

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on the **4 JUNE 2007**.

Present: -

Independent Members

John Bridgeman (Chair),
Mark Magowan.

County Councillors

Sarah Boad,
Les Caborn,
Mick Jones,
Tim Naylor,

Also present:

Councillor Peter Fowler (Cabinet Member for
Performance and Development).

Officers

Performance and Development Directorate

Greta Needham, Head of Law and Governance,
Phil Maull, Senior Committee Administrator,
Garry Rollason, Audit and Risk Manager,

Resources Directorate

Oliver Winters, Head of Finance,

Audit Commission

David Rigg, Relationship Manager
Tony Parks, Audit Manager

1. General

(1) Apologies for absence

were received from Councillors Bob Stevens and John Vereker.

(2) Members' Disclosures of Personal and Prejudicial Interests

Councillor Mick Jones declared a personal interest in Agenda item 2(1) – Annual Audit and Inspection Letter as he was a full-time paid employee of NHS Warwickshire.

Councillors Sarah Boad, Les Caborn, Peter Fowler, Mick Jones and Tim Naylor declared personal interests in Agenda Item 2(2) – Audit and Inspection Plan 2007/2008 – because of their membership of the Warwickshire Pension Fund.

(3) Minutes of the Audit and Standards Committee meeting held on 21 February 2007.

It was then Resolved:

That the public Minutes of the Committee's 21 February 2007 meeting be approved.

(4) Matters Arising.

Mark Magowan commented that he believed the Committee had agreed to receive quarterly reports on case management and how improvements were being made through self-audits. Greta Needham reminded Members that today's meeting had been rescheduled and the Strategic Director could not attend. A written report would be submitted to the next meeting.

2. (1) Annual Audit and Inspection Letter

John Bridgeman said that he had agreed to take the Annual Audit and Inspection letter as an urgent item. He confirmed that Members had received the latest version of the letter.

David Rigg apologised for the lateness of the letter. He explained that the letter was a collection of work carried out over a period of time and that many of the issues raised in it had been reported previously to the Council in different guises. Its purpose was to give an overall summary of the Audit Commission's assessment of the County Council. The Council remained a three star authority that was improving adequately. He drew attention to the following points:-

- (i) The County Council needed to pay particular attention to improving the performance of adult services, including the Supporting People Programme and to addressing the development issue raised in the letter for the Fire and Rescue Service to develop a full risk profile for the County. The County Council had been assessed as 2 star rating for those services. An earlier inspection into the Supporting People Programme in Warwickshire published in January 2005 had rated this as poor (0 star), a further report in July 2006 continued to rate the service as poor.
- (ii) The letter covered the calendar year 2006 and there was a need for the comments in it to be brought up to date. Graeme Betts had made significant progress over the Supporting People Programme. David Rigg also audited the Warwickshire PCT and it had been clear that as a result of concentrating on the merger of the three Warwickshire PCTs into one, the new body had not been able to co-operate fully in the joint management arrangements. Although Adult Social Services was not as far forward as hoped, it was recognised that the County Council had also been through a substantial reorganisation of its departmental structure. Overall services had continued to be delivered and improved during this period whereas the PCT had been more inward looking over its reorganisation.

- (iii) The future emphasis on inspection would shift from process to strategy and would look at outcomes.
- (iv) The Council's use of resources rated 4 for financial management and 3 for each of the areas of financial reporting, financial standing, internal control and value for money. The overall assessment was 3. This was mirrored for those categories relating to the fire and rescue service except that value for money was assessed at 2.

The following points arose during the ensuing discussion:-

- (a) It was becoming more difficult to achieve scores as the criteria were raised but even with that the County Council had performed well overall.
- (b) The Audit Commission needed to give some thought to the timing of reports as the Committee was looking today at the report for 2006 and also looking at the Annual Audit and Inspection Plan for 2007/08. Some local authorities had queried the "missing" year.
- (c) There were two waves of best value reviews that would feed into the budgetary process.
- (d) There was a need to assess the effectiveness of the Fire and Rescue Service in operating into neighbouring areas.
- (e) The Warwickshire Fire and Rescue Service would be more costly than Coventry because whereas Coventry had fulltime crews, In Warwickshire the mix of urban and large rural areas meant that there were a lot of retained (part-time) crews employed.
- (f) The assessment in table 2 against "direction of travel judgement" should read "improving adequately" rather than "subject to review".
- (g) It would be helpful to the Council in giving better value for money if the Audit Commission's reports were more implicit about those areas where there was room for improvement. David Rigg agreed that the reports should be more focused in their recommendations.
- (h) David Rigg indicated that there would be an increase in the level of fees charged by the Audit Commission but he pointed out that fees had originally been fixed at a time when the Council had been assessed as an "excellent" authority.
- (i) The Committee thanked the Council's financial management team for achieving a rating of 4 for financial management.

The Chair thanked David Rigg for his attendance.

Resolved:-

That the Annual Audit and Inspection Letter be commended to the Council.

(2) Annual Audit & Inspection Plan 2007/08

The Committee considered the Audit and Inspection Plan for 2007/08.

The following comments arose from the discussion:-

- (i) It was noted that the cross cutting review of health inequalities would be limited to Nuneaton and Bedworth. The Health Overview and Scrutiny Committee would find the results of the review very interesting.
- (ii) The Council's internal audit team liaised closely with the Audit Commission.
- (iii) It was agreed that the Committee should receive an update report in the Autumn on Supporting People.

It was then Resolved:-

That the Annual Audit and Inspection Plan 2007/08 be approved.

3. Internal Audit Strategy

The report of the Strategic Director for Performance and Development was considered

The following comments arose during the discussion:-

- (i) It was noted that the Audit Plan was for 2007/2008 rather than 2006/2007 as shown (paragraph 7).
- (ii) In the future it would be helpful if the changes were highlighted when the Committee were given a revised terms of reference for the internal audit service.
- (iii) A contingency to cater for unforeseen events was included in the plan but if this was not sufficient a decision would have to be made at that time how it would be handled.

Resolved:-

That the internal audit strategy, including updated terms of reference, be approved.

Administrative note: the annual audit report (item 9) was taken out of agenda order at this point and the appropriate resolution passed (item 8), however for the purpose of the minutes those items are recorded in agenda order.

4. Statement on Internal Control 2006/2007

The Committee considered the report of the Strategic Director of Performance and Development.

Greta Needham said that the Statement on Internal Control would go to Cabinet and the Council at meetings on the 26th June 2007. She drew attention to the issues that were intended to be included. In addition, she said that the compliance issues around the corporate requirements for HR recruitment would

be included. Also reference would be made about schools not having notifications under the Data Protection Act.

Resolved:-

That the Audit and Standards Committee draws to the attention of the signatories of the Statement of Internal Control that reference needs to be made to the compliance issues around the corporate requirements for HR recruitment and minor changes to the section related to schools.

5. Standards Boards Bulletins

The Committee considered the report of the Strategic Director of Performance and Development related to Bulletin No. 33 issued by the Standards Board in May 2007.

Greta Needham said that she had arranged for a number of places to be booked for the Annual Assembly of Standards Committees.

The Chair asked that the date be circulated to the Committee.

6. Any Other Business

(1) Code of Conduct Seminar

Reference was made to the Code of Conduct seminar that had been held after the recent County Council meeting. Twenty-nine members had stayed for the seminar and eight of those had remained for the workshops afterwards. Greta Needham said that she was trying to arrange two more sessions during June and July.

(2) Dates of future meetings

It was noted that future meetings of the Committee had been arranged as follows:-

Monday, 24th September 2007 at 10 a.m.

Monday, 19th November 2007 at 10 a.m.

Wednesday, 20th February 2007 at 10 a.m.

The dates for the Annual Assembly of Standards Committees was 15th and 16th October 2007.

7. Report Containing Confidential or Exempt Information

Resolved:

That members of the public be excluded from the meeting for the items mentioned below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 2 and 7 of the Local Government Act 1972.

**SEE BELOW FOR A SUMMARY OF THE BUSINESS TRANSACTED IN THE
ABSENCE OF THE PUBLIC**

Chair of Committee

The Committee rose at 12.57 p.m.

Summary of business transacted in the absence of the public

8. Exempt Minute of the meeting held on 21 February 2007

The Committee approved the exempt extract of the minutes of the meeting held on the 21 February 2007 as a correct record and authorised the minutes to be signed by the Chair.

9. Internal Audit Report

The Committee noted the results of internal audit work during the year and the overall opinion of the Audit and Risk Manager on the Authority's control environment. The Committee also endorsed the review of the effectiveness of the system of internal audit.