

SCRUTINY COMMITTEE FOR AUDIT AND BEST VALUE

MINUTES of a meeting of the Scrutiny Committee for Audit and Best Value held at County Hall, Lewes on 12 June 2007.

PRESENT - Councillor Tutt (Chairman)
Councillors Birch, Dyason, Gadd, Murphy (Vice-Chairman),
Sparks and Whetstone

OFFICERS - Andrew Ogden, Director of Law and Personnel
Duncan Savage, Assistant Director, Audit and Performance
Rawdon Phillips, Insurance and Risk Manager for item 11 (see
minute 10)
Paul Dean, Scrutiny Manager
Keith Hinkley, Director of Adult Social Care for item 7 (see minute
6)
Nick Deyes, Assistant Director, ICT Services for item 10 (see
minute 9)
Leatham Green, Assistant Director Personnel and training for
item 13 (see minute 12)
Alex Sava, Policy, Performance and Asset Manager for item 14
(see minute 13)

ALSO PRESENT - Grahame Brown, Audit Commission for item 5 (see minute 4)
Richard Bint and Stuart Frith, External Auditors for item 6 (see
minute 5)

1. MINUTES

1.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 22 March 2007.

2. DECLARATIONS OF INTEREST

2.1 Councillor Murphy declared a personal interest in item 6 (External Audit and Inspection Plans 2007/08) insofar as any discussions related to the Pension Fund because he was in receipt of a local government pension.

3. REPORTS

3.1 Copies of the reports on the matters dealt with in the minutes below are contained in the minute book.

4. AUDIT COMMISSION'S AUDIT AND INSPECTION ANNUAL LETTER

4.1 The Committee considered a joint report by the Chief Executive and the Deputy Chief Executive and Director of Corporate Resources submitting the Audit Commission's Audit and Inspection Annual Letter. The Chairman welcomed Grahame Brown from the Audit Commission to the meeting.

4.2 Members expressed disappointment about the "improving adequately" assessment of the Council's Direction of Travel, but noted that the Annual Letter had been drafted in December 2006 and represented a snapshot of the Council's position at that time. The

Corporate Performance Assessment was now underway and feedback from that process would be reported in the next few weeks.

4.3 In response to queries raised in relation to the following key improvement areas, Members noted:

(a) Income generation – the Council had volunteered to participate in the Audit Commission's National Study of Income Generation which would facilitate the sharing of good practice. A lot of work had already taken place and there would be a report back in due course;

(b) Delivery of services to the public – although the rate of improvement across all services (as measured by best value performance indicators) was slightly lower than last year, the 64% improvement from 2004/05 was commendable and above the average for all other County Councils;

(c) Pooled budgets – although one or two issues had been highlighted, there had been a significant improvement and, in particular, better management reporting;

(d) Planning primary school places – clearly this would be an ongoing issue and the position would be kept under review to check on progress.

4.4 RESOLVED – to (1) note the Audit Commission's draft Audit and Inspection Letter; and

(2) request the Director of Children's Services to provide a progress report on the implementation of the recommendations made in the review of Planning School Places

5. EXTERNAL AUDIT AND INSPECTION PLANS 2007/08

5.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources appraising the Committee of the External Audit and Inspection Plans. The Chairman welcomed Richard Bint and Stuart Frith of PKF, the Council's new external auditors, to the meeting.

5.2 Members discussed the key audit risk areas highlighted in the report, in particular the financial resource risks arising from the future development of the Waste PFI Project and the potential financial impact of the Landfill Allowance Trading Scheme (LATS). They noted that, whilst mitigating controls were in place, there would always be a commercial risk involved with the project.

5.3 In response to queries regarding the level of increase in the audit and inspection fees, the Auditors explained that some of the increase was because the Whole of Government Accounts work had been funded in 2006/07 by the Audit Commission and account had to be taken in the 2007/08 fees for the Corporate Performance Assessment which represented a standard non-recurring fee.

