

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on the **20 February 2008**.

Present: -

Independent Members

John Bridgeman (Chair),
Mark Magowan.

County Councillors

John Appleton
Sarah Boad
Les Caborn (items 1 – 6 and 9 -12 only)
Mick Jones
Bob Stevens (items 1 - 6 and 9 – 12 only)

Also present:

Tony Parks, David Rigg and Steve Wheldon, Audit Commission.

Officers

Performance and Development Directorate

Sarah Duxbury, Corporate Legal Services Manager.
Jean Hardwick, Principal Committee Administrator,
Andrew Lovegrove, Group Accountant.
Greta Needham, Head of Law and Governance.
Jane Pollard, Overview and Scrutiny Manager.
Garry Rollason, Audit and Risk Manager,

Children, Young People and Families Directorate

Peter Hatcher, Youth and Community Services
Dave Potter, Assistant Head of Service, Governance.

1. General

(1) Apologies for absence

Apologies for absence were received from Councillors Tim Naylor and John Vereker.

(2) Members' Disclosures of Personal and Prejudicial Interests

Councillors John Appleton, Sarah Boad and Bob Stevens declared personal interests in item 11, School Governance, because they were all School Governors.

(3) Minutes of the Audit and Standards Committee meeting held on 19 November 2007.

It was Resolved:

That the Minutes of the Committee's 19 November 2007 meeting be approved and signed by the Chair as a correct record subject to spelling of Councillor Sarah Boad's name being amended in item 1 (4), Matters Arising.

(4) Matters Arising.

(a) Minute 3 Adult Social Care Case Recording

The Committee asked that thanks be conveyed to Liz Bruce, Head of Local Commissioning, for the briefing note circulated following the previous meeting. Members said that they were satisfied with the information provided and that they had no further questions to ask. The Committee looked forward to receiving a six-month update report and an annual report thereafter.

(b) Minute 8 Training for Members

The Committee noted that, as requested at the previous meeting, training had been arranged for Friday 29 February 2008 in Shire Hall commencing with lunch at 1:00 p.m. Representatives from the district and boroughs councils had also been invited to attend. Papers for the training session were handed to Members.

(The order of the items below reflects the order set out on the agenda for the meeting and not the order in which they were discussed).

2. Standards Board for England – Bulletin No. 36

Resolved, having considered the report of the Strategic Director of Performance and Development, that the content of the latest Standards Board Bulletin No.36, be noted.

3. Local Investigation and Local Filters - Initial Assessment of Complaints Under the Member Code of Conduct

The Committee considered the report of the Strategic Director of Performance and Development advising on the changes in the handling of the initial assessment of complaints under the member code of conduct, the arrangements that need to be made and the potential implications for the authority.

Jane Pollard explained that the current Government timetable envisaged that the new legislation would be brought into effect on 1st April 2008 and that the draft regulations would not be received until March. She invited Members, views on the following issues –

- (1) whether a standing sub-committee should be established or pool arrangements?
- (2) did the Committee want to have three separate sub-committees i.e. for assessment, review and hearings?
- (3) Did Members consider it necessary for an independent member to always chair the sub-committees for assessment or review?
- (4) What should be the minimum membership of any sub-committee?

Discussion focussed on –

- (1) The possibility of joint working with the district and borough councils and how this might be achieved and funded. It was noted that this joint working might be also cross-boundary, in particular, with Coventry City Council. It was suggested that the views of the district/borough councils should be sought on this aspect of the new legislation.
- (2) The need to consider increasing the number of Committee Members in order to accommodate any potential increase in the current work of the Committee and the number of independent Members on the Committee so that they represented 50% of the Committee. The size of the sub-committees for hearings, should be 4 (three councillors (one from each party) chosen from the current Committee Members together with an independent Chair.
- (3) The need to review the Committees terms of reference to take into account the additional standards work that would result from the new legislation. Ultimately any changes would be a matter for the full Council.
- (4) The need to set up a Sub-Committee to consider taking initial assessments decisions as from 1st April 2008 if the new provisions were in force.
- (5) The training event organised for 29 February 2008 on handling standards complaints.

