

# Audit and Standards Committee

# Agenda

21<sup>st</sup> September 2009

The Audit and Standards Committee will meet at the **SHIRE HALL, WARWICK** on **21<sup>st</sup> September 2009 at 10:00 a.m.**

The agenda will be: -

## 1. General

- (1) **Apologies for absence**
- (2) **Members' Disclosures of Personal and Prejudicial Interests**

Members are reminded that they should declare the existence and nature of their personal interests at the commencement of the relevant item (or as soon as the interest becomes apparent). If that interest is a prejudicial interest the Member must withdraw from the room unless one of the exceptions applies.

- (3) **Minutes of the Audit and Standards Committee meeting held on 25<sup>th</sup> May 2009 and matters arising.**

## STANDARDS ITEMS

### 2. Standards Board for England – Bulletins No. 44 and 45

Report of the Strategic Director Customers, Workforce and Governance.

This report encloses the latest issues of the Standards Board Bulletins No. 44 and 45

#### **Recommendation**

That the Committee notes the latest Standards Board Bulletins

For further information please contact Jane Pollard, Democratic Services Manager Tel: 01926 412565 janepollard@warwickshire.gov.uk.

### **3. The Standards Committees (Further Provisions) Regulations 2009**

Report of the Strategic Director Customers, Workforce and Governance

The report advises members of the changes brought about by the above regulations. These give powers to the Standards Board to suspend the functions of a Standards Committee and enable relevant authorities to establish joint standards committees. They also establish new arrangements for granting dispensations to members and co-opted members to participate in business notwithstanding the existence of an interest under the Code of Conduct.

#### **Recommendation**

1. That the Committee considers the new arrangements under the Standards Committees (Further Provisions) Regulations 2009.
2. Adopts the guidance of the Standards Board as the basic framework for making decisions on requests for dispensations and considers whether it wishes to add any other criteria.

For further information please contact Jane Pollard, Democratic Services Manager Tel: 01926 412565 janepollard@warwickshire.gov.uk

## **AUDIT ITEMS**

### **4. Update on Case Recording**

Report of the Strategic Director Adult Health and Community Services

This report updates the Committee on the Quarterly Case File Audit together with more detailed commentary as requested by Audit & Standards Committee 28th May 2009.

#### **Recommendation**

That the Committee consider and comment on progress made in the auditing of case file records, and consider and comment on the role of the Quality Assurance Officers in case file audit.

For further information please contact Diana King Performance Improvement Manager Adult Health and Community Services Tel 01926 736430 email dianaking@warwickshire.gov.uk

### **5. External Auditors Annual Governance Report 2008/09**

## Report of the Chief Executive

The report presents a report from the Audit Commission outlining matters arising from the audit of the 2008/2009 accounts.

### **Recommendation**

That Members of the Committee note the report and make any comments

For further information please contact Andrew Lovegrove Tel 01926 476811 Email [andrewlovegrove@warwickshire.gov.uk](mailto:andrewlovegrove@warwickshire.gov.uk)

## **6. Audit and Standards Work Programme**

Report of the Strategic Director Performance and Development.

This report encloses the latest work programme for the Committee

### **Recommendation**

That the Committee consider the latest work programme for the Committee

For further information please contact John Wright, Committee Manager, Tel: 01926 412320 e-mail [johnwright@warwickshire.gov.uk](mailto:johnwright@warwickshire.gov.uk).

## **7. Any Other Business**

Which the Chair decides is urgent.

## **8. Future Meeting Dates**

To note future meeting dates to be held in Shire Hall at 10:00 a.m. as follows -  
23 November 2009  
22 February 2010

Jim Graham  
Chief Executive

Shire Hall,  
Warwick  
September 2009

## **Membership**

Councillors Sarah Boad, Clare Hopkinson, Les Caborn, Tim Naylor, Helen Walton, Bob Stevens and John Vereker CBE.

Independent Members: John Bridgeman CBE, (Chair), Rob Jeanes, Mark Magowan and Bob Meacham OBE

If you have any questions about this agenda please contact John Wright, Committee Manager, Member Services, Performance and Development Directorate, Tel. 01926 412320 or e-mail [johnwright@warwickshire.gov.uk](mailto:johnwright@warwickshire.gov.uk)

The **AUDIT AND STANDARDS COMMITTEE** met at **WARWICK** on the **28th May 2009**.

**Present:** -

**Independent Members**

John Bridgeman CBE (Chair)  
Rob Jeanes  
Bob Meacham OBE  
Mark Magowan

**County Councillors**

Sarah Boad  
Les Caborn  
Mick Jones  
Tim Naylor  
John Vereker CBE

**Officers**

David Carter Strategic Director Customers Workforce and Governance  
David Clarke, Strategic Director Resources  
Greta Needham, Head of Law and Governance  
Garry Rollason, Audit and Risk Manager  
John Wright, Committee Manager

**Also present:**

Jennifer Gilmore, Audit Commission  
Chris Leeland, Audit Commission  
Tony Parkes, Audit Commission.

