

MINUTES of the meeting of Audit Committee held at The Council Chamber, Brockington, 35 Hafod Road, Hereford on Friday, 30th June, 2006 at 10.00 a.m.

Present: Councillor A.C.R. Chappell (Chairman)

Councillors: Mrs. P.A. Andrews, H. Bramer, Mrs. J.P. French, R.I. Matthews, Mrs. S.J. Robertson.

In attendance: Councillor R.M. Wilson, Cabinet Member (Resources)
Mr T Tobin (Audit Commission)

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors: TM James and RJ Phillips.

2. NAMED SUBSTITUTES (IF ANY)

Councillor Mrs. J.P. French substituted for Councillor R.J. Phillips.

3. DECLARATIONS OF INTEREST

There were no declarations of interest made.

4. MINUTES

RESOLVED: That the minutes of the meeting held on 7th April, 2006 be approved as a correct record and signed by the Chairman.

5. AUDIT COMMISSION AUDIT AND INSPECTION PLAN 2006-07

The Committee was informed by Mr Tobin of the plan of the audit and inspection work proposed for 2006/07. The plan highlights the key statutes that govern the Audit and Inspection duties and has been presented to the Corporate Management Board. The main issues of significance for the Council were in performance management work and Local Area Agreements (LAA). The performance management audit is to be carried out in September and one of the service areas to be examined is Social Care (Adults). The LAA overview is to be carried out around August this year. Members were advised that it would be based on a computerised questionnaire asking Councillors and officers how the Council is operating. At the conclusion a seminar will be presented to Members and officers outlining the results of the questionnaire. The Committee was advised that it was expected there would be little or no extra cost to the authority for this work.

With regards to proposed new governance arrangements that would link into the Local Area Agreements, the Chairman requested that the Director for Corporate and Customer Services provide a report for the next meeting.

Members agreed that proposals outlined for improvements in the Council's operation depended on the success of the Herefordshire Connects project, as it was fundamental to the Council's future plans.

RESOLVED

- THAT (a) the Audit and Inspection Plan be noted; and**
- (b) the Director of Corporate and Customer Services present a report on the new governance arrangements at the next meeting.**

6. FOLLOW UP OF AUDIT COMMISSION RECOMMENDATIONS

The Principal Audit Manager reminded Members of some of the recommendations from the Audit Commission from previous years and where clarity was needed as to whether the Council had fully addressed them. The Audit Commission has assessed the outstanding recommendations and identified those requiring action. Those identified are for action this year and the Appendix to the report highlights the items stating what needs to be done and by when. Any delay by managers in dealing with these issues would be noted and the Committee will be kept informed on progress. It was stated that in future the report would be based on exception reporting.

Members also discussed recruitment to the post of Procurement Manager and how they felt the post was essential for central procurement in order to drive down costs. Members were advised that the recruitment process was in hand and it was hoped that interviews for the post would be carried out shortly. Members expressed the view that an interim appointment to the post would be beneficial to the authority. Members went on to discuss Prince 2 project management and its use across the authority. It was requested that all Members were given further information on the programme and its use by the authority. The Chairman highlighted to Members the need to have a standing item on future agendas to follow up on External Audit Recommendations.

RESOLVED:

- THAT (a) the action plan on the Follow Up of Audit Commission Recommendations at Appendix 1 to the report be approved;**
- (b) interim arrangements be put in place for the post of Procurement Manager until the post is recruited to; and**
- (c) this item appears as a standing item on future agendas.**

7. AUDIT COMMISSION REPORT - POOLED BUDGETS

Members discussed the Audit Commission's report on Pooled Budgets and were reminded that the Council now has in place a Statement of Internal Control Assurance Framework. Part of the process involves actions arising from the Council's Annual Audit and Inspection letter and associated reports. It was noted that any lack of action on the part of the Council could have an adverse effect at the next Use of Resources assessment.

RESOLVED: That the report be noted.

8. AUDIT COMMISSION REPORT - REVIEW OF THE E-GOVERNMENT PROGRAMME

The Head of Information, Technology and Customer Services presented the report and informed Members that she had joined the Council part way through the programme. It was acknowledged that the programme was failing in some areas, but the Committee was advised that Audit Services were assisting with regular checks on progress. The Committee noted that regular meetings are being held with the various managers to update the Head of Service and make improvements to the programme. The Committee acknowledged that the programme involved partner organisations and the Committee extended their thanks to all the officers involved in turning the programme around.

RESOLVED: That the report be noted.

9. MONITORING OFFICER REPORT 2005-06

The Principal Audit Manager presented the report of the Monitoring Officer and advised that the report outlined the Council's performance in 2005/06 with regards to complaints to the Ombudsman, Whistleblowing and any other matters within the responsibility of the Head of Legal and Democratic Services as the Council's Monitoring Officer. This was done to ensure the Council and its elected Members acted in accordance with the law and the Council's Constitution. In addition the Monitoring Officer was responsible for any investigations carried out and reporting to the Council's Standards Committee any breaches of the Code of Conduct of Members referred to it by the Standards Board for England. The report forms part of the Council's Statement on Internal Control. The Committee noted that there were no areas of concern.

