

## SCRUTINY COMMITTEE FOR AUDIT, BEST VALUE AND COMMUNITY SERVICES

MINUTES of a meeting of the Scrutiny Committee for Audit, Best Value and Community Services held at County Hall, Lewes on 1 June 2011.

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PRESENT - Councillor Sparks (Chairman)  
Councillors Barnes (Vice-Chairman), Ensor, Lambert, S Shing, B Tidy and Whetstone.

Councillor Rogers OBE was in attendance for item 14 (see minute 13)

OFFICERS - Bill Murphy, Director of Governance and Community Services  
Philip Baker, Assistant Director, Governance and Community Services  
Duncan Savage, Assistant Director, Audit and Performance  
Russell Banks, Principal Audit Manager  
Paul Dean, Scrutiny Manager  
John Morris for items 11 and 12 (see minutes 12 and 13)  
Paul Rideout for item 14 (see minute 13)

ALSO PRESENT - Janine Combrink, External Auditor, 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 4 March 2011.

### 2. DECLARATIONS OF INTEREST

2.1 Councillor Barnes declared a non prejudicial interest as Acting Chairman of the Etchingam Under Fives charity.

### 3. REPORTS

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

### 4. COMMITTEE TERMS OF REFERENCE / SCOPE

4.1 The Committee noted the outline scope of the Committee, amended to include functions transferred from the Community Services Scrutiny Committee which ceased to exist from 17 May 2011.

4.2 RESOLVED - To (1) group Audit and Scrutiny items under separate headings on future Committee agendas to distinguish better between the two functions;

(2) extend clause 4 of the 'specific functions' to include a best value component to read as follows:

- To review and scrutinise the effectiveness of management arrangements to ensure **best value**, probity and legal and regulatory compliance, including, but not limited to contract procedure rules, financial regulations, codes of conduct, anti fraud and corruption arrangements and whistle blowing policies.

(3) recognise that public health is a cross cutting issue and is likely to impact on the work of the Committee.

## 5. EXTERNAL AUDIT AND INSPECTION FEE LETTERS 2011/12

5.1 The Committee considered a joint report by the Chief Executive and the Director of Corporate Resources appraising the Committee of the External Audit Fees for 2011/12 and high level work plans and risk assessments proposed by the Council's external auditors. The Chairman welcomed Janine Combrink of PKF, the Council's external auditors, to the meeting.

5.2 RESOLVED – to welcome and note the External Audit and Inspection Fee Letters for 2011/12.

## 6. INTERNAL AUDIT STRATEGY 2011/12 AND ANNUAL PLAN

6.1 The Committee considered a report by the Director of Corporate Resources presenting the Council's Internal Audit Strategy 2010/11 and Annual Plan.

6.2 The Committee:

- Requested Internal Audit to include consideration of the potential impact of reductions in services to at-risk groups resulting from the restructuring of youth services in its risk assessment when planning its audit of *Targeted Youth Services*.
- Questioned whether school governors have all the necessary skills to fulfil the increasingly complex scrutiny role required of them, in the light of recent audit findings but noted that Internal Audit was working with Children's Services to identify potential improvements in support for governors. Children's Services Scrutiny Committee would monitor its scrutiny review of support to school governors to check whether further actions were needed, such as enhanced governor training.
- Noted that *Economic Development / Regeneration* was not included in the Audit Plan for Economy, Transport and Environment; the Committee raised concerns about the risks to the success of economic development and regeneration activity but noted that this would now be monitored by E, T&E Scrutiny Committee.
- Noted that *Children's Centres* were subject to a current restructuring and requested that this be considered as a possible emerging risk for addition to the audit plan during the year.
- Suggested that greater use be made of video conferencing as one means of reducing travel and other related costs.

6.3 RESOLVED – to endorse the Council's Internal Audit Strategy 2011/12 and Annual Plan subject to the above comments.

## 7. INTERNAL AUDIT SERVICES: ANNUAL REPORT AND OPINION

7.1 The Committee considered a report by the Director of Corporate Resources seeking the Committee's views on the Internal Audit Service's opinion of the County Council's control environment for the year from 1 April 2010 to 31 March 2011.

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

(2) agree that that there are no significant control issues that should be included in the Council's Annual Governance Statement for 2010/11; and

(3) confirm that the Council's system for internal audit has proved effective during 2010/11 and that the Committee's thanks be extended to all staff concerned.

## 8. FUTURE OF PUBLIC AUDIT

8.1 The Committee considered a report by the Director of Corporate Resources which outlined the Department of Communities and Local Government's (CLG) consultation on the future of local public audit and which sought views on the Authority's response.