**1. General**

**(1) Apologies for absence**

No apologies for absence were received

**(2) Members' Disclosures of Personal and Prejudicial Interests**

Councillor John Vereker declared a personal interest in any matters relating to the investigation of the Atherstone Fire as he was a member of the Police Authority.

**(3) Minutes of the Audit and Standards Committee meeting held on 24<sup>th</sup> February 2009.**

**Resolved** that the minutes of the meeting held on 24<sup>th</sup> February 2009 be approved and signed by the Chair as a correct record subject to the following amendments

Heading replace "2008" with "2009"  
Minute 12 delete "8th June 2009"

#### **(4) Matters Arising.**

##### **Minute 2 Standards Board For England Bulletin 41**

Members were informed that Rossendale MBC had recently received the Local Government Chronicle Award for standards performance and officers would be investigating what lessons could be learnt from that Council for this authority. Members were reminded that the Standards Committees of District Councils were often more active in dealing with complaints and investigations as they had responsibility for investigating issues arising from parish councils.

##### **Minute 4 Annual Report of the Committee**

Members were informed that a revised draft of the annual report would be circulated to them for comments later in the day.

#### **2. Standards Board for England – Bulletins No 42 and 43**

The Committee considered the report of the Strategic Director of Performance and Development on the content of the Standards Board Bulletins No 42 and 43.

Members enquired whether the Independent Members of the Committee were covered by the authority's indemnification arrangements. The Strategic Director Customers Workforce and Governance undertook to investigate and to confirm to members that they were indemnified.

Members also enquired whether the extension of the code of conduct to include conduct in a private capacity had come in to force and were informed that it is the government's intention that the change would become operational when the new code of conduct came in to force. There was still no indication from the government as to when the new would become operative.

**Resolved** that the content of the Standards Board Bulletins No 42 and 43 be noted.

#### **AUDIT ITEMS**

#### **3. Annual Audit and Inspection Letter**

The Committee considered the Audit Commission annual audit letter for 2007-2008.

Jennifer Gilmore and Tony Parkes from the Audit Commission gave a presentation on the contents of the letter. The Committee was informed that:-

- The Council had a three star status
- The Council provided good value for money and performed strongly on the Use of Resources
- The Council was high performing and continuing to improve well
- The Council was delivering improving outcomes across priority areas
- Housing support services for vulnerable people was delivering better value for money

- Weaker services such as adult social care had improved
- Support people had moved from a poor rating to fair
- Targeted intervention had improved educational attainment especially in northern Warwickshire
- Social care for children had been rated as very good by Ofsted
- Good partnership working had been done with the District councils to improve levels of recycling
- Targeted work had reduced road deaths
- Progress continued to be made in making services easier to reach for the public
- Work with the gypsy and traveller communities had been recognized as very good
- Equalities standards had yet to show any improvement but the Audit Commission were aware the council was working on it
- Performance indicators were showing a slowing of improvement but only in the more corporate areas rather than those affecting delivery of frontline services. This slowdown was not a serious failure and was more a case of indicators remaining static rather than improving.

Members were also informed of the recommendations made in the report

- Improving local governance models with partners
- Enhancing partnership working especially with health bodies
- Developing a strategic approach to addressing health inequalities
- Ensuring a robust approach to developing and improving the Fire and Rescue Services

Members welcomed the report and the acknowledgement of the areas of good and improving performance. The Committee was informed that the Strategic Director of Adult Health and Community Services would be responsible for addressing the strategic approach to health inequalities and enhancing partnership working with health bodies.

**Resolved** that the report be noted

#### **4. Audit Opinion Plans 2008/09**

The Committee considered the report of the Strategic Director, Resources on the Audit Commission's Audit Opinion Plans 2008/09 for the County Council and the Warwickshire Pension Fund.

Chris Leeland, Audit Commission reported on the work undertaken by the Audit Commission to satisfy their responsibilities under the Audit Commission Code of Practice. The report detailed the risks that had been identified and the timetable for the completion of the audit. Members asked questions about the risks that had been identified and the following points were made

- The fire fighter injury award – was paid differently subject to different accounting treatments in different authorities. There was need to understand how it is accounted for within Warwickshire
- Impact of Atherstone on Stour fire investigations – investigations were still being carried out by the Police and the Health and Safety Executive
- Impairment referred to a reduction in the value of assets

Members queried the quoted fee for the Audit Commissions work. Members felt that as the Council had been identified as a low risk authority and the Audit Commission had acknowledged that the good work being carried out by Internal Audit. The Committee was informed that the Audit Commission had a duty to carry out their work and had spent 446 days on audit work for the council in the previous year. Members requested a simple breakdown of time spent and the cost of work undertaken and the Audit Commission agreed to provide such a breakdown.

