

MINUTES of the meeting of Audit and Governance Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford, HR1 1SH on Friday 12 March 2010 at 10.00 am

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

Councillors: MJ Fishley, JHR Goodwin, KS Guthrie and PJ McCaull

In attendance: Councillor WLS Bowen

43. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor R Mills and AM Toon.

44. NAMED SUBSTITUTES (IF ANY)

Councillor KS Guthrie substituted for Councillor R Mills.

45. DECLARATIONS OF INTEREST

There were no declarations of interest.

46. MINUTES

RESOLVED: That the Minutes of the meeting held on 29 January 2010 were approved as a correct record and signed by the Chairman.

47. AUDIT STRATEGY AND AUDIT CHARTER 2010

The Chief Internal Auditor presented the 2010/11 Audit Strategy and Audit Charter for consideration and approval by the Audit and Governance Committee. He drew Members' attention to the headings set out in the Internal Control Matrix at (a) to (k) in paragraph 17 of Appendix 1 and emphasised that the Audit Commission would focus on fundamental systems, hence, more weight was given to them. He informed Members that at the next Committee meeting the Internal Audit Plan would show the headings set out in the Matrix format. He further stated that due to timing the Joint Management Team had not yet been consulted on the Strategy, therefore its comments would need to be added following that consultation.

With regard to an issue raised relating to high risk financial systems, paragraph 9 refers in Appendix 1, the Chief Internal Auditor informed Members that there were approximately ten key financial systems deemed fundamental as their failure could have an adverse impact on the Council.

RESOLVED: That the Audit and Governance Committee approve, subject to any comments from the Joint Management Team and to the Director of Resources informing Members by email of those comments, the 2010/11 Audit Strategy and Audit Charter.

48. UPDATE ON PROCUREMENT PROCEDURES WITHIN ASSET MANAGEMENT AND PROPERTY SERVICES

The Head of Asset Management and Property Services presented a report on the procurement procedures within Asset Management and Property Services (AMPS). In drawing Members attention to paragraph 2 in the Key Points summary, he clarified that one audit report only had been given a marginal assessment. He emphasised that steps had been taken to deal with the issues in the audit report and that these steps were itemised in paragraph 10 of the report.

With reference to various issues raised with the Head of Asset Management and Property Services, the Committee noted the following points:

- Members would be informed of the meeting date to be arranged between the Assistant Chief Executive, Legal and Democratic and the Property Services Management Team regarding governance arrangements.
- the contract rules and procedures had been translated fully within AMPS.
- since his involvement with AMPS there had been no instances where schools had acted unilaterally in respect of contract letting.

RESOLVED: That the Committee notes the report and progress made and expresses its satisfaction with the action taken.

49. INTERIM AUDIT SERVICES ASSURANCE REPORT 2009/10 NO.3

The Chief Internal Auditor presented a report which updated Members on the work status and which brought to Members' attention to any key internal control issues. He made emphasis and also informed Members of the following:

- 22 GEM audits remained outstanding.
- £836,000 would be coming into the Partnership as a result of the final LPSA 2 claim being signed off.
- work regarding issues at Llangrove School had been signed off and a progress report would be submitted following the follow up visit.
- he would inform Members by email of the data quality issues which had resulted in an unsatisfactory audit opinion assessment being given to the National 135 Carers Receiving Needs area.
- in respect of the Minster College audit, the final conclusion would be reported in the Annual Assurance Report.
- Governance and Anti-Fraud programme of work would be included in the 2010/11 Audit Plan.

The Vice-Chairman referred to item 90 in Appendix 3 and suggested that the extent to which procurement rules and procedures were being adhered to across all of the Council's services should be investigated.

In response to an issue raised by a Member regarding the recharging of costs to parish Councils in relation to elections, the Director of Resources stated that he would write to the Member in relation to the matter.

RESOLVED That

- (i) **the Chief Internal Auditor be invited to undertake a broad but shallow investigation into the extent to which procurement rules and procedures are being adhered to across all services but with particular attention to where procurement authority has been delegated outside the Resources directorate;**
- (ii) **Item Nos. 95,104,109,110 and 112 in Appendix 3 be closed.**

50. PROCESSING OF TRAVEL AND SUBSISTENCE CLAIMS

The Chief Internal Auditor presented a report which informed the Committee of actions in place to ensure that travel and subsistence claims were processed correctly.

The Committee noted that

- basic mistakes were the reasons for claims not getting through the system. The number of claims being sent back had been reduced significantly.
- the Children and Young Peoples Directorate had the largest number of claims per month but since the audit, the number which did not meet the criteria had reduced to nil.
- Members' claims were reviewed as part of the audit programme. Two audits relating to Members Allowances/Register of Interests and Gifts and Members Allowances had both received a Satisfactory opinion.
- any issues such as persistent offenders would be reported to the Committee.

RESOLVED: That the report be noted.

51. ANTI- FRAUD AND ANTI- CORRUPTION POLICY 2010

The Chief Internal Auditor presented a report which updated the Anti-fraud and Anti-corruption Policy for consideration and approval. He emphasised that it was a requirement of the Audit and Governance Code which the Council had agreed, to approve the Anti-Fraud and Anti Corruption policy which was set out in Appendix.

The Committee noted that

- officers had been consulted and their comments included in the policy, paragraph 9 in the report refers.
- staff and the public would be able to access the policy on the Internet.
- Anti-fraud and Anti-corruption work would be part of the 2010/11 Audit Plan which would be presented at the next Committee meeting.

- effective steps being taken at the recruitment stage would be through references and Criminal Records Bureau checks.

RESOLVED: That the updated Anti-Fraud and Anti-Corruption Policy be approved subject to any comment made by Joint Management Team.

52. CREDITOR PAYMENT AUTHORISATION

The Head of Benefit and Exchequer Services presented a report on progress in ensuring that the Council requirements for Creditor Payment Authorisations were being carried out in accordance with the Council's Constitution. He emphasised that the number of items being returned to the originating departments had reduced as a consequence of ensuring that authorised signatories had been made aware of the action required to ensure that vouchers are correctly and completely authorised. Training was being carried out and guidance was available on the Intranet.

The Committee noted that

- vouchers are returned which do not adhere to the strict criteria. 1300 vouchers had been returned in the year to date. In many cases new staff were an issue but when they were made aware of the error it did not occur again.
- authorised signatories who persistently did not adhere to the criteria would have their authority to sign vouchers withdrawn.
- staff training at all levels in respect of the creditor payment system was currently under review. The Audit Commission had been very complimentary of the training programme.

The Chief Internal Auditor informed Members that the breakdown of returned payment vouchers as shown in the Appendix was the information which gave the area concerned a marginal opinion. The latest audit had provided a satisfactory opinion.

RESOLVED: That the report be noted.

The meeting ended at 11.05 am

CHAIRMAN