

MINUTES of the meeting of Audit and Corporate Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Friday 20 November 2009 at 10.00 am

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

Councillors: JHR Goodwin, G Lucas, PJ McCaull, R Mills and AM Toon

In attendance: Councillor PJ Edwards

23. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor MJ Fishley.

24. NAMED SUBSTITUTES(IF ANY)

Councillor G Lucas substituted for Councillor MJ Fishley.

25. DECLARATIONS OF INTEREST

Councillor RH Smith declared a personal interest in Item No.5 on the Agenda, Minute No. 27 refers, being a representative of the Council on the West Mercia Police Authority.

Councillor ACR Chappell declared a personal interest in Item No.6 on the Agenda, Minute No.28 refers, being a representative of the Council on the Board of Wyebridge Academy.

26. MINUTES

RESOLVED: That the Minutes of the meeting held on the 28 September 2009 be approved as a correct record and signed by the Chairman.

27. INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The Head of Financial Services presented a report on the progress for implementing the International Financial Reporting Standards (IFRS). She advised the Committee on the following:

- The potential impact of the employee accrual costs on the Council and Schools budgets as a consequence of the new reporting standards.
- On the guidance expected from Chartered Institute of Public Finance and Accountancy (CIPFA) on the way in which local authorities will need to deal with employee accrual costs so that the impact on Council Tax is not affected.
- Concerns about the current system to deliver IFRS requirements and that she would be attending a demonstration that could possibly deliver an automated solution which may satisfy requirements which were highlighted at year end.

- The re-stating of the Council's Balance Sheet as at the end of December 2009 to conform to IFRS, will in fact slip into the new calendar year.

The Chairman referred to the effect that the IFRS would have on schools and suggested that a letter be written to all Councillors drawing attention to the fact that if they were a school Governor, that the IFRS would have an effect on their school.

In discussing the effects that the IFRS would have on the Council and schools, the Director of Resources advised that unless the government amended accounting requirements, the introduction of IFRS would have a one-off impact on the Council.

RESOLVED: That the report be noted.

28. INTERIM AUDIT SERVICES ASSURANCE REPORT 2009/10 NO.1

The Chief Internal Auditor presented a report which updated the Committee on the work status and brought to Members' attention any key internal control issues. He referred to an update note prepared by the Interim Assistant Chief Executive - Legal and Democratic Services which had been circulated to Members after the Agenda for the meeting had been circulated. A copy of the update note is attached as an Appendix to these Minutes.

In discussing Appendices 2 and 3 attached to the report, the following points were made:

- Start and completion dates should be stated against each item.
- Certain Items, see resolution (i)(a) below, should be closed and that action on the remaining open Items be closed and deleted to the satisfaction of the Committee by the next meeting. Failing this, the respective Directors and Executives should attend the next meeting in person to explain why each issue remains open and when it would be completed.
- The matter regarding the quorum of the Committee being amended, Item No.86 refers, should be pursued and should remain open.
- Reference was made to Item No.42, election contributions from Parish Councils, and the present position in relation to an audit plan on election contributions and action plans which separate who is responsible. The Director of Resources would update the Member on the issues referred to by email. It was stressed that this process must be concluded in time to inform the setting of precepts for 2010/11.

Responding to a comment raised in reference to the exclusion of property services from the Amey review, the Director of Resources informed the Committee that a report had been submitted to him by the Chief Internal Auditor's team which had highlighted certain issues which were now being addressed. In his contract monitoring role, he referred to certain contract work which was not being awarded to Amey and that the Chief Internal Auditor was looking into the matter.

Following discussions on Property Services and issues relating to value for money in contracts, the disposal of property, forward planning and a schedule of rates, the Chairman requested that a report be submitted to the next meeting by the Head of Property Services giving details on the issues raised.

The Vice-Chairman referred to Item No.44 regarding the Drugs Forum Partnership and that the Committee had not received a report back. He took the view that it was

unacceptable that a report had not been submitted to the Committee and that the officers concerned should be made aware of the need to adhere to the Committee's requests and to treat such requests seriously. The Director of Resources advised Members that in his view officers took the work and decisions of the Committee seriously. He further informed Members that the Audit Commission viewed this Council's Audit and Corporate Governance Committee as one of the better local authority Audit Committees.

With regard to Item No. 78, Wyebridge Academy, the Chief Internal Auditor informed Members that the handover of assets had not yet been signed off by the Cabinet Member. He would be reporting on the progress in the matter at the next meeting. The Director of Resources advised that Property Services had produced a joint accommodation strategy which would be presented to Cabinet in December and that he would be involving the Strategic Monitoring Committee.

With regard to Item No.94, the Head of Policy and Performance advised that over 800 staff were in need of data quality training. Regarding Item No.95, he had received all the policies and procedures from officers. The Vice-Chairman suggested that the Committee needed to know the numbers of officers that needed training in each directorate thereby showing the pressure points. The Head of Policy and Performance informed Members that he would provide that information to Members following the meeting.

