

FINANCE AND AUDIT SCRUTINY COMMITTEE

Minutes of the meeting held on Tuesday, 29 March 2011 at the Town Hall, Royal Leamington Spa at 6.00pm.

PRESENT: Councillor Mrs Knight (Chair); Councillors Malcolm Doody, Edwards, Illingworth, Pittarello, Rhead, Mrs Sawdon, Mrs Tyrrell and Vincett.

An apology for absence was received from Councillor Guest.

121. **DECLARATIONS OF INTEREST**

Minute 123 – Executive Agenda (Non-Confidential Items & Reports)

Councillors Malcolm Doody and Rhead declared a personal interest in the 'Historic Buildings Grants Allocations' item because they were Ward Councillors for Bishops Tachbrook and Barford respectively.

Minute 133 – Executive Agenda (Non-Confidential Items & Reports)

Councillor Rhead declared a personal interest in the 'Rural Initiatives Grant Application' item because he was a Ward Councillor for Barford.

122. **MINUTES**

The minutes of the meeting held on 1 March 2011 were taken as read and signed by the Chair as a correct record.

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

The Committee considered the following non-confidential item which would be discussed at the meeting of the Executive on Wednesday 30 March 2011.

Item Number 8 – Historic Buildings Grants Allocations

The Committee was reassured by a presentation clarifying detail in relation to the allocations and supported the recommendations in the report.

124. **AUDIT OPINION PLAN 2010/11 AND AUDIT INSPECTION FEES 2011/12**

The Committee received a report from Finance which asked Members to consider the external auditors' Annual Audit and Inspection Plan for 2010/11, the proposed fees for the 2011/12 audit and, if necessary, agree any further information required from either officers or the external auditors.

Mr John Gregory and Mr Neil Preece attended the meeting on behalf of the Council's external auditors, the Audit Commission. They made presentations on Inspection Fees and the Opinion Plan respectively, and responded to Members' questions.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

While Members valued the work undertaken by the Audit Commission, they felt that the Commission's fees were rather high. Members recognised that audit inspection fees were not set locally, but nevertheless sought assurances that the Council was receiving value for money and that the Audit Commission was adapting its working practices to cut costs where necessary.

The Committee noted that changes to regulations meant that the Statement of Accounts did not have to be approved by Members prior to being presented to the external auditors, giving officers more time to review accounts during the summer. The Committee would therefore meet on 21 September to review the statement of accounts, prior to Council receiving them on 22 September. Final accounts would still be presented to Executive in June and the Finance and Audit Scrutiny Committee would have the opportunity to look at the unaudited accounts in July.

The Committee thanked Mr Gregory and Mr Preece for their report and presentation.

RESOLVED that the Annual Inspection Fee 2011/12 letter and the Audit Opinion Plan 2010/11 letter be noted.

125. NATIONAL FRAUD INITIATIVE

A report from Finance updated Members on progress relating to the National Fraud Initiative (NFI), a rolling data matching exercise undertaken by the Audit Commission and requiring the participation of all audited bodies under their remit.

The Audit Commission's NFI Report 2008/9 had been presented to the Committee on 24 August 2010, along with an associated Members' Briefing document with a self-assessment checklist. The findings of the self assessment were attached as an appendix to the report.

Mr Ian Wilson, Senior Internal Auditor, advised the Committee that some issues highlighted by the report had yet to be addressed because they were prioritised in line with other audit concerns. He also clarified the meaning of some of the figures detailed in the report. Members initially expressed fears that time and effort were being expended on the exercise for little benefit, but were placated by news that over £150,000 of council tax discounts had recently been recouped. Internal Audit had also begun to work with other local councils to identify instances of fraud, and findings would be presented to Members in due course.

Mr Wilson was thanked for his work and presentation.

RESOLVED that progress made to date, meeting the requirements of the National Fraud Initiative be noted.

(Councillor Sawdon left the meeting during the course of this item.)

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

126. INTERNAL AUDIT QUARTER 3 2010/11 PROGRESS REPORT

A report from Finance summarised progress in achieving the Internal Audit Plan 2010/11, including details of audit work completed in the third quarter and assurances that action has been taken by managers.

Members were reassured to hear that, following work carried out in respect of payments for work orders, several duplicate payments had been identified and recovered from contractors.

RESOLVED that the report be noted and its contents accepted.

127. INTERNAL AUDIT STRATEGY AND PLAN 2011/12 – 2013/14

The Committee received a report from Finance presenting the Internal Audit Strategy and Plan 2011/12 – 2013/14 for consideration and approval.

The Audit and Risk Manager gave the Committee a brief overview of how the plan had been formulated and advised Members that a more detailed presentation would be arranged to take place the summer. He talked about the scope for Members to influence the plan and how the plan contributed to good governance, before responding to Members' questions and citing two examples of how audits had been carried out.

Councillor Vincett was pleased to report that the Housing and Property Services programme for improvement was on target, and the Head of Housing and Property Services could see no potential risks arising.

RESOLVED that the Internal Audit Strategy and Plan for the period 2011/12 to 2013/14 be approved.

(Councillor Malcolm Doody left the meeting at the conclusion of this item.)

128. VALUE FOR MONEY CONCLUSION

As agreed at 25 January 2011 meeting of the Committee, the Head of Finance presented details of a self assessment carried out in accordance with the Value For Money conclusion, and a Strategic Financial Management self assessment.

In December 2010 the Audit Commission had published guidance on producing self assessments. While there was no longer a requirement for authorities to carry out such assessments, doing so allowed an authority to review its operations and thereby identify areas for improvement or justify its position. Self assessment also assisted auditors in carrying out their work as part of the audit of the Statement of Accounts.

Based on the self assessment, officers had concluded that there was no need to produce a separate action plan, as the Council had a comprehensive improvement plan in the form of the Fit for the Future change programme. Senior Management Team was due to consider the Strategic Financial Management self assessment in the near future.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

Members were keen to see increased use of collaborative procurement, as suggested in the report. The Head of Finance advised the Committee that he was due to present a report on procurement to Senior Management Team over the next few weeks, and he agreed to share the report with the procurement champions.

It was suggested that mention of Members' regular and close communication with the community should be made in the paragraph in the Value for Money conclusion which talked about understanding the demands of customers being at the heart of the Council's approach.

Officers were thanked by the Committee for achieving substantial savings for the Council over the past few years while making no compulsory redundancies.

RESOLVED that

- (1) the Value For Money conclusion self assessment be noted; and
- (2) the Strategic Financial Management self assessment be noted.

129. **COMMENTS FROM THE EXECUTIVE**

A report from Committee Services summarised the Executive's response to comments which the Finance & Audit Scrutiny Committee gave on reports submitted to the Executive on 2 March 2011.

RESOLVED that the contents of the report be noted.

130. **FORWARD PLAN**

The Committee considered a report from Members' Services informing them of the current Forward Plan, attached as an appendix to the report.

One of the five main roles of overview and scrutiny in local government was to undertake pre-decision scrutiny of Executive decisions. If the Committee had an interest in a future decision to be made by the Executive it was within the Committee's remit to feed into the process.

The Forward Plan detailed the future work programme for the Executive. If a non-executive member highlighted a decision which was to be taken by the Executive which they would like to be involved in, members could then provide useful background to the Committee when the report was submitted to the Executive and they were passing comment on it.

RESOLVED that there were no forthcoming Executive decisions which they wished to have an input into before the Executive make their decision, at present.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

131. END OF TERM REPORT

Members received a report for Council which detailed work undertaken by the Committee during 2010/11. It was noted that the report would be updated to take into account this meeting, prior to it being presented to Council.

The Committee felt it had achieved a lot over the year and the Chair thanked Members for their hard work. Members also thanked the Chair for her commitment and efforts.

RECOMMENDED that the list of matters considered by this Committee during the municipal year 2010/11 (detailed at Appendix 1) be noted.

132. REVIEW OF THE WORK PROGRAMME

A report from Members' Services detailed the Committee's work programme for 2011/12.

Members noted that, as a result of changes to the procedure for the auditing of accounts, the 28 June meeting would no longer go ahead. Items listed for that meeting would be addressed on 12 July. A new meeting would be added to the work programme for 21 September to consider the signing of accounts.

It was agreed that an update on the National Fraud Initiative would be presented to the 13 September meeting of the Committee.

RESOLVED that the work plan for 2011/12 be noted.

133. EXECUTIVE AGENDA (NON-CONFIDENTIAL ITEMS & REPORTS)

The Committee considered the following non-confidential items which would be discussed at the meeting of the Executive on Wednesday 30 March 2011.

Item Number 11 – Rural Initiatives Grant Application

The Committee recognised that the application had met the Council's vetting requirements in order to be presented to Executive for approval, but did not feel that there was sufficient detail available for Members to determine an appropriate percentage of the total cost to be met. The Committee also felt that there was a need for the Grants Working Party to review the assessment criteria and to take into account means testing and prudent financial management when considering future applications.


Item Number 6 – The Localism Bill

The Committee requested that in due course officers present a report on the localism bill, specifically highlighting financial implications, and supported the recommendations in the report.

(The meeting ended at 8.25 pm)

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

APPENDIX 1

 Finance & Audit Scrutiny Committee		
Title	End of Term Report (Revised)	
For further information about this report please contact	Peter Dixon Committee Services Officer 01926 456114 committee@warwickdc.gov.uk	
Service Area	Members' Services	
Wards of the District directly affected	n/a	
Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006	no	
Date and meeting when issue was last considered and relevant minute number		
Background Papers	Agendas/minutes of 2010/11 meetings	

Contrary to the policy framework:	No
Contrary to the budgetary framework:	No
Key Decision?	No
Included within the Forward Plan? (If yes include reference number)	No

Officer/Councillor Approval		
With regard to officer approval all reports <i>must</i> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
Officer Approval	Date	Name
Deputy Chief Executive	16.03.2011	Andrew Jones
Chief Executive		
CMT		
Section 151 Officer		
Legal		
Finance		
Portfolio Holder(s)		
Consultation Undertaken		
Final Decision?	Yes	
Suggested next steps (if not final decision please set out below)		
This report is for recommendation to Council		

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

1. SUMMARY

- 1.1 An end of term report to the Council on the work the Committee have undertaken during the year.

2. RECOMMENDATION

- 2.1 It be recommended to Council that the list of matters considered by this Committee during the municipal year 2010/11, attached, be noted.

3. REASONS FOR THE RECOMMENDATION

- 3.1 Under Article 6 of the Council's constitution Overview & Scrutiny Committees and Policy Committees are required to provide an end of term report to the Council on work they have undertaken during the year.
- 3.2 The matters considered during the year are attached at appendix A to the report.

4. ALTERNATIVE OPTION CONSIDERED

- 4.1 There are no alternative options as this report complies with the requirements of Article 6 of the Council's Constitution.

5. BUDGETARY FRAMEWORK

- 5.1 The recommendations of the report do not affect the Council's budgetary framework.

6. POLICY FRAMEWORK

- 6.1 The recommendations of the report do not affect the Council's policy framework.

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

Items considered by Finance & Audit Scrutiny Committee 2010/11

CHAIR'S INTRODUCTION

Each year when I see how much work has been covered by the Finance and Audit Scrutiny Committee, I am surprised to see how many reports we have read and scrutinised. They cover all financial aspects of the council's programmes and it makes me proud that our committee can work in detail on such an array of topics.

What is more, we have been able to make a difference and have modified some of the Executive decisions with our comments on such matters as the need for strong business cases, good procurement practice and making funds available for any community programmes which may be temporarily in danger of closing. The quality of debate among the dedicated and widely experienced committee is impressive and ensures confidence in the management of Warwick District Council's finances.

AUDIT & SCRUTINY ITEMS

- Audit Opinion Plan & Audit/Inspection Fees 2010/11
- Review of Effectiveness of Internal Audit
- Internal Audit Annual Report
- New International Financial and Reporting Standards
- Councillor Call For Action
- Internal Audit Quarter 4 2009/10 Progress Report
- Risk Management Progress Report
- Anti-Fraud and Corruption Progress Report
- Statement of Accounts
- Value for Money Conclusion / Use of Resources
- Support Services 2009/10
- National Fraud Initiative
- Treasury Management Activity Report Quarter 1
- Treasury Management Annual Report
- Enterprise Projects Update
- Internal Audit Quarter 1 2010/11 Progress Report
- Procurement Work Plan
- Use of Resources
- Anti-Fraud and Corruption Strategy Half-Yearly Review
- Missing Bankings
- Treasury Management Activity Report for the period 1st July – 30th September 2010
- Scrutiny of Partnerships
- Annual Audit Letter
- Internal Audit Quarter 2 2010/11 Progress Report
- Establishment Report
- Value for Money Conclusion
- Tenders and Strategy Update
- Update on Internal Audit Report – Housing & Property Services Contracts Issued 17 August 2010
- Procurement Update
- External Audit Report – Certification of Claims and Returns – Annual Report

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

- Treasury Management Activity Report for the period 1st October – 31st December 2010
- Audit Opinion Plan 2010/11 and Audit Inspection Fees 2011/12
- National Fraud Initiative
- Internal Audit Quarter 3 2010/11 Progress Report
- Internal Audit Strategy and Plan 2011/12 – 2013/14
- Value for Money Conclusion

ROUTINE ITEMS

- Comments from the Executive
- Forward Plan
- Review of the Work Programme

EXECUTIVE ITEMS CONSIDERED BY THE COMMITTEE

May 2010

- Budget Projections, Medium Term Financial Strategy and Fees and Charges 2011/12
- Procurement Practices Update
- Exception to the Code of Contract Practice for corporate waste collection contract
- Budget & Improvement Programme Report
- Corporate Business & Improvement Plan – Fit for the Future
- Housing Improvement Plan 2010/2011
- Update report on contract issues – Housing Capital Programme

June 2010

- Council Housing – A Real Future
- Final Accounts 2009/10
- Wilton House Site Sale
- Capital Programme and Capital Financing
- Scrutiny of Partnerships
- S106 Contribution in Lieu of Affordable Housing for the Woodward's Development at 94-96 The Parade, Leamington Spa

July 2010

- Review of the Code of Procurement Practice
- Voluntary and Community Sector Grant Review
- Exception to the Code of Contract Practice for Procurement of essential ICT Infrastructure Goods and Services

August 2010

- Procurement Principles
- Budget Monitoring to 30 June 2010
- Financial Strategy and Budget Prospects
- Pump Room Gardens
- Spencer Yard Update

September 2010

- Fit for the Future
- Annual Governance Report from External Audit
- Progress Report on Regional and Sub Regional Working
- Free Swimming

FINANCE AND AUDIT SCRUTINY COMMITTEE (Continued)

- Business Improvement Support – Procurement exception

October 2010

- Fees and Charges
- Overview & Scrutiny Committee and Finance & Audit Scrutiny Committee – Scrutiny Update

November 2010

- Audit Commission Report on Housing Services
- Council Tax Discounts – Second Homes and Long Term Empty Properties
- Budget Monitoring to 30 September 2010
- Warwick District Council Play Areas
- Audit Commission Inspection of Benefits

January 2011

- South West Warwick (Chase Meadow) Community Centre Development
- General Fund Base Estimates revised 2010/11 and original 2011/12
- Housing Revenue Account base estimates revised 2010/11 and original 2011/12
- Warwick Response Fees and Charges
- Discretionary Rate Relief Review
- Scoping of High Speed 2 Impacts on Warwick District
- Proposal for a Joint Independent Members Remuneration Panel with Stratford upon Avon District Council
- Systems Thinking – Update and Lessons Learned
- Delivering Sustainable Development – Consultation Documents
- Spencer Yard Update

February 2011

- Additional Funds for Housing & Property Services
- Housing Revenue Account Budget 2011/12 and Housing Rents
- Approval of Heating, Lighting and Water Charges 2011/12 – Council Tenants
- Budget 2011/12 and Council Tax – Revenue and Capital
- Change Programme
- Feasibility Study of various WDC assets in Leamington

March 2011

- Treasury Management Strategy Plan for 2011/12
- Coventry and Warwickshire Local Enterprise Partnership
- Improvements to the Court House, Jury Street, Warwick
- Proposals to deliver additional affordable housing in Warwick District
- Kenilworth Public Service Centre
- Historic Buildings Grants Allocations
- Rural Initiatives Grant Application
- The Localism Bill

ITEMS CONSIDERED BY JOINT MEETINGS OF THE FINANCE & AUDIT SCRUTINY COMMITTEE AND OVERVIEW & SCRUTINY COMMITTEE

- Systems Thinking in Scrutiny
- Fit for the Future
- Proposals to deliver Additional Affordable Housing in Warwick District (Executive item)