

**AGENDA MANAGEMENT SHEET**

**Name of Committee**

**Audit & Standards Committee**

**Date of Committee**

**21 February 2007**

**Report Title**

**2006/07 Draft Annual Report and Work Programme 2007/08**

**Summary**

This report proposes the content of the draft annual report 2006/07 and identifies issues for inclusion in the work programme of the Committee for 2007/08

**For further information please contact:**

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**Would the recommended decision be contrary to the Budget and Policy Framework?**

No.

**Background papers**

None

**CONSULTATION ALREADY UNDERTAKEN:-**

Details to be specified

- Other Committees  .....
- Local Member(s)  N/A
- Other Elected Members  .....
- Cabinet Member  .....
- Chief Executive  .....
- Legal  Sarah Duxbury
- Finance  .....
- Other Chief Officers  .....
- District Councils  .....
- Health Authority  .....

Police  .....

Other Bodies/Individuals  .....

**FINAL DECISION No**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  Council 20 March 2007

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

**Audit & Standards Committee - 21 February 2007.**

**2006/07 Draft Annual Report and Work Programme 2007/08**

**Report of the Strategic Director of Performance & Development**

**Recommendation**

That the Committee considers the content of its annual report 2006/07

That the Committee considers the suggested work programme for 2007/08

That the Strategic Director of Performance & Development be authorised to finalise the annual report in consultation with the Chair for onward submission to Council.

**Structure of the Annual Report**

1. It is suggested that the Committee produces an annual report in a similar format to last year i.e.

(i) Foreword – by the Chair

(ii) Brief description of the role of the Committee and its membership

(iii) Review of performance since March 2006

- Number of meetings
- Brief description of the ongoing work of the committee
- Significant issues
- New developments

(iv) Work Programme for 2007/08

**Highlights**

2 The Committee may wish to highlight the changes to its terms of reference, and its impact on the work programme together with the proposed changes to the members code of conduct.

## **Review of Performance**

3. The Committee has met on 5 occasions as a formal committee. During that time the Committee has received reports on the following issues

### ***Performance/Monitoring reports***

- Quarterly internal audit reports
- Statement of Accounts and Statement of Internal Control 2005/06
- External Auditors Annual Governance Report and Letter of Representation
- Arrangements for Criminal Records checks
- Business Continuity arrangements

### ***Member development***

- Commissioned training for members on best practice for Audit Committees and governance issues
- Received and considered regular bulletins from the Standards Board

### ***Plans and Policy matters***

- Proposals for revised Financial Standing Orders
- Annual Audit and Inspection Plan (including IT Audit Plan 2006-2009)
- Proposals for a revised Internal Audit Strategy
- Proposals for changes to the Members Code of Conduct
- Arrangements for Risk Management

## **Work Programme 2007/08**

- 4 There are a number of issues that the Committee could consider including in its work programme for 2007/08 i.e.
- i) To review the outcome of internal audits commissioned in accordance with the audit plan
  - ii) To consider the external and internal audit plan for 2007/8

- iii) To consider the internal audit annual report for 2006/7 and the proposed Statement of Internal control
- iv) To consider the external auditors annual governance report and letter of representation
- v) To consider any proposals by the Government for changes to conduct regime for local government
- vi) To commission training for members on the new conduct regime for local government
- vii) Training of the Committee for local standards hearings
- viii) To review any general areas of concern raised by members in relation to the operation of code of conduct.

5 The Committee is asked to consider whether there are additional issues it would wish to include in its work programme and whether there are particular objectives it would wish to set.

DAVID CARTER  
Strategic Director of  
Performance & Development

Shire Hall  
Warwick

06 February 2007

# Annual Report

## Audit & Standards Committee 2006/07



**John S Bridgeman CBE TD DL**

Independent Chairman  
Standards Committee

I am pleased to present the first Annual Report of the Audit & Standards Committee of Warwickshire County Council. It covers the year 2006/2007. In May 2006 the Council decided to create one Committee to carry out the functions of the former Standards Committee and the functions of an Audit Committee.

### Our New Terms of Reference

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'The purpose of the Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance (to the extent that it affects the authority's exposure to risk and weakens the control environment), and to oversee the financial reporting process.

The purpose of the Standards Committee is to make sure that councillors, non-elected members and officers of the Council follow high standards of conduct in the way in which they conduct the business of the Council, and to promote and encourage best practice.'

The Committee met five times in the course of the year in public session. In addition all members of the Committee have received training on best practice for Audit Committees to help prepare for the new role. The Committee has been briefed on the proposed changes to the member code of conduct and changes to the conduct regime for local government. It is kept informed of national developments related to the conduct regime through bulletins issued by the Standards Board for England.

I am indebted to the members of the Committee, members of the former Standards Committee and officers of the County Council for their support and for their contribution in ensuring that our work remains effective and economical.

*John S Bridgeman*

## THE AUDIT & STANDARDS COMMITTEE

The Audit & Standards Committee is composed of six county councillors and two independent members.

### John Bridgeman CBE TD DL

joined the Standards Committee and was elected its first independent Chairman in 2000. He is also Chairman of the Horseracing Regulatory Authority, CCS Enforcement Services, howtocomplain.com and the Standards Committee of the Warwickshire Police Authority. He is member of the Board, and sits on the Audit Committee of British Waterways, is Visiting Professor in Management at Keele University and the University of Surrey and advises a number of organisations on ethics, governance, regulation and strategy. He was Managing Director of British Alcan Aluminium and a member of the Monopolies and Mergers Commission before serving for 5 years as Director General of Fair Trading

**Councillor Sarah Boad** is a member of the Liberal Democrat party and represents the Leamington North division on the Council. She is the Deputy Leader of the Liberal Democrat group on the Council and Chair of Warwick Area Committee.

