

MINUTES OF A MEETING OF THE AUDIT COMMITTEE HELD AT COUNTY HALL, CHELMSFORD ON 1 FEBRUARY 2010

Membership

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|--------------------------|------------------------------------|
| * W J C Dick | * Mrs I Pummell |
| * A M Hedley | * T C Smith-Hughes (Vice-Chairman) |
| * M C M Lager (Chairman) | |

(* present)

The following officers were present in support throughout the meeting:

Cajetan Chukwulozie, Head of Internal Audit and Risk Management

Hannah Cleary, Governance Officer

Christine Golding, Head of Financial Standards and Regulation

Colin Ismay, Governance Manager

Peter Tanton, Counter Fraud Manager

Paul King, District Auditor, Louise Wishart, Audit Manager, Rob Murray, District Auditor and Ian Davidson, Corporate Area Assessment Lead from the Audit Commission (External Auditors) were also present.

1. Apologies for Absence

No apologies of absence were received.

2. Minutes

The minutes of the meeting held on 7 December were approved as a correct record and signed by the Chairman.

3. Change to the Appointed Auditor for the Council

The Committee were advised that Rob Murray would be taking over the role of Appointed Auditor from Paul King.

The Committee thanked Paul for his help and contributions and wished him well for the future.

The Committee welcomed Rob and looked forward to working with him.

4. 2009/10 Organisational Assessment including Managing Performance

The Committee received a presentation from Ian Davidson, Corporate Area Assessment Lead from the Audit Commission.

The assessment had considered how the Council was performing against its own priorities, and was focused on outcomes rather than processes.

The Council's overall score for Use of Resources was given as a level 3, which meant the Council was performing well and exceeding minimum requirements.

Ian emphasised that there were good news stories contained within the report, but that the Council's safeguarding of children remained inadequate, which had directly impacted on the score. The Council's overall score was level 2, which meant that the Council was performing adequately and met only the minimum requirements.

There had been positive improvements in relation to health inequalities, and the response the Council had made to the recession had resulted in a green flag being awarded for individual initiatives in this area.

Councillor Lager welcomed the report and commented that there was no complacency from the Council or Members and a renewed determination to tackle the safeguarding issues.

Councillor Smith-Hughes accepted that safeguarding issues were being addressed, but commented that these had been raised in 2007 after an Ofsted inspection of the Council, and was disappointed that the overall score for the Council had been impacted. He asked if the Comprehensive Area Assessment (CAA) was shared with partners.

Ian responded that over the last two years the Council had experienced had an overall decline in their score. The CAA was shared with all the Council's partners who were each given an individual session with the External Auditors to go through the findings.

Safeguarding was a two-way process between the Council and its partners. The effectiveness of the Children's Safeguarding Board and the re-organisation of the Children's Trust Board were both key in moving the issue forward.

Councillor Dick commented that the issues the Council was facing were part of a national problem for all Local Authorities, as there had been an overall higher need for safeguarding services since the Baby P case. The number of vacant posts in these services remained a concern. The Child and Adolescent Mental Health Services (CAMHS) were proving a useful tool for preventing intervention by the Council, and he asked if there were any plans to examine the work of this team in the future.

Councillor Hedley drew attention to the increase in take up of Council Tax benefit, and the correlation between deprivation and safeguarding. It was important that higher investment was put into preventative and early intervention work.

Ian explained that the assessment of the CAMHS service would be followed up as part of the future work plan. Safeguarding affected all districts and partners within the county, and it was important to ensure that needs were recognised early to allow services to be made available in the right places.

There were already some good preventative/early intervention services operating in Essex.

Councillor Smith-Hughes asked what period of time the report covered.

Ian explained that the Organisational Assessment report, published in December 2009 was based on evidence collected up until November 2009, and is based on the audit year. The Use of Resources report is based on the financial year for 2008/09. This means there is an uncomfortable join between the two reports and the periods of time they cover, although this issue is not easily overcome.

5. 2008/09 Annual Audit Letter

Paul King from the Audit Commission introduced the report and gave a presentation to the Committee.

Paul drew attention to the Treasury Management arrangements the Council has in place, and its reaction to the recession as being particularly good.

Councillor Smith-Hughes asked if the action plan detailed on page 17 was the full action plan, and whether the overall Use of Resources score should be re-published within the letter.