8.2 RESOLVED – To register in robust terms, in the Council's response to the CLG consultation, the Committee's objections to the idea of appointing independent members to sit on local authority audit committees; the argument should make reference to the experience elsewhere of enabling the knowledge and experience of innovative outsiders to be accessed without compromising the democratic basis of our current arrangements.

## 9. ASSESSMENT OF THE CORPORATE GOVERNANCE FRAMEWORK AND CORPORATE ASSURANCE STATEMENT FOR 2010/11

9.1 The Committee considered the Monitoring Officer's draft report to the Governance Committee on the Annual Assessment of the Corporate Governance Framework and Corporate Assurance Statement for 2009/10 in line with the responsibilities set out in the Committee's terms of reference.

9.2 The Committee highlighted the following areas where it has concerns or is requesting greater clarity in due course:

- A clearer understanding of the nature of the governance arrangements in the context of the relationship between the County Council and schools, especially academies (this primarily affects the work of Children's Services Scrutiny Committee);
- The governance arrangements operating in the Local Enterprise Partnership (LEP) and South East 7 (SE7) arrangements; to include value for money judgements and the robustness of risk strategies; and
- How public health matters will be incorporated into mainstream council structures and decision making.

9.3 RESOLVED – to note the report to the Governance Committee and to confirm that there are no changes to the report that the Committee wishes to recommend to the Governance Committee.

## 10. TREASURY MANAGEMENT

10.1 The Committee agreed to defer consideration of this report to a future meeting.

## 11. CARBON MANAGEMENT

11.1 The Committee considered a report by the Director of Corporate Resources which provided an update on activities undertaken and planned to reduce the Council's carbon footprint from its own activities and services.

11.2 The Committee considered that it was not immediately apparent from the data presented whether and how investment was being prioritised towards the most financially and environmentally cost effective activities from the plethora of options available. Suggestions to remedy this included:

- Provide information to enable easier comparison of the benefits of investing in disparate activities (such as solar panels or water recycling).

- Aim to include consideration of the impact of investment on the lifetime cost of a building.
- Aim for an 'excellent' BREEAM rating rather than being satisfied with 'good' whilst recognising that this would not always be possible e.g. when converting part of an existing building, and the budget may not always allow this.

11.3 RESOLVED – to (1) note the progress made in preparing the Carbon Reduction Commitment Energy Saving Scheme and reduction on the carbon footprint and the work in hand to accelerate a reduction in energy consumption; and

(2) request that future scrutiny committee reports on carbon management aim to adopt the Committee's suggestions outlined above.

## 12. SCRUTINY REVIEW OF PROCUREMENT WITH SMALL AND MEDIUM SIZED ENTERPRISES (SMEs)

12.1 The Committee welcomed a report by the Director of Corporate Resources outlining the progress made with implementing the recommendations agreed by Cabinet on 15 December 2009 following the Scrutiny Review of Procurement with Small and Medium Sized Enterprises (SMEs) in East Sussex.

12.2 RESOLVED – (1) to welcome and note progress, especially with establishing a contractors' liability insurance top-up scheme; further information on the scheme to be provided to the committee in due course.

(2) to welcome the achievements of 'Build East Sussex' and note with concern the intention of Brighton and Hove City Council to withdraw from it, albeit the sustainability of the initiative remains secure.

## 13. SCRUTINY REVIEW OF LOCAL INVOLVEMENT NETWORK (LINK) MODEL

13.1 The Committee warmly welcomed a report by Councillor Rogers OBE, Chairman of the Scrutiny Review Board, which detailed the outcomes and recommendations of the 'tabletop' scrutiny review of the LINK model. This report will now be used to influence the development of the Healthwatch model in East Sussex.

13.2 The Committee suggested that greater emphasis be placed in the scrutiny report's conclusions on the following findings:

- The relationship difficulties arising from 'tripartite' arrangement on which the LINK model is based, particularly the lack of clarity of the role of the host organisation.
- The difficulties of achieving representativeness of LINK participants and an over emphasis on volunteer 'enthusiasms' in the formulation of work programmes – exacerbated by an absence of clear national guidance.
- The failure to achieve effective networking between the LINK and organisations such as town and parish councils.
- The under emphasis on Social Care Services and the need for the future Healthwatch to ensure a clearer integration of health and social care into its work.

13.3 RESOLVED – to welcome and endorse the report and recommendations of the Review Board for submission to the Healthwatch Development Group.

## 14. FUTURE SCRUTINY WORK PROGRAMME

14.1 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.

14.2 RESOLVED – to (1) note the Committee’s programme of work for 2011; and  
(2) set up a Committee training ‘Awayday’, to include a briefing on the additional areas of activity new to the Committee this year.

15. FORWARD PLAN

15.1 The Committee considered the Forward Plan for the period 8 June 2011 to 30 September 2011.

15.2 RESOLVED – to note the Forward Plan.