

**MINUTES of the meeting of Audit and Corporate Governance Committee held at Brockington, 35 Hafod Road, Hereford. on Friday, 30th November, 2007 at 10.00 a.m.**

**Present:** Councillor ACR Chappell (Chairman)  
Councillor GFM Dawe (Vice Chairman)

Councillors: MJ Fishley, JHR Goodwin, R Mills, RH Smith and AM Toon

**In attendance:** Councillors PJ Edwards, MD Lloyd-Hayes and AT Oliver

**44. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**45. NAMED SUBSTITUTES**

There were no substitutions made.

**46. DECLARATIONS OF INTEREST**

There were no declarations of interest.

**47. MINUTES**

**RESOLVED:** That

**(i) subject to the following amendments, the Minutes of the meeting held on the 16th November 2007 including an exempt Minute be approved as a correct record and signed by the Chairman:**

- (a) the word 'conducted' being replaced with the word 'documented' in the second sentence of part ( of the resolution to Minute No. 35;**
- (b) in the final paragraph of the preamble to Minute No.36, the words 'and officers' be inserted after the word 'Members' in line 2 and after the word 'Members' in line4;**
- (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; and**
- (d) the words 'and approved' being inserted after the word 'noted' in part (i) of the resolution to Minute No.43.**

(ii) in future, references to Members in these Minutes shall be by name.

**The Committee moved into closed session after Minute No. 51 to approve an exempt Minute.**

**48. UPDATE ON COMMUNITY NETWORK UPGRADE AND CRITICAL 1 RECOMMENDATIONS IN USE OF CONTRACTORS IN ICT SERVICES**

The Committee considered a report which responded to a request by the Committee at its meeting on 19th October 2007 for an update on the current position regarding the timetable on review of the Community Network contract and in relation to the four critical recommendations set out in paragraph 11 of update number two on the Interim Assurance report 2007/08.

Mr G Cole, Head of Corporate and Customer Services, reported that the workshop planned in November for Legal, Audit, Procurement and ICT Services had been delayed and would take place in December. A contractors action plan had been produced in consultation with Audit Services and was currently being considered by Directors. He made reference to the review of the Community Network Contract being undertaken by the Society of Information Technology Managers (SOCITM) and informed the Committee that the report by SOCITM should be received within the next week. Also that recommendation 1 as set out on page 2 of the report had been embedded in ICT projects.

Discussion ensued regarding Council procedures relating to contracts in excess of £50,000. Mrs S Rees, the Director of Resources, reminded Members of Contractual Standing Orders which were set out in the Council's Constitution and also of the protocols and procedures for Cabinet Key decisions.

Mr K O'Keefe, the Legal Practice Manager explained to Members the Legal Services role in respect of contracts. He emphasised that if contracts were complex then Legal Services were likely to be involved. Legal Services did not however have the ability to be aware of all Council contracts which were being acted upon.

The Director of Resources reminded Members that the Working Group which the Committee had set up would be considering the revised Scheme of Delegation, Budget and Policy Procedural Rules and Contract Procedural Rules and would be able to review areas such as that which had been referred to by Mr O'Keefe.

Councillor R H Smith was of the view that the report should be rejected for the following reasons:

- (a) The Financial Implications paragraph in the report made no reference to the absence of budgetary provision in 2007/08 for the CNU contract.
- (b) There should not be several separate contractual procurement instructions as referred to in the report for the ICT Division. There should be one procedural instruction which covers all contracts.
- (c) The content of the report was unclear, incomplete and poorly expressed. He referred to several instances of terminology which could not be understood, the guide to procurement which was unexplained,

unspecified target dates and no justification of the outsourcing of the GNU contract.

- (d) With regard to the Review of the GNU contract as referred to in the final paragraph of the report, the cost of the review should have been reported. Also that at a meeting of this Committee on 21st September 2007 it was reported that the review had been initiated yet in the report put to this meeting it had not commenced. Can the Committee be informed which information is correct.

**RESOLVED: That**

**(i) 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; and**

**(ii) the Director of Corporate and Customer Services be instructed to attend the next meeting of this Committee to present the report.**

**49. UPDATE ON ACTION IN THE SPECIAL REPORT - GOVERNANCE IMPROVEMENT PLAN**

Consideration was given to a report which complemented the update provided by the Director of Resources in the special report on the Corporate Governance Improvement Plan.