5.3 RESOLVED – to note the External Audit and Inspection Plans for 2007/08

6. BUSINESS TRANSFORMATION PROGRAMME: UPDATE

6.1 The Committee considered a report by the Director of Adult Social Care updating Members on the progress of the Business Transformation Programme to date and the management of risk.

6.2 The Director of Adult Social Care responded to concerns and queries from Members about the progress of the Business Transformation Programme and the implications of the delays in some elements of the programme. He confirmed that a clear project plan and critical path were in place with resources mapped out for the programme. Although no absolute guarantee could ever be given, and clearly unforeseen events could arise, the Director of Adult Social Care was confident that robust systems, and adequate capacity were in place to take the forward the programme and the management of risk.

6.2 RESOLVED – to (1) note the progress of the Business Transformation Programme to date and the management of risk; and

(2) request the Director of Adult Social Care to report to the Committee on progress at the end of each phase of the programme.

7. INTERNAL AUDIT SERVICES: ANNUAL AUDIT REPORT AND OPINION

7.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources seeking the Committee's views on the Internal Audit Service's opinion on the County Council's control environment for the year from 1 April 2006 to 31 March 2007.

7.2 The Committee thanked the Assistant Director (Audit and Performance) and his team for their work and responsiveness to Members' concerns and queries. Members noted that the key message from the report was that there were no significant weaknesses in the Council's control environment and, on the basis of the audit work completed, the Council has in place a satisfactory framework of internal control which provides a reasonable assurance regarding the efficient and effective achievement of its objectives.

7.3 RESOLVED – to (1) note the internal Audit Service's opinion on the Council's control environment;

(2) highlight to the Cabinet the Scrutiny Committee's concerns about the capacity issues within Adult Social Care and their possible impact on the delivery of the Business Transformation Programme; and

(3) confirm that the Council's system for internal audit has proved effective during 2006/07.

8. INTERNAL AUDIT STRATEGY 2007/08 AND ANNUAL PLAN

8.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources presenting the Council's internal Audit Strategy 2007/08 and Annual Plan.

8.2 RESOLVED – to endorse the Council's Internal Audit Strategy 2007/08 and Annual Plan.

9. REVIEW OF ICT BUSINESS CONTINUITY AND CONTACT CENTRES: UPDATE

9.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources summarising the current work being undertaken to enhance the provision of business continuity facilities supporting key ICT infrastructure and applications and the development and the implementation of service based contact centres.

9.2 Members were reassured that the design of the contact centres ensured that callers would always be able to speak to a member of staff trained to deal with generic queries.

9.3 RESOLVED – to note the information contained in the report.

10. RISK MANAGEMENT ANNUAL REPORT

10.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources updating Members on further progress in strengthening strategic and operational risk assessment and control.

10.2 RESOLVED – to note (1) the improvements in risk management in the last 12 months;

(2) the risks detailed in Appendix 3 and the action plan set out in paragraph 5 of the report; and

(3) that the report will be considered by the Cabinet on 10 July 2007.

11. REVIEW OF THE ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND CORPORATE ASSURANCE STATEMENT FOR 2006-2007

11.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources reviewing the Monitoring Officer's draft report to the Governance Committee giving the Annual Assessment of the Corporate Governance Framework and Corporate Assurance Statement for 2006/07 in line with the responsibilities set out in its terms of reference.

11.2 Whilst noting that work was being undertaken over the coming months on improving diversity, and that external consultants were being employed to take this forward, Members suggested that the Corporate Governance Framework should include the Council's approach to diversity.

11.3 In response to concerns expressed about local Member involvement and a suggestion that their role should be emphasised in this report, the Director of Law and Personnel explained that the issue did not form part of the Framework, but was being addressed and initiatives were being taken forward. Members agreed that it would be helpful to receive a report on the role of local Members and how that role and the support offered might be enhanced (see minute 14).

11.4 RESOLVED – (1) to note the draft report to the Governance Committee and its appendices; and

(2) recommend to the Governance Committee that the improvement plan for the Corporate Governance Framework should include reference to diversity and the progress made to date to improve the Council's performance in this area.

12. PEER REVIEW ACTION PLAN: TIPPING POINTS

12.1 The Committee considered a report by the Director of Law and Personnel outlining the actions being taken in response to the Corporate Peer Review findings relating to potential "tipping points" across the organisation.

12.2 The Director of Law and Personnel explained that, following the Peer Review findings, a lot of work had been undertaken to identify where there might be areas of concern. Discussions had been held with focus groups, departmental colleagues and senior

managers on the Human Resources Board, staff forums and business meetings (formal and informal) with trade union representatives. No major issues had been highlighted except in relation to obvious hot spots, such as the Business Transformation Programme, which clearly was making significant demands on limited internal resources.

12.3 Members were referred to paragraph 6.2 of the report which set out the actions undertaken in response to the findings of the 2005 Staff Survey. In addition, exit questionnaires, and optional exit interviews, were being introduced and staff were now being given the opportunity, for the first time, to indicate the questions they thought should be included in the 2007 Staff Survey.

12.4 Members welcomed the proactive approach being taken in response to the Peer Review findings. They suggested that it would be helpful if they could receive the findings of the 2007 Staff Survey

12.5 RESOLVED – to (1) note the action being taken in response to the Peer Review findings;

(2) request the Director of Law and Personnel to circulate the outcomes of the 2007 Staff Survey to Members of the Scrutiny Committee.

13. CARBON MANAGEMENT PLAN ANNUAL REPORT

13.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources advising Members of progress made since the adoption of the Carbon Management Plan by Cabinet on 19 April 2005.

13.2 Members welcomed the progress made to date and the additional funding agreed by Cabinet for 2007/08 and 2008/09 for sustainable building initiatives. However, whilst appreciating the constraints involved they suggested that, in terms of achieving energy efficient design on capital schemes, the Council should be aspiring to a “good” rating as an interim measure on existing buildings and the opportunity taken to aim for “very good” or “excellent” on new building programmes.

13.3 RESOLVED – to (1) note the report and welcome the progress made to date; and

(2) agree that progress continues to be reported to the Committee on an annual basis.

14. FUTURE SCRUTINY WORK PROGRAMME

14.1 The Committee considered a report by the Director of Law and Personnel setting out the Committee’s planned programme of work for the forthcoming year.

14.2 Members were advised that a future Best Value Review programme would be considered once the findings of the Corporate Performance Assessment were known. They suggested that the future work programme should also include reports back to the Committee on:

- the role of, and support offered, to local Members and how that might be enhanced; and
- the post implementation reviews conducted on property projects and the lessons to be learned from the review findings.

14.3 The Director of Law and Personnel drew the Committee’s attention to the recommendation that, as the Quarter 4 monitoring report was not available for this meeting, the Chairman and Vice-Chairman should be asked to identify any scrutiny or audit issues for incorporation into the 2007/08 work programme. In addition, Members were asked to

consider whether, in the light of the change in Committee membership, they wished to nominate a new representative on the Review Board set up to scrutinise the County Council's relationship with the voluntary and community sector.

14.4 RESOLVED – to (1) note the programme of work with the inclusion of items on the following issues:

- The role of, and support for, local Members
- Post implementation reviews conducted on property projects

(2) agree that the Chairman and Vice Chairman, together with the Scrutiny Manager, identify any scrutiny or performance issues contained in the Quarter 4 Monitoring report for 2006/2007 for incorporation into the work programme for 2007/2008; and

(3) agree that Councillor Livings be invited to continue to serve on the Review Board set up to scrutinise the County Council's relationship with the voluntary and community sector and Councillor Sparks nominated to represent the Audit and Best Value Scrutiny Committee as an additional Member on the Review Board.

15. FORWARD PLAN

15.1 The Committee considered the Forward Plan for the period 12 June 2007 to 30 September 2007.

15.2 RESOLVED – to note the Forward Plan without comment.