

# FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 9 June 2009, at The Town Hall, Royal Leamington Spa at 6.00pm.

**PRESENT:** Councillor Malcolm Doody, Edwards, Guest, Illingworth, Mrs Knight, MacKay, Rhead, Mrs Tyrrell and Vincett.

**ALSO PRESENT:** Councillor Mobbs.

Apologies for absence were received from Councillor Pittarello.

## 1. APPOINTMENT OF CHAIR

**RESOLVED** that Councillor Mrs Knight be appointed Chair of the Committee for the ensuing municipal year.

## 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

## 3. AUDIT OPINION PLAN AND AUDIT/INSPECTION FEES 2009/10

The Committee considered a report from Finance about the Annual Audit and Inspection Plan for 2008-09 from the external auditors, the Audit Commission who attended the meeting.

The report was submitted to the Committee for consideration to allow for open discussions to be had with the Council's external auditors on the Audit Opinion Plan and the Audit/Inspection Fees. This provided the Committee with the opportunity to have a greater understanding of these documents including how the fees were set.

The Council's external auditors, the Audit Commission, were represented by Mr N Preece who responded to questions from the Committee. The Committee were informed that one of the main reasons why the inspection fees had been increased was because the asset records did not tally.

**RESOLVED** that the Audit Opinion Plan and Audit Inspection Fees 2009/10 be noted.

## 4. PUBLIC AND PRESS

**RESOLVED** that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

### **5. INTEGRATED WASTE CONTRACT SIGNATURE**

The Committee considered a report from Neighbourhood Services regarding the ongoing discussions about the integrated waste contract conditions.

The Contract Services Manager attended the meeting to answer questions from the Committee about this issue. The questions focused on the reasons why the contract had not been signed. The Contract Services Manager assured the Committee that in their opinion the Contract would be signed in the near future and would be able to report this to the next Committee in July 2009.

**RESOLVED** that

- (1) the report be noted; and
- (2) a report be submitted to the Committee at their meeting in July 2009, detailing the changes agreed to the contract, including the effects this would have on the Council and if the contract was still unsigned the reasons for this.

### **6. INTERNAL AUDIT QUARTER 4 2008/09 PROGRESS REPORT**

The Committee considered a report from Finance that advised them on progress made in achieving the Internal Audit Plan 2008/09, summarised the work undertaken by internal audit in the fourth quarter and provided assurance that actions had been taken by relevant managers.

The Committee had a responsibility for corporate governance, of which Internal Audit formed a key part. The Head of Internal Audit reported that there had been a good response to all actions raised by internal audits and they had all been implemented.

The Committee congratulated Internal Audit on the completion of its work and welcomed the responses by line managers. However the Committee did raise concerns with regards to the Office Cleaning Contract Audit and asked that an update on this Audit and the actions arising from it be emailed to the Committee. The Committee also raised concern that the information requested regarding South Warwickshire Tourism Ltd (Shakespeare Country) had not been provided and asked the Expenditure on Tourism Task & Finish Group to progress this matter as part of their review.

**RESOLVED** that the report be noted.

### **7. INTERNAL AUDIT ANNUAL REPORT**

The Committee considered a report from Finance that presented the Internal Audit's annual report for 2008/09.

The Chartered Institute of Public Finance and Accountancy Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 required a

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

report that detailed an opinion on the overall adequacy and effectiveness of the organisation's control environment to be presented to the Committee designated to consider or approve the Annual Governance Statement. Accordingly, the report would be submitted to the Standards Committee on 15 June 2009 and the Finance and Audit Scrutiny Committee were asked to provide their views for consideration by the Standards Committee.

**RESOLVED** that the report be noted.

### **8. REVIEW OF EFFECTIVENESS OF INTERNAL AUDIT**

The Committee considered a report from Finance regarding the outcomes from the review of the effectiveness of the Council's system of internal audit for the year that ended 31 March 2009.

The review of effectiveness of internal audit was undertaken in accordance with the Accounts and Audit (Amendment) (England) Regulations 2006. The regulations required such a review at least once a year and presentation of the results to the Committee designated to consider or approve the Annual Governance Statement. Accordingly, the report would be passed to the Standards Committee on 15 June 2009 and the Finance and Audit Scrutiny Committee were invited to pass comments on this report for consideration by the Standards Committee.

The Committee expressed some concern regarding the small number of responses received to the customer survey. The Committee noted that a new approach was used this year and this would be revised again for next year.