Mr G Cole, the Head of Corporate and Customer Services, emphasised that his service was working closely with financial services to achieve break even targets in ICT at the end of March 2008. He reported that recent staff survey results had highlighted a good improvement between ICT and other Council services.

Discussion ensued regarding the proposed ICT links with Primary Care Trust (PCT) and although the Committee noted that although the PCT had endorsed the links with the Council as helping the PCT, Members took the view that there were ICT areas which were not compatible with this Council's ICT.

Councillor A M Toon referred to several areas of risk with regard to the PCTs involvement in the proposed Public Service Trust (PST) which needed to be addressed.

Mr T. Ford, the Audit Services Manager, informed the Committee that there were risk registers associated with the link up with the PCT and that PST work does appear on the Council's Corporate Risk Register. The Committee noted that there were Risk registers connected to the numerous working groups which were used and updated.

Councillor GF M Dawe expressed the view that in all reports to Committees the information regarding Risk Management should contain who manages the risk and in which service it relates.

With regard to Service Level Agreements (SLAs), Mrs S Rees, the Director of Resources informed the Committee that a new model of SLA was being considered by a group of Heads of Service and is being tested. It is hoped that the new SLA will be in service by 1st April 2008.

Councillor A M Toon expressed concern about asset management and the procurement process particularly in ICT and that officers should adhere to the regulations and procedures in this area.

The Chairman informed the Committee that a report would be submitted to this Committee at its next meeting regarding ICT procurement.

**RESOLVED: That**

- (i) a joint Council/PCT report be submitted to this Committee giving details of ICT systems within the PCT and this Council which are incompatible;**
- (ii) 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.;**
- (iii) the Strategic Monitoring Committee be requested to review the control of asset management processes and procedures and actions which are taken against officers who do not adhere to these rules.**

**At this point, the meeting adjourned for 10 minutes.**

**50. IMPLEMENTATION OF RECOMMENDATIONS ARISING FROM SPECIAL INVESTIGATION**

The Committee considered a follow up report arising from the implementation of recommendations arising from special investigation.

Mr A Ashcroft, Head of Planning Services, referred to paragraph 3.5 of the report and stated that he was investigating procedures to ensure that trigger points in respect of the payment of Section 106 funds are put in place. Also that such funds are spent on those areas that had been agreed by Committee.

Mr K O'Keefe, the Deputy Head of Legal and Democratic Services, reported that Section 106 agreements are drawn as tightly as possible.

**RESOLVED: That the report be noted.**

**51. UPDATED INTERIM ASSURANCE REPORT 2007/08**

The Committee considered a report which updated Members with regard to Interim Assurance for 2007/08.

Mr T Ford, Audit Services Manager, reminded the Committee that Cabinet had approved the fundamental systems referred to in paragraph 3(b) of the report and that all critical areas referred to in paragraph 3(c) had been closed down. With regard to performance Management, paragraph 8 refers, a report would be submitted to the next meeting highlighting data quality.

The Chairman congratulated Mr Ford and his staff for their efforts in the work which has been undertaken recently and requested that these congratulations be passed on to his staff.

Councillor R H Smith referred to paragraph 15(a) and suggested that Financial Standing Orders should ensure that projects cannot be divided to make sure that contract sums cannot be reduced below £50,000. He also suggested that with regard to imprest of accounts, these should be formally closed at the end of each financial year so that a nil balance is commenced at the beginning of each financial year. He suggested that under no circumstances should ratepayers money be used for the entertainment of Members and officers.

Mrs S Rees, Director of Resources, would look into the practicalities of the suggestions put forward by Councillor Smith.

With regard to Councillor P J Edward's reference to the Drug Forum Partnership and that it should be renamed Drugs and Alcohol Partnership, the Committee was of the view that this issue should be reviewed.

Councillor Toon referred to monies due from Parish Councils following Elections and that there should be procedures in place to ensure that these monies are paid on time.

The Audit Services Manager reported that he would investigate this issue and create an Action Plan for the future.

**RESOLVED: That**

- (i) a form of wording to be incorporated in the Financial Standing Orders to ensure that contract sums cannot be divided to be reduced below £50,000;**
- (ii) an Action Plan be formulated regarding monies payable by Parish Councils when Local Elections take place;**
- (iii) 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;and**
- (iv) 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.**

The meeting ended at 1.45 p.m.  
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**CHAIRMAN**