Resolved that the Committee –

- (1) Notes the report and the changes in the handling of the initial assessment of complaints under the member code of conduct.
- (2) Asks that the views of the district and borough councils be obtained on joint working with view to opening a dialogue with them on this issue.
- (3) Recommends that the minimum membership of any sub-committee should be three people. A pool arrangement is preferred.
- (4) Recognises that there may be need to recruit additional independent members in the future.
- (5) Approves the suggested criteria for local assessment set out in paragraph 5 of the report. These will be reviewed in the light of experience.
- (6) Asks that a review be undertaken of the Audit and Standards Committee's terms of reference taking account the demands of the new legislation.

4. Member Conduct – Advisory Process

The Committee considered report of the Strategic Director of Performance and Development outlining a process for dealing with lower level repetitive complaints about member behaviour.

The Committee were generally supportive of the proposal but asked for the proposed process be amended to introduce at an earlier stage the opportunity for a verbal warning to be given before moving on to the formal warning letter stage.

Resolved that the Committee approves for submission to the Leaders Liaison Group the Member Conduct Advisory Process subject to consideration being given to the inclusion of a verbal warning prior to the formal written letter stage.

5. Review of Adjudication Panel Decisions

Resolved that the Committee, having considered the report of the Strategic Director of Performance and Development, notes the detailed trends in cases determined by the Adjudication Panel over the last 12 months.

6. Do The Right Thing – Local Code of Corporate Governance

The Committee considered the report of the Strategic Director of Performance and Development that sought members' views on the draft local code of corporate governance.

In reply to questions Sarah Duxbury –

- (1) confirmed that the draft local Code of Warwickshire followed the new CIPFA/Solace corporate governance guidance for Local Authorities issued in summer 2007.
- (2) said that as a result, the Code for Warwickshire would likely follow a similar format to the Local Codes adopted by Councils in the rest of country. The County Council's local draft code had, however, been tailored to reflect the County Council's policies and administrative structure.
- (3) A summary of the document would be produced for the benefit of staff, members of the public, use in libraries and on the website which was more "user friendly".
- (4) Undertook to include in the preamble to the Code a statement clarifying to whom the Code applied.

Resolved that the Committee supports the draft local Code of Corporate Governance attached to this report at appendix 1 which will be considered by the Cabinet at its meeting on 13 March 2008 subject to the inclusion of a comment about clarifying whom the code applied.

7. Contract Standing Orders Review

The Committee considered the report of the Strategic Director of Performance and Development outlining the results of the review of the Council's Contract Standing Orders and seeking members. comments on the revised Contract Standing Orders and associated documents.

In reply to questions Sarah Duxbury confirmed that –

- (1) the proposed amendments to Contract Standing Orders had the support of the Strategic Directors of Performance and Development and Resources and other Directorates had been fully involved in the process through the CSO Review Group comprising Contracts Co-ordinators from each Directorate.
- (2) A control mechanism was in place to monitor exemption requests to include those exemption requests below £10,000, which would be dealt with within Directorates under the new arrangements.

Resolved that the Committee -

- (i) recommends to Cabinet and to Council that the draft minor contracts procedure (Appendix 1), the Scheme of Delegation (Appendix 2) and the revised Contract Standing Orders (Appendix 3) are adopted subject to any minor amendments made by the Strategic Director of Performance and Development and the Strategic Director of Resources in advance of those meetings; and
- (ii) supports a strengthened approach to dealing with applications for exemptions from Contract Standing Orders.

AUDIT ITEMS

8. Corporate Governance Audit 2007

The Committee considered the report of the Strategic Director of Performance and Development outlining the results of the corporate governance audit undertaken during 2007 and updated members on progress against the 2005/06 action plan.

During discussion the following comments were noted –

- (a) concern was expressed about the disappointing results of the survey reflected in a number of categories that had “red” indicators against them.
- (b) concern was expressed that the proposal was not to undertake a further survey for another two years.
- (c) the Committee requested that priority be given to the ‘red’ areas and that future audit work be targeted to enable the Council to determine in advance of the next audit whether sufficient progress was being made against the 2007 results.
- (d) concern was expressed about the 27% of staff in the Community Protection Directorate whose posts were politically restricted and not knowing what that meant.
- (e) comment was made about the numbers of staff who did not have access to email and were not able to take part in the survey.