**Resolved** that the Audit Commission's Audit Opinion Plans for 2008/09 be noted

## **5. Annual Governance Statement**

The Committee considered the report of the Strategic Director, Customers, Workforce and Governance and the Strategic Director, Resources on the conclusions of a review of internal control as part of the overall process that fulfilled the Authority's statutory obligations to publish an Annual Governance Statement.

The Committee was informed that no significant governance issues had been highlighted. Seven matters were ongoing issues where, despite, progress, there remained scope for improvement and three new areas had been identified where the Council must continue to improve controls and performance. Following discussion members suggested that the ongoing monitoring by the committee of the recording of case files within Adult Social Care be included in the statement.

**Resolved** that the process of compiling the Annual Governance Statement and the content of the draft Statement be noted and the Cabinet be recommended to approve the draft Annual Governance Statement subject to the addition of reference to the need for ongoing monitoring of the standards of case files within Adult Social Care.

## **6. Internal Audit Strategy 2009/10**

The Committee considered the report of the Strategic Director, Customers, Workforce and Governance on the 2009/10 internal audit plan which set out a plan for the audit work which would be carried out during 2009/10.

Members were informed that there was a greater emphasis on provision of proactive advice work. The committee requested that a report be submitted to a future meeting of the committee on a comparison of the range of work carried out by audit teams in the authorities within our comparative family group.

Members enquired whether there was scope to increase the number of risk based audits. The committee was informed that the council had reduced the budget for internal audit for the forthcoming year. Initial discussions had taken place with the District and Borough Council's and with Coventry City Council about the possibility of a shared services agreement but there had been little interest in the idea to date.



**Resolved** that

- (1) the proposed internal audit strategy, including the audit terms of reference, be approved; and
- (2) a report be submitted to a future meeting of the committee on a comparison of the range of work carried out by audit teams in the authorities within our comparative family group.

## **7. Strategy for Implementing International Reporting Standards**

The Committee considered the report of the Strategic Director, Resources on plans for the implementation of International Financial Reporting Standards. The committee was informed that from 2010/2011 the Council's financial statements would have to be prepared in line with the new standard. The new standards had been introduced to ensure full comparability of financial reporting across sectors and globally. A project team had been established to manage the transition to the new reporting regime and CIPFA was expected to publish a code of practice in September.

**Resolved** that the report be noted

## **8. Audit and Standards Work Programme**

The Committee considered the report of the Strategic Director of Performance and Development on the work programme for the Committee.

**Resolved** that the report be noted;

## **9. Any Other Business**

The Chair made reference to a report on Case File Recording which had been circulated for members information by the Strategic Director of Adult, Health and Community Services. Members welcomed the report and requested that a further, more detailed report be submitted to the next meeting of the committee.

## **10. Future Meeting Dates**

To note future meeting dates to be held in Shire Hall at 10:00 a.m. as follows -  
21 September 2009.  
23 November 2009  
22 February 2010

## **11. Report Containing Confidential or Exempt Information**

**Resolved** that members of the public be excluded from the meeting for the following item on the grounds that their presence would involve the disclosure of confidential or exempt information as defined in paragraphs 1,2 and 7 of the Local Government Act 1972

## **12 Exempt minutes of the meeting held on 24<sup>th</sup> February 2009**

**Resolved** that the minutes of the meeting held on 24<sup>th</sup> February 2009 be approved and signed by the Chair as a correct record.

### **13. Internal Audit Annual Report**

The Committee considered the report of the Strategic Director Customers, Workforce and Governance which detailed the results of internal audit work carried out during 2008/9.

Members expressed their satisfaction with the work of the Audit Team, the review of effectiveness, the outcome of the audits and the follow up action taken.

**Resolved that**

- (1) the content of the Internal Audit Annual Report be noted; and
- (2) members of the public be readmitted to the meeting.

.....  
Chair of Committee

The Committee rose at 12.10 p.m.



Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Agenda No 2

### Audit and Standards Committee – 21 September 2009. Standards Board For England - Bulletins No.44 and 45

#### Report of the Strategic Director Customers, Workforce and Governance

|                |
|----------------|
| Recommendation |
|----------------|

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|--|
| That the Committee notes the contents of the latest Standards for England Bulletins. |
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1. This report attaches the latest Standards for England Bulletins
2. Bulletin 44 - highlights include:
  - a) **Changes to criteria for granting dispensations** -A summary of the changes to the criteria for granting dispensations for members to speak and vote when they have a prejudicial interest.
  - b) **Standards Board responds to CSPL inquiry** -Our response to the inquiry into MPs' expenses is now online
  - c) **Support for Code of Conduct 'remains high'**-Latest research suggests that support for the Code of Conduct 'remains high'.
  - d) **Studying the impact and effectiveness of the ethical framework in local government** -Details from year one of a project identifying the impact of the standards framework is now complete.
  - e) **Quarterly returns – one year on** -Our first year of collecting quarterly returns is now complete. We report on figures and trends from the last quarter.
  - f) **'Good response' for annual returns**- The response rate for annual returns has been good and we now enter the analysis phase.
  - g) **Probity in Planning Guidance Issued**-Information on the Local Government Association's revised guidance on good planning practice.
3. Bulletin 45 – highlights include
  - a) **Code Revision** -Latest information on forthcoming changes to the Code.

- b) **Imposing sanctions: written apologies** -An outline of the written apology sanction available to standards committees under the regulations.
- c) **Intimidation and the Code** A case example illustrating intimidation in a Code of Conduct investigation.
- d) **That's a wrap!** A preview of our forthcoming DVD on local assessment.
- e) **SfE continues to support LGC award.** A call for entries for the Standards and Ethics category at the 2010 LGC Awards.

DAVID CARTER  
Strategic Director of Customers, Workforce and Governance

Shire Hall Warwick 1 September 2009

## New regulations come into force

In [Bulletin 42](#) we explained that regulations were being prepared to allow the Standards Board to suspend the initial assessment functions of an authority and to enable authorities to establish joint standards committees. The Standards Committee (Further Provisions) Regulations 2009 came into force on 15 June 2009. [Guidance about establishing joint standards committees](#) has been issued by the Standards Board to coincide with the regulations.

The regulations are much as expected and you may wish to refer to the [relevant article in Bulletin 42](#) for a summary of what they contain.

The regulations also amend the powers of standards committees to grant dispensations to members who would otherwise be unable to take part in authority business because of a prejudicial interest. There is a separate article about dispensations in this Bulletin and [guidance has also been issued](#) on our website.

## Changes to criteria for granting dispensations

The Standards Committee (Further Provisions) (England) Order 2009 makes changes to the criteria for granting dispensations for members to speak and vote when they have a prejudicial interest.

A standards committee can grant a dispensation to a member:

- where more than 50% of the members who would be entitled to vote at a meeting are prohibited from voting **OR**
- where the number of members that are prohibited from voting at a meeting would upset the political balance of the meeting to the extent that the outcome of voting would be prejudiced.

To decide whether these criteria apply, members must ignore any dispensations that have already been given to others at the meeting. The requirement to ignore any dispensations already granted means that any previously granted dispensations are disregarded for the purposes of working out whether the two circumstances above apply.

So, if there were ten members on a committee, six of whom would not be able to vote on some business, all six can claim a dispensation. If previously granted dispensations were not disregarded, a situation could arise where once two people had been granted

dispensations, the remaining four would be ineligible. This is because at that point there would be less than 50% of the committee who could not vote.

Even if the criteria apply, members cannot get a dispensation to:

- allow them to take part in voting at an overview and scrutiny committee about a decision made by any body of which they were a member at the time the decision was taken
- allow an executive member with a prejudicial interest in an item of executive business to take an executive decision about it on their own

Ultimately it is for an authority's standards committee to decide what criteria they will apply when considering a request.

The criteria that will be applied and the process that will be followed should be made available to all members by the standards committee.

By law, a member must submit an application in writing for consideration by the standards committee. It is up to the standards committee whether or not they grant a dispensation and there is no right of appeal from their decision.

A standards committee can decide the nature of any dispensation it grants. For example, the dispensation may allow a member to speak and not vote, or to fully participate and vote. The committee can also decide how long the dispensation should apply, although it cannot be longer than four years.

After four years has elapsed since a dispensation was granted, it can no longer be used.

The decision must be recorded in writing and must be kept with the register of interests maintained by the monitoring officer.

We have issued new guidance on dispensations to reflect the new regulations. The guidance can be found by clicking [here](#).

## **Standards Board responds to CSPL inquiry**

The Standards Board has responded to the inquiry into MPs' expenses held by the Committee on Standards in Public Life. You can view our response to the Committee on Standards in Public Life's inquiry by clicking [here](#).

## **Support for Code of Conduct 'remains high'**

Newly-published research suggests that member behaviour is improving and that support for the Code of Conduct remains high.

The Standards Board surveys the level of satisfaction in local government with our performance, and attitudes to the ethical environment, every two years. This year we commissioned BMG Research to carry out this survey on our behalf. As some of you may know, the survey was first undertaken in 2004 and was repeated in 2007.