**RESOLVED** that the report be noted.

### **9. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 10 June 2009.

#### Item Number 5 – Final Accounts 2008/09

The Committee welcomed the report, supporting its content and praised the format the information was submitted in.

#### Item Number 34(C) – Anti Fraud and Corruption Strategy

The Committee were content with the report.

### **10. PROCESS FOR THE APPROVAL OF THE STATEMENT OF ACCOUNTS**

The Committee considered a report from Finance that explained the proposals for the approval and consideration of the Council's Statement of Accounts, and the reasons behind that.

The Council's Statement of Accounts had in recent years been approved by Council, for which an additional meeting had been arranged to ensure the 30 June deadline was achieved.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

The Accounts and Audit Regulations 2003 state that the accounts could be approved by a Committee with delegated power to approve them. The regulations stated that accounts could not be approved by a sub-committee, Executive or Scrutiny Committee.

It was recognised that whilst the Council's arrangements enabled the accounts to be approved, it did not enable any degree of consideration or scrutiny of the detail.

The proposed amendments to the Constitution in April, suggested that responsibility for the approval of accounts should be given to the new Finance and Audit Committee. However the Committee proposed, and was subsequently agreed by Council, that they should continue to be a Scrutiny Committee. This decision meant that the Committee could not approve the statement of accounts.

Officers had considered alternative options and looked at best practice for the approval of the Statement of Accounts. Based on this officers recommended to Council, and it was agreed at Council on 13 May 2009, that Council should continue to meet to approve the accounts but the Audit & Finance Scrutiny Committee should meet to consider the statement of accounts to look at them in detail and recommend them to Council.

**RESOLVED** that the report be noted.

### **11. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following item which would be discussed at the meeting of the Executive on Wednesday 10 June 2009.

#### Item Number 14 – Betterment of the District

The Committee supported the recommendations in the report and particularly wished to emphasise the importance of recommendation 2.2 with regard to encouraging green business opportunities within the District.

#### Item Number 15 – Review of Concurrent Services Scheme

The Committee were content with the report and agreed with the amended recommendations.

#### Item Number 31 – Court Street Creative Arches

The Committee were content with the report.

### **12. MEMBER INVOLVEMENT IN BIP PROJECTS**

The Committee considered a report from Organisational Development and Performance Improvement that proposed how members could be involved within the Budget and Improvement Programme (BIP).

BIP had been devised to respond to the continued budget challenge over the next three years and included a range of projects to support customer focussed improvement work and to make significant savings. Member involvement would be crucial to the success of the projects.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

The BIP Programme Board recognised the importance of involvement and engagement of members regarding the projects and since inception had been keen to ensure this was planned carefully. Failure to engage and involve members as projects progressed may result in member involvement taking place too late in projects or without sufficient discussion and challenge. Some projects had the potential to affect residents of the district and therefore it was imperative that members were involved. Details of the first batch of projects were attached as appendix 1 to the report.

The report proposed three options for member involvement in the projects. These were; the establishment of working groups to run along side a small number of projects, the appointment of a member to work with each project or that no members are involved in the development of the individual project and the scrutiny committee simply monitor the project overall.

All Councillors had received a presentation about BIP on 8 June 2009 and a broad approach of Group Leaders making nominations for working groups of Councillors for each project they thought was appropriate had been agreed. These nominations were to be passed to the Interim Deputy Chief Executive.

In addition to considering this report the Committee also considered Executive item 12 – Member Involvement in BIP Project and made the following comment to the Executive:

The Committee welcomed the report and endorsed the approach of group leaders appointing the members of the working parties as appropriate. The Committee agreed to undertake the project assurance role for BIP Board and requested a report to their meeting in July that outlined the remit of each project, along with the aims, objectives and target completion dates. There was some concern expressed by members of the Committee regarding the apparent drive to shared services without consideration of what impact this could have on quality and level of services. The Committee were reassured by the Deputy Chief Executive that these were just suggested topics, each project would have a business case that would consider all the options and more detail would be provided in the report to the Finance & Audit Scrutiny Committee in July 2009.

### **RESOLVED** that

- (1) Member Working Groups are set up to run in parallel with BIP projects;
- (2) this Committee acts as the programme assurance for BIP work;
- (3) the nominations from Group Leaders to sit on the Working Parties be passed to the Interim Deputy Chief Executive as soon as possible;

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

- (4) as part of the first project assurance report to the July 2009 meeting of this Committee details are included full project description, definition, aims and objectives and time scales for completion.

### **13. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following items which would be discussed at the meeting of the Executive on Wednesday 10 June 2009.