Members felt some clarity was needed with regards to the register of gifts and hospitality as there was a difference between the sum Members had to register and that of officers. Members felt that it should be the same and asked for clarification from the Monitoring Officer. It was also proposed that Members be reminded regularly of the need to register any gifts and hospitality, as is currently done annually for Members' Declarations of Financial and other Interests.

The Committee noted the number of hearings relating to town and parish council investigations referred to the Standards Committee by the Standards Board for England. Because of the high number of hearings Members felt the matter should be monitored, as there was a cost implication to the authority. The Committee was advised that the high percentage was partly due to the large number of town and parish councils in the County.

RESOLVED:

THAT (a) the report be noted; and

(b) Members be reminded of the need to register any gifts and hospitality annually as they review their Declarations of Financial and other Interests.

10. AUDIT SERVICES ASSURANCE REPORT 2005/06

The Principal Audit Manager updated Members on the progress made on the Audit Plan and highlighted the key internal control issues and areas for investigation. Two areas that had been investigated were disaster recovery, which after review, received a satisfactory audit opinion; and the adult social care overspends, which after the review also scored a satisfactory audit opinion. Two areas that scored a

“marginal” rating were Council tax and benefits. This was due to the implementation of the new Academy system. The Principal Audit Manager was confident the service managers would improve the situation promptly.

With regards to anti money laundering the key element was ensuring that staff received appropriate training. This has now been completed for staff in the benefits section and Info Shops. Members and senior managers have also received training in anti money laundering. Senior managers will notify audit when any other members of staff require training. The Principal Audit Manger advised that the libraries ‘talis’ system had had a few issues, which resulted in an “unsatisfactory” rating. These issues are being investigated and will be programmed in for a report at the next meeting of the Committee. The “critical one” recommendation that relates to the use of school mini buses, staff warrant cards and LPSA targets have now been resolved. It was stated that follow up work was to be carried out to ensure managers were putting in place the procedures needed resulting from the internal audit. It was noted 81% of managers were enforcing the required procedures. It was hoped this percentage would improve and a report is expected at the next meeting.

It was noted that overall the number of actions that needed to be taken had reduced by 25% and that a considerable amount of work had been done by the Human Resources department to achieve this. Members commended staff for their work. Members briefly discussed the definitions for the audit opinion from unsound, unsatisfactory, marginal, satisfactory and good. It was stated that to achieve good a department would have improved considerably and reached a very high level. To achieve satisfactory conveys a department is doing well and improving. It was noted that two thirds of the Council’s audit opinions were either good or satisfactory.

RESOLVED: That the Assurance Report be noted.

11. APPROVAL OF THE COUNCIL'S STATEMENT OF INTERNAL CONTROL 2005-06

The Principal Audit Manager presented the report to note the work and process followed in relation to the completion of the Council’s Statement of Internal Control. He advised that the Statement was linked to the Use of Resources and drew attention to two key areas. These being: the assurance framework being fully embedded in the Council’s business processes; and the Council’s ability to demonstrate corporate involvement in/ownership of the process for preparing the Statement on Internal Control. It was noted that the Statement draws on several different documents, which then make up the Statement of Internal Control and CPA assessment. It covers virtually everything the Council is assessed on in one document.

The Principal Audit Manger advised that he had completed the CIPFA Assurance checklist and the Council’s procedures and protocols had compared favourably with the checklist and overall had been found satisfactory. The results of the checklist are passed to the Corporate Management Board, to be signed off. It was noted this was a labour intensive task.

RESOLVED: That the Statement of Internal Control be approved.

12. STATEMENT OF ACCOUNTS

The Chairman reminded the Committee of the importance of the Statement of Accounts and that once agreed he would sign it on behalf of the Committee.

The Principal Audit Manager advised that the Statement of Accounts showed some changes compared with last year that included:

- the annual review and update of the Statement of Accounting policies;
- the various changes to the Accounting Codes of Practice requiring a number of additional notes and comments;
- an introduction from the Cabinet Member (Resources) has been added along with a glossary of terms; and
- a summary version of the statement.

He told the Committee that the Communications team was working on making the document easier to read for the public and added the report explained any changes to the balance sheet.

The Committee raised a variety of questions and were advised the rising costs in housing services was due to increased deferred charges relating to higher capital spend on affordable housing and increased use of temporary accommodation for the homeless. Regarding the increase in the debtors figure, Members were advised it was mainly due to the increase in the amount owed by the PCT at year end. Further discussion was held around the new landfill allowance, staff car loans and long term borrowing.

Thanks were extended to the accounts department for producing the document to tighter timescales than previously, and for its clarity.

RESOLVED:

- THAT**
- (a) the Statement of Accounts including the final revenue and capital outturn for 2005/06 be approved;**
 - (b) the formal signing of the Statement of Accounts by the Chairman of the Committee on behalf of the Council be approved;**
 - (c) the redundancies and early retirements at Appendix 2 to the report be noted; and**
 - (d) Appendix 3 to the report on bank accounts be noted.**

13. DATE OF NEXT MEETING

RESOLVED: That the date, time and venue of the next meeting be amended to Friday, 22nd September, 2006 at 10.00 am at the Council Chamber, Brockington, Hereford.

The meeting ended at 11.25 a.m.

CHAIRMAN