The report's key findings are:



- 62% consider us successful in keeping local government, in general, informed about what we are doing (52% in 2007 and 46% in 2004). We are committed to making continuous improvements in this area.
- Support for the Code of Conduct remains high - 94% support the requirement for members to sign a Code of Conduct (93% in 2007 and 84% in 2004)
- 47% of respondents stated that they think members standards of behaviour have improved (44% in 2007, 27% in 2003).
- 75% of stakeholders have confidence in the way their local standards committee deals with complaints about members.
- This year we also asked respondents if they support the requirements for an officer's code - 88% of members expressed support for a requirement for an officer's code compared with 70% of monitoring officers and 78% of town/parish clerks. We will be feeding this information back to the department for Communities and Local Government.

Questions asked in the survey covered a number of areas including:

- attitudes to the Standards Board and ethical environment
- perceptions of the Standards Board
- views on our publication and website
- suggestions for ways in which we can improve our communication

In total, BMG received 1,973 completed questionnaires; this represents a response rate of 44% among town and parish councils, and 32% among principal and other authorities.

The research findings allow us to identify strengths and weaknesses, as well as demand for our services. In this way we can tailor our communications and advice and guidance to the needs of our stakeholders. Since the research also collects data on attitudes to the ethical environment, we can also use it to help us assess the impact of the standards framework.

Thank you to everyone who participated in this survey, it is only through your continued support with our research that we are able to track the progress we are making.

A copy of the full report can be downloaded by clicking [here](#).

For further information, please contact:

Cara Afzal (Deputy Research and Monitoring Manager) on 0161 817 5314 or email [cara.afzal@standardsboard.gov.uk](mailto:cara.afzal@standardsboard.gov.uk).

## Studying the impact and effectiveness of the ethical framework in local government

In 2006, we commissioned Cardiff University to carry out a five-year project to identify the impact of the standards framework within nine local authorities. Year one of this study is now complete.

This project also involved a survey of the public within the nine areas to identify any link between the activities of a local authority and public perceptions. This research is being led by Dr Richard Cowell from the Centre for Local and Regional Government Research.

The research aims to address three main questions:

- Has the ethical framework caused any changes in local government processes and systems, and culture and values?
- Has the ethical framework had any effect on the conduct of councillors?
- Has the ethical framework had any effect on public attitudes to local government either directly, or through any changes in council processes and/or councillor conduct?

### **What has the research found so far?**

**Changes in processes, systems, culture, and values:** The research identifies that, in most councils, the ethical framework and standards have become established and accepted as part of corporate life. The majority of respondents are positive about the move towards local regulation (apart from a concern about costs). The formal components of the ethical framework are being implemented successfully and there is some desire among those interviewed for committees to take a more pro-active role in promoting good conduct.

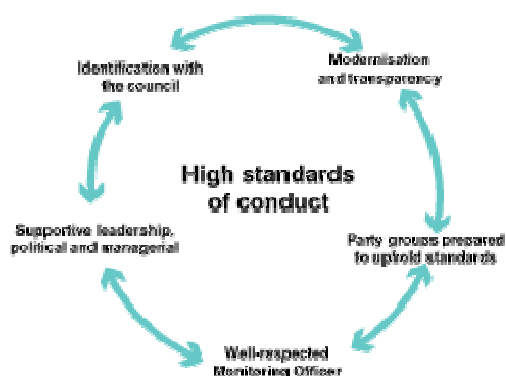
**The conduct of councillors:** The research reveals many feel that the conduct of councillors has improved in recent years, and that ethical issues are being treated seriously. There also seems to be widespread support for the view that the ethical framework has been beneficial. Councils with better conduct tend to make more effort to continually train and remind councillors of their responsibilities, and to make involvement in training mandatory. The ethical framework has helped improve conduct by acting as a regulatory mechanism, being used to support the sanctioning, demotion or resignation of councillors who have caused serious ethical problems.

**Effect on public attitudes:** The research found that more positive public survey responses for trust are achieved in councils displaying good standards of conduct. In addition, councils with high levels of trust tend to be well managed. Nearly half of the public survey respondents were confident that their local authority would uncover breaches in standards of behaviour by a councillor. Furthermore, a similar proportion believe that those breaching the Code would be dealt with effectively.

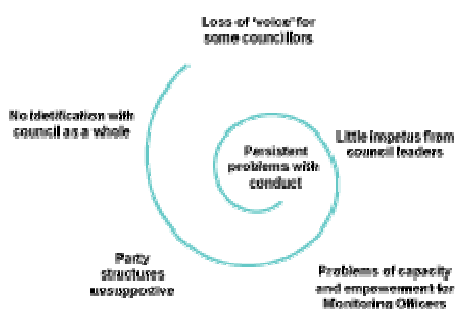
The research has also highlighted two very useful typologies, “Virtuous circles”, and ‘Spirals of despair’.

- **“Virtuous circles”** - refer to those organisational and cultural factors that lead to effective use of the ethical framework and good conduct
- **“Spirals of despair”** - are factors that result in poor conduct

### Virtuous Circles



### Spirals of despair



For more details on these factors, please click [here](#) to read the full report.

We are committed to making findings from our research accessible to our stakeholders and to this end we will continue to use various forums to disseminate the findings.

If you have any thoughts on this report, or the usefulness and accessibility of other Standards Board research please do not hesitate to contact Cara Afzal, Deputy Research and Monitoring Manager on 0161 817 5414, or email [cara.afzal@standardsboard.gov.uk](mailto:cara.afzal@standardsboard.gov.uk).

## Quarterly returns – one year on

We have been collecting quarterly returns for a year now and so take the opportunity to reflect on how the local framework has bedded in.

Firstly, we would like to thank all monitoring officers and their colleagues who made returns to the Standards Board. We are delighted with the consistent high level of completed returns. For quarter four – as with quarter two – we received a return from every authority. This was a particularly good achievement as we asked those authorities that were being abolished to send their returns earlier than the normal schedule.

Undoubtedly, these authorities were under extreme pressure preparing for the transition to unitary status.

We do not underestimate how difficult it must have been to find time to complete the quarterly returns. We are hopeful that the impressive return rate will continue into the next financial year.

The next collection period for the 1 April – 30 June quarter will be 1-14 July.

## What can we tell from the first year's worth of data?

### Standards committees

Quarterly returns tell us that a typical standards committee has **10** members. In an authority without parishes it has **9** members, including **4** independent members. In an authority with parishes it is slightly larger with **11** members, including **4** independent members and **3** parish representatives.

On average, district and metropolitan councils have the largest standards committees and police authorities have the smallest. Standards committee composition has remained constant through all quarters

### Case handling

A total of **2,863** cases have been recorded on quarterly returns so far. This covers the time period 8 May 2008 to 31 March 2008. **345** authorities have dealt with at least one case during the first year. Of all the authorities with cases, the average recorded is **2** per quarter, a total of **8**.

It is still perhaps too early to identify trends and make generalisations, but it is interesting to note that in quarter 4, the number of cases received under the new framework is very similar to the previous two quarters (see chart below). This may indicate that the case load is levelling out, now that potential complainants are aware of the new system.

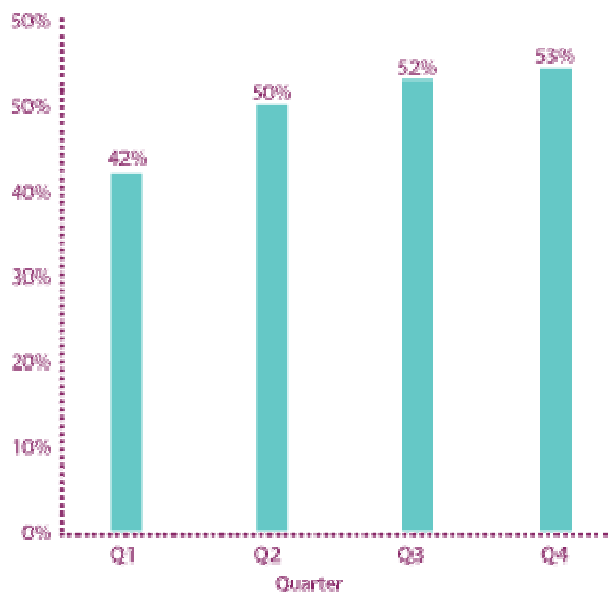


The majority of complaints, **54%**, are made by the public and **36%** are from council members. The remaining **10%** are from a combination of officers, parish or town clerks, MPs, monitoring officers, and those that fall into the category of 'other'. Again, these percentages have seen little change during the year.

### Initial assessment

The percentage of cases where no further action is taken is increasing each quarter.

#### Percentage of no further action decisions



There have been 526 review requests through the year and 384 of these have been assessed. **94%** have remained 'no further action' and the other 25 (**6%**) were either referred for investigation or referred to us.

There are 224 cases with investigation outcomes recorded on quarterly returns. In **71%** of cases, no breach of the Code was found. In **25%** of cases, a breach was found and a penalty was imposed, and in **4%** of cases a breach was found but no further action was taken.

More details about the quarterly returns, such as what breaches of the Code have been recorded, can be found on our website by clicking [here](#). You can also contact the monitoring team on 0161 817 5300 or email [authorityreturns@standardsboard.gov.uk](mailto:authorityreturns@standardsboard.gov.uk).

### Good response for annual returns

We are very pleased with the number of returns we have received for the annual return questionnaire, which was launched on 20 April 2009.

As of 29 May, 95% of authorities had completed a return. This figure includes the new unitary authorities, which completed a shortened version.

We are now entering the analysis phase and first impressions are that there is a good range of notable practice to share with standards committees. More information about our findings will follow in future *Bulletins* and on our website.

## Probity in Planning Guidance Issued

The Local Government Association has recently published a revised guidance note on good planning practice for councillors and officers dealing with planning matters.

This 2009 update provides refreshed advice on achieving the balance between the needs and interests of individual constituents and the community and the need to maintain an ethic of impartial decision-making with regards to planning decisions.

For more information please see the [LGA website](#).

## A new look

From July this year there's a new look and feel to our communications – and we're introducing an abbreviated version of our name: Standards for England.

We've made this switch to emphasise how our role has changed over the past 18 months. During that time we've moved from being an organisation focused mostly on handling complaints to the strategic regulator of standards among local politicians. We'll be telling you more about our new role in our corporate plan, which will be available shortly.

And in our new role we're all about Standards for England.

We believe in principled local politics. Working with local authorities, their monitoring officers and local standards committees, it's our job to champion and promote high standards of conduct among our local politicians. We want to make sure the public are in no doubt that standards and principles matter to local government.

We've made changes after sampling the views of key stakeholders, including those in local government. We asked: what leadership do you expect from us? Our communications will do more to highlight the positive aspects of conduct; making the point that ethical behaviour is both a good thing in itself and good for local democracy.

You can read more about our refreshed identity on our website from 1 July. We'll be introducing style changes to our publications and our website over the next few months. We hope you'll like them, and as always we'll welcome your feedback.

We believe in Standards for England. We hope you do too.

## Code revision

We reported on Communities and Local Government's consultation on proposals for a revised code for members and the introduction of a national code for officers in [issue 41](#) of the *Bulletin*.

Many of you have been in touch to find out when you can expect the new code for members. The department for Communities and Local Government is responsible for dealing with the revisions and current advice is that a revised code will be ready in late autumn 2009.

We do not anticipate many changes to the Code this time around. The main change will be to allow the Code to cover members in their non-official capacity, where that conduct would be a criminal offence.

We have been informed that further consultation on the introduction of a code for officers is likely to take place in 2010.

## Imposing sanctions: Written apologies

Regulation 19 of the [Standards Committee \(England\) Regulations 2008](#) lists the 11 sanctions available to a standards committee. Standards committees must be careful that any sanctions they choose are included in this list. For example, a verbal apology is not listed and would not therefore be a valid sanction. Asking a member to submit a written apology in a form specified by the committee is valid.

The written apology sanction is a difficult sanction to enforce if a member chooses not to comply with it. Standards committees should consider this when deciding on which sanction to impose.

If a standards committee decides that a written apology is appropriate it should:

- specify the form in which the apology should be written
- set a time-limit for the apology to be written.

If a member fails to issue the written apology, the member may face a further complaint of potentially bringing their office or authority into disrepute by failing to comply with the sanction. However, it could be argued that it would be a better use of council resources to ensure the original sanction allows for the possibility that the apology is not given.

The regulations allow for the suspension of a member for a period not exceeding six months or until such time as the member submits a written apology in a form specified

by the standards committee. In this way a standards committee can ensure that if a member does not apologise, they will remain suspended for a period of up to six months or until they do.

Care should be taken when deciding on the period of suspension that would apply if no apology is given. It should properly reflect the seriousness of the breach of the code of conduct. Imposing a six month suspension period to encourage an apology to be given would be a misuse of the power.

Standards committees should carefully consider the appropriateness of imposing a written apology when a member has shown no remorse for their conduct and no evidence at the hearing to indicate they are able to acknowledge their behaviour and its impact on others. Any apology issued in such circumstances is unlikely to be seen as being genuine.

For more information on sanctions please see our [Standards Committee Determinations guidance](#).

## Intimidation and the Code

On July 23 2009, the President of the Adjudication Panel for England made a significant decision in the case of Councillor Buchanan, an ex-councillor of Somerset County Council.

This is an important judgment as it is the first occasion in which the Adjudication Panel had to deal with a potential breach of paragraph 3(2)(c) of the Code of Conduct. Paragraph 3(2)(c) concerns the intimidation of, or an attempt to intimidate, a complainant in a Code of Conduct investigation.

### The Facts

In April 2007, the Chief Executive of Somerset County Council made a number of complaints about Councillor Buchanan's behaviour to Standards for England. Later on that year, Councillor Buchanan made a formal complaint to the council about the Chief Executive's conduct which the council decided not to investigate.

