

GOVERNANCE AND AUDIT COMMITTEE

MINUTES OF THE MEETING HELD ON 23 MARCH 2009

Councillors: Jeff Beck (*Chairman*) (P), Paul Bryant (AP), Tony Linden (P), Irene Neill (P), Julian Swift-Hook (P), Tony Vickers (*Vice-Chairman*) (P – left at 8.30pm), Quentin Webb (P - 6.20pm onwards)

Also present: Elizabeth Hale (Comprehensive Area Assessment Lead for Berkshire), Greg McIntosh (KPMG), Ian Priestley (Assurance Manager), Julie Gilhespey (Group Auditor), Joseph Holmes (Accountancy Manager), Lesley Flannigan (Group Accountant), Moira Fraser (Democratic Services Manager)

PART I

41. APOLOGIES.

An apology for inability to attend was received on behalf of Councillor Paul Bryant.

42. MINUTES.

The Minutes of the meeting held on 20 January 2009 were approved as a true and correct record and signed by the Chairman.

43. DECLARATIONS OF INTEREST.

There were no declarations of interest received.

44. ANNUAL AUDIT AND INSPECTION LETTER

Elizabeth Hale, the Comprehensive Corporate Assessment Lead for West Berkshire gave a presentation on the Annual Audit and Inspection Letter (AAIL).

Councillor Jeff Beck reported that note 33 should be amended to reflect that there were 7 street cleaning vehicles and not 54 as set out in the third sentence of this note.

Elizabeth Hale noted that the Audit Commission (AC) had classified the Council as a three star authority under the Comprehensive Performance Assessment (CPA) framework in 2007/08. The Direction of Travel Report (which took cognisance of information submitted until November 2008) suggested that the Council was 'improving strongly' which placed it within the top 24% of authorities nationally). This rate of improvement at the Council was considered to be above average and the Council was considered to be 'top performing' in respect of a large proportion of indicators.

The AC used a number of work streams to gather data for their findings including the audit undertaken by KPMG (West Berkshire Council's appointed external auditors) in respect of 2007/08 Use of Resources and data quality work, the Direction of Travel inspection, the AC's inspection of Cultural Services and external inspections from organisations like CSCI and Ofsted.

The Committee was informed that the AAIL was a public document and would be published on the AC's website. Copies would also be sent to all West Berkshire Council Members. The purpose of the letter was to assist the Council with its continuous improvement and highlighted key areas that required action.

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Elizabeth Hale introduced the letter and identified the key messages in the report and explained that improvement in the overall performance of the Benefits Service was an area that the Council would need to focus on. It was noted that the present economic climate was likely to place additional pressure on this area that was already underperforming in respect of a number of indicators. Councillor Quentin Webb informed the Committee that the Safer, Stronger and Sustainable Policy Development Committee had considered these issues and had produced an action plan to assist with delivering improvement.

Councillor Julian Swift-Hook raised some concerns about the comments in respect of Waste Management and the service improving. He noted that the Liberal Democrat Group had some considerable concerns about the new waste contract and queried whether the views of the opposition had been taken on board in arriving at the conclusions set out in the letter? Elizabeth Hale explained that the Direction of Travel assessment was based on information provided by the Council and the views of the opposition had not been taken into account. Once the new Comprehensive Area Assessment (CAA) framework was in place greater emphasis would be placed on the views of local people about the services provided by the Council and its partners.

Councillor Julian Swift-Hook was also concerned that, despite the inspection report published in June 2008 concluding that the Council's Cultural Services were fair with uncertain prospects for improvement, no specific mention was made of action's pertaining to Cultural Services in the key messages. Elizabeth Hale explained that comments relating to the inspection of Cultural Services were set out in sections 34 - 37 of the letter. The AC had met with Officers to discuss progress against the action plan and progress would be formally assessed in due course. This issue had not been covered in the key messages due to the fact that this area was not one of the Council's top priorities. The geography of the district also meant that it was difficult to score highly on some of the indicators. Elizabeth Hale suggested that it might be considered perverse for the Council to put facilities e.g. libraries in sparsely populated areas and mobile libraries had not been taken into account in the inspection. The issues that were identified centred around non-users of the Council's facilities rather than users that appeared to be very satisfied with the service provided.

Elizabeth Hale explained that this was the final year of the CPA and she therefore outlined the new Comprehensive Area Assessment (CAA) approach. The revised approach would consider how well partners worked together to deliver services to residents and how satisfied residents were with the services provided. The Council and its statutory partners would be assessed as to how successfully they had delivered their Sustainable Community Strategy.

Elizabeth Hale explained that the revised framework would consist of an assessment that would be published in November 2009 which would be written for the public and the primary focus would be on the statutory partners. The narrative assessment would contain green flags against any noteworthy achievements and red flags would highlight areas of particular concern where outcomes were not being achieved.

In addition the Council, and all statutory partners, would be scored individually on its Use of Resources and would also be subjected to a managing performance assessment. Greg McIntosh explained that the assessments would be moderated, both locally and nationally, as part of the process to ensure consistency.

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Councillor Tony Vickers was concerned that the 2001 census data was still being used and assessments were therefore being made based on out of date information. Elizabeth Hale noted that a number of Councils shared this concern.

The revised framework would constitute a harder test and the Committee stressed the need for the AC to highlight this in their publicity relating to the CAA in order to manage residents' perception of the lower scores.