#### Item Number 13 – Building on Excellence – 21 Months On

The Committee welcomed the content of the report but wished to highlight that there was a need for consistency in this report as it emphasised the need for a one Council approach by all Councillors and Officers but examples were given in the report e.g. the revision of corporate values where Councillors had not been consulted. The Committee also felt that the report was rather muddled in places.

#### Item Number 16 – Customer Services Centre and Riverside House One Stop Shop

The Committee were content with the report.

#### Item Number 17 – St Nicholas Park Improvement Project

The Committee were content with the report.

#### Item Number 28 – Capita Software Services Internet and touchtone payment contract

The Committee were content with the report.

### **14. EXCLUSION OF THE PUBLIC AND PRESS**

**RESOLVED** that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.

### **15. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 10 June 2009.

#### Item Number 40 – Racing Club Warwick

The Committee were content with the report but had some governance concerns about this matter that the Chair would report to the Executive verbally at their meeting.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

### **16. INVESCO CASH MANAGEMENT PORTFOLIO PERFORMANCE**

The Committee considered a report from Finance that provided details of performance of the Council's external investment portfolio, managed by Invesco, during 2008/09 and also described the anticipated strategy to be followed by Invesco during 2009/10.

Invesco had been the Council's external investment fund manager since December 2003. Concerns over poor performance over a number of years led to the Council halving its external portfolio from £10m to £5m during the early part of 2008/09. This was combined with regular performance reports to the Audit & Resources Scrutiny Committee.

**RESOLVED** that the report be noted.

### **17. DOCUMENT MANAGEMENT SOLUTIONS PROGRAMME**

The Committee considered a report from the Interim Deputy Chief Executive regarding the Document Solutions Programme that had been agreed by the Executive in October 2008.

The Programme consisted of three projects, the introduction of the IDOX document management solution in Development Control, the development and implementation of MOSS scan and store solution for Housing Strategy and the trialling of MOSS as a document sharing/collaboration tool in ICT and Policy and Performance.

The IDOX project had now been completed and had replaced the previous document management system; the scan and store system had been developed and tested but not implemented; the MOSS pilot had been tested with Policy and Performance but a lack of resources had prevented a full exploration of the pilot with ICT.

The programme had been under scrutiny from the Audit & Resources Scrutiny Committee following the evaluation of the Electronic Document Records Management System project. It was therefore pleasing to report that the current programme had been undertaken within its budgetary constraints.

The programme was intended to demonstrate that there were a number of different options for document management that could be made available to Managers. The outcomes of this programme confirm that there were options available to Service Managers.

**RESOLVED** that the report be noted.

### **18. COMMENTS FROM THE EXECUTIVE**

The Committee considered a report from Members' Services that detailed the responses from the Executive to the comments made by the Audit & Resources Scrutiny Committee to the Executive in March 2009.

## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

**RESOLVED** that the report be noted.

### **19. REVIEW OF WORK PROGRAMME**

The Committee considered a report from Members' Services that detailed their work programme for the year.

**RESOLVED** that the work programme be approved subject to the addition of the following items for the July meeting of the Committee:

- (1) Asset Management Update;
- (2) Procurement Strategy and action plan;
- (3) BIP project update report;
- (4) Integrated Waste Contract update;
- (5) Key risk indicators; and
- (6) Training needs for Finance & Audit Committee members with regard to financial matters.

### **20. SPENCER YARD – PROJECT MANAGEMENT STRUCTURE**

The Committee considered a report from the Deputy Chief Executive that detailed the project management arrangements for the next phase of the Spencer Yard project covering the period up to practical completion of the works to convert the former United Reform Church (URC) into the Loft Theatre.

Details of these arrangements were also contained within the confidential report to the Executive about Spencer Yard on 10 June 2009. The aim of this report was to provide this Committee with further detail and provide comments to the Executive.

The Deputy Chief Executive attended the meeting to explain the project management structure and respond to questions from the Committee.

**RESOLVED** that the report be noted.

### **21. PUBLIC AND PRESS**

**RESOLVED** that under Section 100A of the Local Government Act 1972, the public and press be excluded from the meeting for the following item, by reason of the likely disclosure of exempt information within the paragraph 3 of Schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006.



## **FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)**

### **22. EXECUTIVE AGENDA (CONFIDENTIAL ITEMS & REPORTS)**

The Committee considered the following confidential item which would be discussed at the meeting of the Executive on Wednesday 10 June 2009.

#### **43 – Spencer Yard Update**

The Committee were content with the report.

(The meeting ended at 8.59pm)