Paul explained that the action plan excerpt was intended to provide an update, and be easy to access for the public. The full plan had not been re-published as it would have meant inserting a lengthy appendix. However, Paul accepted that this was not completely clear, and agreed that this would be changed in future editions. Paul also agreed that it would be helpful to also publish the overall Use of Resources score within the letter.

6. 2008/09 Annual Governance Report Action Plan Update and External Audit Action Plan

Christine Golding, Head of Financial Standards and Regulation presented the reports AC/01/10 and AC/02/10 to the Committee.

Christine explained that the action plans had originally been presented to the Committee in December, and that these reports contained updates on the actions that had been taken since then.

She specifically drew attention to the appointment of a Closure Project Manager who reported to the Finance Leadership Team on a weekly basis, and the establishment of a Closure Working Group who were charged with overseeing the closure programme.

The Fixed Asset IT system had gone live in December with the team currently loading the system with data. The expectation was that this process would be completed over the next few weeks.

A training programme for finance staff and briefing sessions for budget holders had been arranged to ensure that all parties are aware of the key actions that are required of them during the closure period.

All of the Supporting People providers were now risk assessed and obliged to advise the Council of changes to care packages, following up these alterations in writing. Non-compliance with this policy would now result in contract breach and suspension notices being issued.

The Committee agreed that these actions were a good response and that the issues raised were being taken seriously. They asked for further details about the role and work of the Closure Project Manager, and how the actions would ensure that the final accounts reports would be made available in good time.

7. Annual Governance Statement Action Plan

The Committee received and noted report AC/08/10 by the Governance Manager.

Colin Ismay, Governance Manager explained that the report contained updates on three recommendations contained within the Statement of Accounts, and would be presented at Full Council in May.

8. Skills Development

The Committee received report AC/03/10 and a presentation from Cajetan Chukwulozie, Head of Internal Audit and Risk Management.

Cajetan had recently met with some representatives of CIPFA to explore the development opportunities they could offer the Committee.

The Committee indicated their interest in developing their skills in the context of governance, and ensuring that any events were made available to all Members of the Council, and possibly to partners in District and Borough Councils and the Police and Fire Authorities.

It was agreed that the checklist enclosed with the report would be completed by Members and returned to Cajetan to enable this to be moved forward.

9. Anti-fraud and Corruption Policy

Peter Tanton, Counter Fraud Manager introduced report AC/04/10 and explained that the policy was refreshed every year and was available on the Council's website, although there were no material changes to the document since last year. In addition, a certified online fraud training programme for staff had been rolled out.

The Committee made the following recommendations in relation to the policy:

- That the policy should be signed by the Chief Executive.

- That the whistle-blowing policy should be incorporated as an appendix to the main policy.
- That the document should be made generic and names of staff be removed.
- That there should be a confidentiality clause contained within the policy to ensure that anyone accused of fraud would not be identified until after due processes had been followed.

The Committee agreed the report subject to the above recommendations being made.

10. Forward Look

The Committee considered report AC/05/10 and agreed some further items to be added:

- Final Accounts Closure Action Plan
- Code of Corporate Governance
- Accumulated School Balances
- 2010/11 Audit Plan
- Review of the External Auditors recommendations

11. Date and Time of Next Meeting

The next scheduled meeting of the Committee is on Monday, 28 June 2010 at 10am in Committee Room 2.

The Committee agreed to explore an extra meeting date in March. It was subsequently agreed that this would take place on 16 March 2010 at 12.30pm in Committee Room 2.

12. Exclusion of the Public

To consider whether the public (including the press) should be excluded from the meeting during consideration of an agenda item on the grounds that it involves the likely disclosure of exempt information as specified in Part I of Schedule 12A of the Local Government Act 1972).

Resolved:

That the public (including the press) be excluded from the meeting during consideration of the following item on the grounds that it involves the likely disclosure of exempt information as specified in Part 1 of Schedule 12A of the Local Government Act 1972: (Paragraph 3 relating to the financial and business affairs of another party).

Part II (Business taken in Private)

13. Internal Audit Strategy

The Committee noted report AC/06/10 by the Head of Internal Audit and Risk Management.

14. Internal Audit Protocol 2010

The Committee noted report AC/07/10 by the Head of Internal Audit and Risk Management.

Chairman
16 March 2010