Members were concerned that the letter did not have a covering report setting out the recommended action and any other actions they were required to take at the meeting.

Members thanked Elizabeth Hale for attending the meeting.

RESOLVED:

- 1. That the Committee accepts the Annual Audit Inspection Letter on behalf of the Council subject to the amendment of section 33.**
- 2. The Head of Service for Benefits and Exchequer be invited to attend the next meeting of the Committee to discuss what could be done to improve performance in the Benefits area. The Safer, Stronger and Sustainable Policy Development Commission Action Plan to be discussed as part of this item.**

Councillor Julian Swift-Hook abstained from voting on the first resolution.

45. USE OF RESOURCES 2007-2008.

Greg McIntosh and Joseph Holmes notified Members of the 2007-08 Use of Resources scores for West Berkshire Council (Agenda Item 5). The Committee noted that the Council had received an overall score of 3 as it had done for the past three years. Greg McIntosh noted that the performance of the Council was encouraging and that improvements had been made in two areas: financial reporting and value for money (vfm). In his opinion the improvement in vfm from a score of three to a four was exceptional and illustrated that the Council had a lot of services that were performing highly and often at a reasonable cost.

RESOLVED that the scores received be noted.

REASON FOR THE DECISION: To inform Members of the outcome of the latest use of resources assessment for 2007-08.

46. USE OF RESOURCES 2008-2009.

Greg McIntosh and Joseph Holmes informed the Committee of the revised process for the audit Use of Resources assessment in 2008-09, and the changes to the use of resources methodology (Agenda Item 6). Greg McIntosh noted that the new assessment would consist of three themes broadly covering: managing finance, governing the business and managing resources.

The Committee noted that managing natural resources was a new area. This was a new issue that would increase in importance in the future.

Members thanked Greg McIntosh for attending the meeting.

RESOLVED that the new assessment methodology be noted

REASON FOR THE DECISION: The confirmation of the 2008-09 use of resources methodology.

47. SCRUTINY OF FINANCIAL STATEMENTS.

Joseph Holmes provided members with a presentation in order to assist them in their understanding of local government financial statements (Agenda Item 7). The notes of the presentation are attached for information.

Joseph Holmes explained that a cross Council implementation group had been set up to oversee the implementation of the International Financial Reporting Standards by the 01st April 2010. The introduction would require additional training and support for Accountancy and there would be a one off increase in the audit fees in 2010/11 of 8% to oversee the transition.

RESOLVED that the report be noted.

REASON FOR THE DECISION: To improve the understanding of West Berkshire Council's financial statements and the accounting framework for local government.

48. INTERNAL AUDIT STRATEGY AND PLAN 2009-12.

Ian Priestley noted that the programme had been discussed at Corporate Board and they had requested further information. The Committee therefore agreed that this item should be deferred until the Corporate Board changes had been made. The Committee felt that the audits should be aligned to risk assessments and resources available to undertake the audits.

RESOLVED that the report be added to the agenda for the meeting on the 27 April 2009.

REASON FOR THE DECISION: To ensure that there was an adequate internal audit of the Council's systems and procedures so that an audit opinion could be given on the soundness of the Council's internal control framework.

49. INTERNAL AUDIT QUARTER 3 OF 2008/09 REPORT.

Ian Priestley and Julie Gilhespey updated the Committee on the outcomes of Internal Audit work over the third quarter of 2008/09 (Agenda Item 9). Ian noted that two reports had been identified as weak namely: Legal and Electoral Services - Land Charges and Finance Service - Webrisk. There were no unsatisfactory follow up audits during the third quarter.

Members requested that in respect of the appendix setting out work that was underway Officers include an expected completion date and that this date should be the original intended finish date, although the latest position for postponed activity could also be included. Members requested that the headings on the table be repeated on every page. Members also felt that it would be useful to include a short description of the scope of the audit to aid understanding.

RESOLVED that following a review of the outcomes of individual audits the Committee was satisfied with the progress made in implementing agreed recommendations.

REASON FOR THE DECISION: reviewing the work of Internal Audit formed part of the terms of reference of the Governance and Audit Committee.

50. ANTI FRAUD AND CORRUPTION STRATEGY 2009/10.

Ian Priestley outlined an Anti Fraud and Corruption Strategy for the coming year 2009-10 (Agenda Item 10). Ian Priestley explained that the purpose of the document was to provide a high level overview of activity. The strategy would draw on a number of existing policies and procedures within the Council. Members

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requested that reference to the Members Code of Conduct and the Planning Code of Conduct be included in paragraph 3.1.1.

RESOLVED that the draft strategy be recommended to the Executive for approval.

REASON FOR THE DECISION: To minimise the risk and incidence of fraud and corruption.

51. DATE OF THE NEXT MEETING.

Members agreed that the next meeting would take place on the 27 April 2009 at 6.00pm. The following items were likely to be included on the agenda:

- Head of Service be invited to attend the meeting to discuss Benefits Performance in view of the comments set out in the Annual Audit Inspection Letter. The discussion should also include the action plan drafted by the Safer, Stronger and Sustainable Policy Development Commission.
- Internal Audit Strategy and Plan 2009-2012
- The Future of Scrutiny
- Proposed Changes to the Constitution

(The meeting commenced at 6.00pm and closed at 9.03pm)

CHAIRMAN

Date of Signature: