

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 Wednesday 10 November 2010.

PRESENT - Councillor Sparks (Chairman)
Councillors Bennett (Vice-Chairman), Ensor, Freebody, Lambert and Whetstone.

OFFICERS - Becky Shaw, Chief Executive
Bill Murphy, Director of Governance and Community Services
Philip Baker, Assistant Director, Legal and Democratic Services
Duncan Savage, Assistant Director, Audit and Performance
Russell Banks, Principal Audit Manager
Paul Dean, Scrutiny Manager
Kieran McNamara, Assistant Director, Economic and Community Services for item 6 (see minute 30)
Shelagh Powell, Senior Economic Development Manager for item 6 (see minute 30)
Rawdon Phillips, Insurance and Risk Manager for item 10 (see minute 34)

ALSO PRESENT - Richard Bint, External Auditor, for item 5 (see minute 29).

26. MINUTES

26.1 RESOLVED – to approve as a correct record the minutes of the meeting of the Committee held on 1 September 2010.

27. APOLOGIES FOR ABSENCE

27.1 Apologies for absence were received from Councillors Birch and Gadd. It was noted that Councillor Freebody was substituting for Councillor Gadd.

28. REPORTS

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

29. ANNUAL AUDIT LETTER 2009/10

29.1 The Committee considered a joint report by the Chief Executive and the Deputy Chief Executive and Director of Corporate Resources informing Members of the content of the External Auditor's Annual Audit Letter for 2009/10. The Annual Audit Letter summarised the key issues arising from the work carried out by the Council's external auditors, PKF, during the year.

29.2 In respect of the requirement for the Council to adopt International Financial Reporting Standards (IFRS) the Committee questioned whether:

- there would be significant resource implications of changing over to the new system.
- there would be longer term benefits such as better, clearer, and easier-to-understand financial reports, and improved decision making.

29.3 RESOLVED –

(1) to note the Annual Audit Letter for 2009/10 and to extend the Committee's thanks to all the staff who have worked towards achieving such a positive letter and

(2) to report to Members of the Committee with greater detail of the IFRS and an assessment of the implications as requested.

30. ECONOMIC DEVELOPMENT IN EAST SUSSEX

30.1 The Committee considered a report by the Director of Governance and Community Services which updated Members on the current and evolving economic development landscape in East Sussex.

30.2 The following key messages emerged from the discussion:

- 1) Much work has already been undertaken to obtain a robust evidence base to inform economic development activities; this will be further assisted by the requirement to produce a Local Economic Assessment for East Sussex. Clarity of focus is essential in determining where we will invest our resources, and what outcomes we then anticipate.
- 2) The County Council is well placed with the skills required to take advantage of the new opportunities ahead, such as bidding for resources from the Regional Growth Fund (RGF).
- 3) The larger Local Enterprise Partnership (LEP) covering Essex, Kent and East Sussex has created a very positive foundation to take best advantage of forthcoming opportunities. This LEP does not preclude the development of other joint working arrangements with areas to the west and north of East Sussex if opportunities arise.
- 4) Economic development means focussing on many different elements particularly: skills, infrastructure, roads and transport and procurement; job creation in East Sussex is a key outcome as is a focus on the role played by SMEs.
- 5) Members wish to play an increasingly active role as the strategy develops.

30.3 RESOLVED –

(1) To note the report, in particular the role of the Council in economic development, the latest position on Local Enterprise Partnerships, the recent publication of the Local Economic Growth White Paper and the main proposed funding stream options it contains;

(2) To distribute to Members of the Committee (1) the original Greater Essex and Kent submission and (2) the subsequent letter from East Sussex, Essex and Kent to Secretaries of State advocating the larger LEP that we now have; and

(3) To consider frequent progress updates at Audit and Best Value Scrutiny Committee, with particular emphasis on the practical activities and outcomes anticipated as the strategy is developed.

31. SOUTH EAST SEVEN (SE7) PARTNERSHIP

31.1 The Committee considered a report by the Director of Governance and Community Services seeking Members' views on whether scrutiny can play a role in engaging with the development of the South East Seven Partnership initiative.

31.2 The following key messages emerged from the discussion:

- 1) The strength of the SE7 partnership lies: in the fact that the partners are willing participants; there is peer review engagement at an operational level; and there are foreseeable tangible mutual benefits in pursuing the selected workstreams.
- 2) Any financial savings are likely to accrue in the longer term and are likely to appear in the 2011/12 Reconciling Policy and Resources process.

31.3 RESOLVED – to note the Cabinet report and receive future updates about current and new SE7 workstreams as necessary.

32. AUDIT AND INSPECTION ARRANGEMENTS: UPDATE

32.1 The Committee considered a joint report by the Chief Executive and Deputy Chief Executive and Director of Corporate Resources advising Members of proposed changes in the external audit and inspection regime.

32.2 RESOLVED – to note the report.

33. INTERNAL AUDIT PROGRESS: QUARTER TWO (1 JULY – 30 SEPTEMBER 2010)

33.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources which summarised the key audit findings, progress on delivery of the Audit Plan and the performance of the Internal Audit Service during Quarter 2.

33.2 RESOLVED – To (1) receive the report; and

(2) Endorse the actions being taken to address the issues raised in the key audit findings.

34. STRATEGIC RISK MONITORING

34.1 The Committee considered a report by the Deputy Chief Executive and Director of Corporate Resources which updated Members on the current strategic risks faced by the Council, their status and mitigating actions.

34.2 RESOLVED – (1) to note the current strategic risks, the update of their status and mitigation actions being proposed and implemented by Chief Officers; and

(2) to request that the risk of industrial action be included as a separate theme area in future risk log reports.

35. FUTURE SCRUTINY WORK PROGRAMME

35.1 The Committee considered a report by the Director of Governance and Community Services setting out the Committee's planned programme of work for the forthcoming year.

35.2 Regarding NEETS (Young People not in education, employment or training) Members noted that a preliminary meeting between the Audit and Best Value Scrutiny Committee and Children's Services Scrutiny Committee was to be organised shortly to explore the latest position and to consider whether further scrutiny work is required.

35.3 RESOLVED – to note the Committee's programme of work for 2010/11.

36. FORWARD PLAN

36.1 The Committee considered the Forward Plan for the period 1 November 2010 to 28 February 2011.

36.2 RESOLVED – to note the Forward Plan.