final	Good
Housing Strategy Statistical Appendix (HSSA) 2008 – Vacant Dwellings	Final	Satisfactory
<b>Establishment Audits</b>		
Trinity Primary School ( DCSF Standard)	Work In progress	
Riverside Primary School (DCSF Standard)	Draft with Audit Manager	
St. Thomas Cantilupe C.E Primary School (DCSF Standard)	Work In progress	
Blackmarston Special School (DCSF Standard)	Draft with Client	
Ledbury Primary School (DCSF Standard)	Draft with Client	Standard met.
St Mary's C.E Primary School (DCSF Standard)	Work In progress	

## STATUS OF AUDITS STARTED DURING THE YEAR

<b>Audit</b>	<b>Status</b>	<b>Audit Opinion</b>
Holmer C E. Primary School (DCSF Standard)	Work In progress	
Marlbrook Primary (DCSF Standard)	Draft with Client	
St. Paul's C.E. Primary School (DCSF Standard)	Draft with Client	
Lugwardine Primary School (DCSF Standard)	Work In progress	
Weobley Primary School (DCSF Standard)	Work In progress	
St. Francis Xavier R.C. School (DCSF Standard)	Draft with Client	
Kingstone & Thrupton Primary School(DCSF Standard)	Work In progress	
Barrs Court Special School (DCSF Standard)	Draft with Client	
Hampton Dene Primary (DCSF Standard)	Draft with Client	Standard met.
Madley Primary School (DCSF Standard)	Draft with Audit Manager	
Much Birch C. E. Primary School (DCSF Standard)	Work In progress	
Orleton C. E. Primary School (DCSF Standard)	Work In progress	
<b>Verification and Probity</b>		
Local Area Agreement Grant	Final	n/a
Flood Grant Claim	Final	n/a
<b>Recommendation Follow up</b>		
Telephone Usage	Draft with Client	

### Quantification and Classification of Internal Control Levels

<b>Control Level</b>	<b>Definition</b>
<b>Good</b>	<b>A few minor recommendations (if any).</b>
<b>Satisfactory</b>	Minimal risk; a few areas identified where changes would be beneficial.
<b>Marginal</b>	<b>A number of areas have been identified for improvement.</b>
<b>Unsatisfactory</b>	Unacceptable risks identified, changes should be made.
<b>Unsound</b>	Major risks identified; fundamental improvements are required.

The Audit Opinion is based on a number of factors, including the number of Level 1 and, to a lesser extent, Level 2 recommendations. Weighting is given to different aspects of the Audit e.g. a high weighting for budgetary control. It is expected that larger systems and establishments will receive higher numbers of recommendations and allowance is made for this.