**Councillor Bob Stevens** is a member of the Conservative party and represents the Feldon division on the Council. He is the

Deputy Leader of the County Council.

**Councillor Leslie Caborn** is a member of the Conservative party and represents the Bishops Tatchbrook division on the Council.

**Councillor Mick Jones** is a member of the Labour party and represents the Nuneaton Galley Common division on the Council. He is the Chair of the Economic Development Overview and Scrutiny Committee and a former Cabinet portfolio holder for Young People, Lifelong Learning and Families.

**Mark Magowan** was appointed as an independent member of the Standards Committee in February 2003. Mr Magowan is a resident of Warwick and is a Senior Auditor with the National Grid Transco. He has previous experience with H.M. Customs and Excise where his responsibilities included developing new tax and control frameworks with major companies.

**Councillor Tim Naylor** is a member of the Labour party and represents the Leamington Willes division on the Council. He is the Deputy Leader of the Labour

group on the Council and is a former Cabinet portfolio holder for Resources Management.

**Councillor John Vereker** is a member of the Conservative party and represents the Rugby Caldecott division on the Council. He is the Chair of Rugby Area Committee and a past Chair of the County Council.

### Did you Know?

A High Court case in October 2006 significantly narrowed the scope of the Member Code of Conduct by indicating that most private conduct, even the commission of criminal offences, would fall outside the ambit of the Code. The Government has proposed amendments in the Local Government & Public Involvement in Health Bill, currently proceeding through parliament, to ensure that criminal offences committed by members have the potential to be caught by the provisions of the Code.

## REVIEW OF PERFORMANCE 2006/07

We are pleased to note that no member of the Council has been found to be in breach of the Code by the Standards Board since the County Council adopted the new members Code of Conduct in April 2002. Nor have we received any referrals from the national Standards Board.

### Did you know?

The Changes proposed by the new model member code of conduct include

- Repeal of the requirement to report other members for suspected breaches of the Code
- Specific provisions to deal with bullying and intimidation
- A change to the definition of personal interest by reference to the area affected by a decision as opposed to the whole area of the authority
- Creation of a new category of 'public service interests' where a registered personal interest does not need to be declared at meetings unless the member decides to speak on the matter
- New rights for members with prejudicial interests to attend meetings to make representations, answer questions and/or give evidence.
- Proposal to abolish the current Gifts and Hospitality Register and require gifts and hospitality over £25 to be treated in the same way as a registrable personal interest.
- Proposal to ensure that members declare interests not only in relation to family and friends, but also business associates and personal acquaintances

We have considered and advised on a number of issues throughout the year, for example:

#### Performance/ Monitoring reports in relation to

- Quarterly internal audit reports
- Statement of Accounts and Statement of Internal Control 2005/06
- External Auditors Annual Governance Report and Letter of Representation
- Arrangements for Criminal Records checks
- Business Continuity arrangements

#### Member development

- Commissioned training for members on best practice for Audit Committees and governance issues
- Received and considered regular bulletins from the Standards Board

#### Policy Matters

- Proposals for revised Financial Standing Orders
- Annual Audit and Inspection Plan (including IT Audit Plan 2006-2009)
- Proposals for a revised Internal Audit Strategy
- Proposals for changes to the Members Code of Conduct
- Arrangements for Risk Management



## Top Tips

A Member with a prejudicial interest can attend meetings of other public authorities (as long as s/he is not a member of that other authority) provided s/he attends as a private individual i.e. not as spokesperson for the community or another body of which s/he is a member.

Members are required to register any land in which they have a beneficial interest in Warwickshire. Members are required to provide sufficient information to enable the land to be identified. This is easy in relation to houses or flats with a clear address, but can be difficult in respect of farmland or other land where there is no clear address. The Standards Board suggests that the requirements are best met by providing a map showing the land in question or by providing map grid references.

The national Standards Board has added to its general criteria for deciding what complaints are referred for investigation. It will now take into account the time that has passed since the conduct allegedly occurred. Experience has shown that many complaints about matters occurring a long time ago seemed to be linked to some political or personal dispute.

## WORK PROGRAMME 2007/08

### New Developments/Legislation

- To consider any proposals by the Government for changes to conduct regime for local government
- Advise on any implications arising from cases and the bulletins issued by the Standards Board

### Performance Monitoring

- Deal with any referrals by the Standards Board for England
- Review audits of compliance with Contract and Financial Standing Orders
- Consider the annual internal audit report for 2006/07
- The external auditors annual governance report
- The proposed Statement of Accounts and the Statement of internal control
- Consider the external and internal audit plan for 2007/08

### Member Development and Training

- Commission training as required for members in relation to the code of conduct
- Advise on any general areas of concern relating to the operation of Code of Conduct
- Training of the Committee for local standards hearings

## Update on the National Picture

In the whole of England 2498 complaints were made between 1 April and 31 December 2006. 62% of the complaints were made by members of the public, 31% by councillors, 5% by council officers and 2% came from other sources.

Only 19% (475) of the complaints were referred for investigation. Of these 59% resulted in a finding of no further action, 35% no evidence of breach, 2% were referred for a hearing by the Adjudication Panel and 4% were referred to the monitoring officer for local determination

50% of the complaints referred for investigation related to parish councils, only 4% concerned county councils.

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Performance & Development Division

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Further details about our services and results can be found on our website:

[www.warwickshire.gov.uk](http://www.warwickshire.gov.uk)