Garry Rollason explained that despite a publicity campaign after the last survey knowledge and understanding of what to do in the event of a fraud had slipped. The measures proposed to address the issues identified by the audit were set out in the draft action plan attached at Appendix 3 of the report. Each directorate would be preparing their own action plan to supplement corporate actions.

The Chair proposed that the Committee's concerns about the results of the survey should be referred to Councillor Peter Fowler, Portfolio Holder for Performance and Development, and that the staff survey should be repeated sooner than two years.

Resolved that the -;

- (i) Committee's concerns about the audit findings set out in this report and draft action plan, attached at Appendix 3, which will be considered by the Cabinet at its meeting on 13 March 2008 are conveyed to the Cabinet and that Councillor Peter Fowler, as Portfolio Holder for Performance and Development is asked to attend the next meeting of the Committee meeting to answer Members' questions.
- (ii) Committee recommends that a further Staff Survey is carried out in 14 months time.
- (ii) Commissions the base-line survey to help assess the impact of the Council's new locality arrangements as referred to at paragraph 4.4 of the report.

9. Progress report on Action Plan arising from an audit of Financial Practices of Youth Centres.

Peter Hatcher presented the report of the Strategic Director of Children, Young People and Families (CYPF) updating Members on progress against the issues identified in the Action Plan arising from a special investigation at Studley Youth Centre discussed at the previous meeting.

In reply to questions Peter Hatcher gave assurances that –

- (1) The problems related to County Council policies and practices not being followed.
- (2) The CYPF Finance Officers were now more pro-active in providing induction for new staff and new staff asked to sign and confirm that they had read the various guidelines and policy documents.
- (3) He was satisfied that the management controls now in place would ensure that any problem was picked up quickly.

The Chair welcomed the re-assurances given and the improved training and induction of new staff.

Resolved that the Committee accepts the re-assurances given on the progress made in addressing the issues arising from the special investigation at Studley Youth Centre and their impact upon the Service as a whole.

10. Data Quality Audit Report

The Committee considered the report of the Strategic Director of Performance and Development. The report provided the Committee with a Data Quality Audit Summary report and action plan, resulting from an audit carried out by the Audit Commission in September - October 2007.

Tony Parks reported that this was the second year that the Audit Commission had carried out work on data quality in the County Council and improvements had been seen over this time. Overall management arrangements for good data quality were demonstrating adequate performance. Spot checks had revealed that 2 indicators were fairly stated but that the IPF Cost Per Library Visit Indicator was understated by 21%.

Steve Wheldon reported that this year the County Council had been asked to provide a self assessment and this had been very helpful in it demonstrated that officers were very self aware and auditors found no difference in their assessment of strengths and weaknesses. The actions put in place and data quality management had penetrated through the Directorates and was helping to drive through the importance of quality assurance.

During discussion Members' questioned how the Committee should view "adequate performance" and whether they should be concerned or assured by the findings of the Survey. The Audit Commission officers in response -

- (1) Explained that the performance of the County Council was similar to most other local authorities throughout the country that had also demonstrated "adequate performance".
- (2) Said that the assessment range was 1- 4 (2 = adequate 3 = good and 4 = excellent). The majority of the County Council's key indicators had achieved a 2 grade and some others a 3 grade and, as a consequence, it had been deemed overall that "adequate performance" had been demonstrated.
- (3) Said that the cost of the audit was approximately £3,000.
- (4) Undertook to circulate an explanatory note about the assessment process and a description of the key lines of enquiry.

Resolved that the Committee:

- (1) Note the findings in the Data Quality Report.
- (2) Approve the County Council's response to the recommendations made by the Audit Commission.

11. School Governance

The Committee considered the report of the Strategic Director of Children, Young People and Families which provided an update on progress with issues identified in an Audit review of school governance in February 2007.

Dave Potter added that significant progress had been made in the key areas around training of School Governors.