The Chief Internal Auditor referred to Garway primary school and the Department of Children Schools and Families Standard Audit, Appendix 4 refers, and expressed his thanks to the staff at the school for their cooperation in working with the audit services team to develop a template for small schools. He also referred to Llangrove primary school and informed Members that the new Headteacher had requested a review of processes and procedures at the school after raising some concerns. The review had been carried out, no fraud had been found and that an action plan had now been put in place.

RESOLVED: That

- (i) The following amendments be made to the status of items in Appendices 2 and 3 to the report:**
 - (a) Item Nos. 3, 29, 39, 44, 79, 80, 82, 83, 84, 85, 86, 87, 88, 93, 94, 97, 98, 99, 100, 101, 102, 103, be confirmed closed.**
 - (b) Item Nos. 40, 41, 42, 47, 61, 67, 78, 89, 90, 91, 92, 95, 96 be confirmed open.**
 - (c) The Committee does not accept that Item No. 86 is closed and that it will remain open and be pursued in accordance with the resolution/recommendation as stated;**
- (ii) Start and completion dates be stated against all items in Appendices 2 and 3 of the report to be submitted to future meetings;**
- (iii) The Committee requires all action on the remaining 13 items in Appendices 2 and 3 to the report to be completed to the Committee's satisfaction by the time of the next meeting, or that the respective Directors and executives attend the meeting in person to explain why each issue remains open and when it will be completed;**
- (iv) A report be submitted to the next meeting detailing the review of the procedures and procurement within Property Services; and**

- (v) **A report be submitted to the next meeting detailing the tendering for the cattle market contract;**

29. DATA QUALITY - 6 MONTH PROGRESS REPORT

The Head of Policy and Performance presented a report on the progress against the data quality action plan. He advised Members that the numbers of staff in each directorate requiring data quality training would be circulated to Members as would the number of relevant local procedures identified so far. He informed Members that since the report had been circulated, more data sharing partners had responded leaving the following partners who had not yet responded:

- Stonham Housing Association
- Salvation Army Housing Association
- St John Kemble Housing Association
- Gloucestershire Housing Association
- Probation Service

The Chairman was of the view that the above partners should be asked to attend the next meeting to explain why they had not responded.

The Head of Policy and Performance emphasised that the Council had fundamentally come a long way through its attention to data quality despite not yet completing all the tasks set out in the data quality action plan. He advised that the way data quality was now being addressed nationally was changing with the emphasis being on how well the data is being used in managing performance and in supporting decisions.

In discussion the Committee noted the following points:

- Additional resources could result in a shorter timescale for the completion of the action plan, ref.4.2 Task 53 in Appendix 1 refers.
- Approximately 180 staff had been trained since April 2009 with over 800 staff requesting training, ref.4.2 Task 54 in Appendix 1 refers. Partners were welcome to send delegates to a training session if they requested this.
- A number of the data quality assessments were being looked at by data quality champions ref.4.2 task 54 in Appendix 1 refers.
- The data quality policy would be reviewed by April 2010.
- The research team establishment was designed to deliver a core programme of work for the authority and partners for which there was no additional charge. Some directorates funded work and thus increased capacity. While research were always willing to assist, work outside the programme that required additional resources to complete would need to be charged or the agreed work plan amended. Charging could be avoided usually if directorates included future research needs in their service plans and discussed these early on with the Head of Research as required. Statistical research skills were a scarce resource and it was generally better to channel activity through the existing team as a cost effective and quality guaranteed way of producing what was required.

Responding to a question raised regarding the quality of the data survey which had been carried out in respect of the Buttermarket, the Head of Policy and Performance advised

that he would give a view on the quality of the survey if the Committee instructed him to do so.

The Head of Policy and Performance informed the Committee that the risk score as stated in the Risk Register had been put in place for data quality prior to the start of the action plan for data quality and had not been amended. Even though certain matters were not progressing as planned, the score had not increased significantly. In his view this was appropriate as the risk had not materially increased, arguably it had declined. However he was concerned that the risk remained on the register at an appropriate level and was not removed without his knowledge. The Director of Resources advised that a small team coordinated Risk Management and that the team also looked after Insurance. He added that officer awareness around risks was not always as it should be but the awareness was good around major projects and that training in awareness of risks was a key factor.

RESOLVED: That

- (i) The progress now being made against the data quality action plan be noted; and**
- (ii) A letter be sent to the data sharing partners regarding their non response to the data quality policy and invite them to the next meeting of the Committee to give their reasons for their non response.**

30. CREDITOR PAYMENT AUTHORISATION

The Head of Benefit and Exchequer Services presented a report on the process for ensuring that Creditor Payment Authorisations are managed in accordance with the Council's constitution. As well as the notification to all key managers of the need to ensure that vouchers are completed correctly, he informed Members that non-compliance with procedures were highlighted to managers and Directors. It was agreed that regular reports about this issue would be presented to the Committee.

RESOLVED: That the actions being taken to ensure compliance be noted.

The meeting ended at 11.45 am

CHAIRMAN