

MINUTES of the meeting of Audit and Corporate Governance Committee held at Committee Room 1, Shirehall, Hereford. on Friday, 16th 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, KG Grumbley, TM James, AT Oliver and T Tobin (Audit Commission).

32. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor G. F. M. Dawe.

33. NAMED SUBSTITUTES (IF ANY)

There were no substitutions made.

34. DECLARATIONS OF INTEREST

There were no declarations of interest.

35. MINUTES

RESOLVED: That subject to the following amendments, the Minutes of the meeting held on 19th 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 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'.

At this point in the meeting, the Committee agreed that Agenda item numbers 11,12 and 13 (Minute numbers 36, 37 and 38 respectively), be brought forward and considered as the next items on the Agenda.

36. REPORT OF THE INDEPENDENT REVIEW

The Committee considered a report which outlined the content, outcomes and recommendations of the Independent Review into ICT Services carried out by Mr Ian Crookall who was nominated by the Local Government Association.

Mr Crookall presented his Review and summarised the content to the Committee.

The Head of Legal and Democratic Services informed the Committee that the Independent Review had been considered by Cabinet and that Cabinet had endorsed and accepted the recommendations contained within the review.

A Member suggested that the Action Plan attached to the Head of Legal and Democratic Services' report should contain an additional action to promote and ensure the embedding of the Council's whistleblowing policy.

A Member referred to the arrangement of Committee meetings and that due to the number of items to be considered on the agenda, proper scrutiny of items was difficult.

Mr Crookall expressed the view that it was important that when big issues are considered that these should be given more time at meetings so that a full understanding can be given to them.

A Member referred to paragraph 39 of the Review and requested that it be placed on record that the Committee owes the Director of Resources a profound debt of gratitude for her work and that the Committee should recognise the utter propriety of the way in which she has acted.

A Member made reference to the ICT travel and subsistence claims that were to have been the subject of scrutiny, and requested that a full report be submitted to this Committee detailing the number of claims that had been made and how they were approved.

Discussion ensued regarding the way in which the ICT contracts which were the subject of the Review had been awarded to contractors and the need for a further review by the Strategic Monitoring Committee of all the issues.

A Member referred to various issues that the Review had highlighted and in particular the need for Members to be fully aware of the procedures and protocols where procurement was concerned. The Member proposed that further training be given to Members on such procurement and contractual matters and officer responsibilities.

RESOLVED: That

- (i) the Independent Review report be noted and the recommendations set out in the report endorsed;**
- (ii) subject to the following additional action, the action plan attached to the Head of Legal and Democratic Services report be endorsed:**
 - 13. To promote and ensure the embedding of the Council's whistleblowing policy.**
- (iii) 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; and

- (iv) the Strategic Monitoring Committee be requested to revisit the review that has been carried out in respect of ICT.**

EXCLUSION OF THE PUBLIC AND PRESS

In the opinion of the Proper Officer, the following item will not be, or is likely not to be, open to the public and press at the time it is considered.

RESOLVED: That the public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in Schedule 12(A) of the Act, as indicated below.

37. REPORT OF THE INDEPENDENT REVIEW (Pages 1 - 2)

RESOLVED: That

- (i) the supplementary report be noted; and**
- (ii) the Committee revert to open Meeting.**

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

The Committee received a report from the Director of Corporate and Customer Services regarding an update on the current position of the timetable on review of the Community Network contract and in relation to the four critical recommendations set out in paragraph 11 of the Update number two on the interim assurance report 2007/08.

Resolved: That consideration of the report be deferred until the meeting of this Committee to be held on 30th November 2007.

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

The Committee received a report from the Director of Corporate and Customer Services which complemented the update provided by the Director of Resources on the Special Report on the Corporate Governance Improvement Plan, Minute no.39 refers.

RESOLVED: That consideration of the report be deferred to the meeting of this Committee to be held on 30th November 2007.

40. PROGRESS REPORT NO.2 - DIRECTOR OF RESOURCES' SPECIAL REPORT

Consideration was given to a report which provided the Committee with a second update on the progress with implementing the action plan agreed by Cabinet in response to the Director of Resources' special report on the financial governance issues in ICT and Customer Services.

A Member made reference to paragraph 13 of Appendix 2 to the report and suggested that the exceptions referred to in column 3 should be reported to this Committee and with regard to column 6 paragraph 2, that the words 'this Committee requires to be informed' be added at the end of that paragraph.

A Member referred to the purchase of laptop computers in one particular service of the Council and requested a report to this Committee on the procedures regarding the purchase of these laptop computers.

A Member referred to the need to ensure that Background Papers are itemised in reports to Committees to provide an audit trail that enables Members to refer to documents as necessary.

The Director of Resources stated that the issue regarding Background Papers could be included in the Review of the Constitution.

RESOLVED: That

- (i) the progress made to date be noted;**
- (ii) in paragraph 13 of Appendix 2 to the report, that the exceptions referred to in column 3 should be reported to this Committee and with regard to column 6 paragraph 2, that the words 'this Committee requires to be informed' be added at the end of that paragraph; and**
- (iii) a report be submitted to this Committee on the procedures regarding the purchase of these Laptop computers.**

41. IMPLEMENTATION OF RECOMMENDATIONS ARISING FROM SPECIAL INVESTIGATION

Consideration was given to a report regarding income procedures in Planning Services and Highways and Transportation Services.

The Head of Planning Services informed the Committee that the procedures and monitoring processes together with income levels with regard to Section 106 Agreement income were currently being reviewed to provide a more robust procedure and he would be endeavouring to update Members on these with workshop training.

A Member expressed the view that further information was required informing the Committee of monies that is outstanding from Section 106 Agreements and that figures should be provided for the previous three years so that trends could be assessed. Also that the Committee should be informed of how Section 106 Agreement income is transferred to be utilised in other areas. Also that the financial information with regard to Highways and Transportation should be precise and should include, for example, the percentage of parking income as fines for the current year and should have information on income relating to the previous year to assess trends.

RESOLVED: That

- (i) 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; and**
- (ii) 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.**

**42. REVIEW OF THE SCHEME OF DELEGATION, BUDGET AND POLICY
PROCEDURE RULES, FINANCIAL PROCEDURE RULES AND CONTRACT
PROCEDURE RULES**

Consideration was given to a report which referred to proposed revisions to the constitution to the Audit and Corporate Governance Committee in line with a resolution made by Council on 2nd November 2007.

A Member suggested that a Working Group be set up to consider the report and submit its views to this Committee.

RESOLVED: That a Working Group be set up with its Membership being Councillors A C R Chappell, R H Smith, M J Fishley and A M Toon to consider the report and make recommendations to this Committee.

43. REVISED AUDIT PLAN 2007/08

Consideration was given to a report which revised the Audit Plan for 2007/08.

The Audit Services Manager stated that it was pleasing that the Audit Services working relationship with ICT Services had improved.

A Member referred to the ISO 27001 Accreditation in ICT Services, and requested further information on the effects it will have throughout the Council.

RESOLVED: That

- (i) the report be noted; and**
- (ii) a report be submitted to this Committee giving details on how the ISO 27001 in ICT Services will affect the Council.**

The meeting ended at 12.57 pm

CHAIRMAN