During discussion the following comments were noted –

- (1) That the relationship between the local authority and school governors was very much one of help, support and guidance and a wealth of information was available on the County Council's website.
- (2) That the new approach taken by the County Council to Governance training had increased attendance from 18% in 2005/06 to 80% in 2007/08.
- (3) That there was no provision with the current legislation, which compelled Governors to undertake training.
- (4) E-mailing information to the Clerks to the Governing Bodies, who could then circulate it to all Members of their Governing Bodies, in addition to the Head Teachers and Chairs of Governors, would help communication about accessing training and development and support.
- (5) That the update provided was helpful but that there were a number of matters of substance that required further consideration and it was proposed that they should be referred to the Children, Young People and Families Overview and Scrutiny Committee.

Resolved that the Committee –

- (1) notes the progress made by the Directorate to address the issues identified by the 2006 internal Audit review of school governance.
- (2) Asks that the report be referred to the Children Young People and Families Overview and Scrutiny Committee for scrutiny of the following areas to give assurance that –
 - (a) Protocols are introduced in schools not buying into Warwickshire Education Services to ensure proper standards where governing bodies do not purchase County Council services.
 - (b) The necessary steps are taken to ensure that Governing Bodies are set up to discharge their functions.
- (3) asks that information circulated to the Head Teachers and Chairs of Governors as part of the new governor communication strategy is also emailed to the Clerks to the Governors for forwarding on to all members of their governing bodies.

12. Audit Commission – Recommendations Tracking Report

The Committee considered the report of the Strategic Director of Resources

The report outlined the Audit Commission's tracking of its key recommendations and progress on the delivery of actions flowing from these and monitored progress against these key recommendations.

Tony Parks reported good overall progress had been made in implementing the agreed recommendations. This progress would be monitored and further reports brought to the Committee in due course.

In reply to Members' questions and comments Tony Parks and Steve Wheldon confirmed that they were generally pleased with the way in which County Council's officers were implementing the recommendations. In respect of Recommendations –

- (1) R3 no significant problems had been found and this would be reflected in the next report.
- (2) R10/11 there was no issues of concern and the recommendations were being implemented

Resolved that the Committee –

- (1) notes the recommendations in the tracking report.
- (2) asks the Chief Executive Officer to consider writing to County Council Officers commending their work in connection with implementation of the Audit Commission's Recommendations.

13. Any Other Business

(a) Audit and Standards Annual Report

Greta Needham reported that the Committee's Annual report was scheduled for the County Council's May meeting and a draft would be circulated to the Chair shortly.

(b) Training Session – Friday 29 February 2008 1:00 p.m. Shire Hall

Jane Pollard explained the arrangements that had been made for the above training session and said that invitations had been sent out to the district and borough councils and approximately 60 people were expected to attend.

(c) Fire Service – Improvement Notice

In reply to a question from Mark Magowan, Greta Needham said that the County Council had lodged an appeal against the Improvement Notice from the Health and Safety Executive. She added that there was still a huge investigation by Police on site on behalf of themselves and the Health and Safety Executive. She would be in a position to give a verbal progress report to the Committee's June meeting.

14. Future Meeting Dates

Resolved to note the future meeting dates to be held in Shire Hall at 10:00 a.m. as follows -

Monday 16 June 2008
Monday 22 September 2008
Tuesday 18 November 2008
Monday 23 February 2009

15. Report Containing Confidential or Exempt Information

Resolved that –

- (1) members of the public be excluded from the meeting for items 16 and 17 below on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 1,2,3 and 7 of the Local Government Act 1972.
- (2) Item 18 should be considered as a public report as there were no matters contained within the report that warranted the exclusion of the public.

16. Exempt minutes of the meeting held on 19 November 2007.

Resolved that the exempt minutes of the meeting held on 19 November 2007 be agreed and signed as a correct record.

17. Internal Audit Report

The Committee considered the report of the Strategic Director of Performance and Development that summarised the internal audit work carried out in the period 1 October 2007 to 31 December 2007.

Resolved that the Committee –

- (1) Notes the results of the internal audit work in the period 1 October 2007 to 31 December 2007.
- (2) Asks for information on what audit provisions existed in agreements with nursery providers.

18. Compliance with Contract Standing Orders

Resolved, having considered the report of the Strategic Director of Performance and Development, to –

- (1) Note the findings of the 2007/8-contract standing orders compliance audit.
- (2) Ask that Directorate’s Action Plans are brought to the next meeting.

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Chair of Committee

The Committee rose at 1:35 p.m.