Following a further complaint from the Chief Executive about Councillor Buchanan, the council's Liberal Democrat group asked Councillor Buchanan if he would suspend himself from the group pending the outcome of all ongoing investigations, but he declined. Councillor Buchanan was notified that his membership of the Liberal Democrat group had been formally revoked on 5 December 2007.

On that same day, Councillor Buchanan wrote a letter to the Association of Local Authority Chief Executives, (ALACE) stating formal complaints about the Chief Executive and listed five headings of inappropriate and unacceptable types of behaviour that the Chief Executive had allegedly committed. And five days later, he sent a letter in identical terms to the Society of Local Authority Chief Executives (SOLACE).

On 15 December 2007 Councillor Buchanan further wrote a formal complaint to the council's monitoring officer in almost identical terms.



The Chief Executive then complained about Councillor Buchanan's motivation and intent in making the serious allegations about him in the letters. This was because Councillor Buchanan knew that Chief Executive was the complainant in an ongoing investigation.

Against these facts the Tribunal had to decide whether:

- Councillor Buchanan had brought his office or authority into disrepute
- had used his position to improperly disadvantage the Chief Executive
- had intimidated or attempted to intimidate the Chief Executive.

The respondent's case was that he had either witnessed or been told about the Chief Executive's alleged behaviour and had previously raised his concerns about the behaviour with various senior officers of the council.

### **The Adjudication Panel's findings**

The Tribunal's findings were that Councillor Buchanan had not voiced the concerns he was now alleging and that:

- although he may have formed a belief about the seriousness of the alleged behaviour, there was no evidence to suggest that it was reasonable for him to have done so
- whatever he had seen, he did not at the time regard the alleged incidents as seriously as he was asserting at the time he wrote the letters
- he had knowingly exaggerated the facts about the Chief Executive's style and performance in order to strengthen his allegations of serious misconduct.

Counsel for the ethical standards officer (ESO) had helpfully referred the Adjudication Panel to the Shorter Oxford Dictionary definition of the word 'intimidate' as meaning terrify, overawe, cow. The dictionary suggested the word was now used especially in order to mean to force to or to deter from some act by threats of violence.

Counsel for the ESO also referred the Tribunal to R v Patresca [2004] EWCA Crim 2437, which concerned an offence under Section 51 of the Criminal Justice and Public Order Act 1994. This proves that a person commits an offence if he or she does an act:

(a) which intimidates and is intended to intimidate another person (the victim)

(b) knowing or believing that the victim is assisting in the investigation of an offence or is a witness or potential witness

(c) intending thereby to cause the investigation or the course of justice to be obstructed perverted or interfered with.

The Court of Appeal noted that the Criminal Justice and Public Order Act provided that "an intimidatory act which consists of threats may threaten financial as well as physical harm".

In the course of the judgment, May LJ confirmed that 'intimidate' and 'intimidation' are ordinary English words and endorsed the dictionary definition referred to above and stated:

"In our judgement, a person does an act which intimidates another person within section 51 (1) (a) of the 1944 Act if he puts the victim in fear. He also does it if he seeks to deter the victim from some relevant action by threat or violence. A threat unaccompanied by violence may be sufficient and the threat need not necessarily be a threat of violence. The act must be intended to intimidate. The person doing the act has to know that the

victim is a ...witness or potential witness..., He has to do the act intending thereby for the cause of justice to be obstructed, perverted or interfered with. A person may intimidate another person without the victim being intimidated...An act may amount to intimidation even though the victim is sufficiently steadfast not to be intimidated.

"In our judgement pressure to change evidence alone is insufficient, Pressure alone might be unexceptional and entirely proper at least if applied in an honest belief, for instance that what was sought was evidence which would be truthful. Alternatively pressure might be improper but lack any element of intimidation, for example a bribe. For a person to intimidate another person the pressure must put the victim in some fear, or if not there must nevertheless be an element of threat or violence such that the pressure is improper pressure."

Against this background, the Case Tribunal had no doubt that in writing the letters to ALACE and SOLACE and later to the council, Councillor Buchanan was motivated by a desire to cause harm to the Chief Executive whom he saw as responsible for the collapse of his political career.

The Case Tribunal was also in no doubt that in writing those letters, the respondent intended to cause the Chief Executive a disadvantage both in terms of his future employment with the council or more widely. Because those letters were submitted essentially as an act of revenge, the respondent did use his position improperly and had thus failed to follow the provisions of paragraph 6(a) of the council's Code of Conduct.

The Tribunal also found that even though there was no evidence that the Chief Executive was intimidated, that did not of itself mean that the allegation of a breach of paragraph 3 (c) failed. There would still be such a breach if the respondent had attempted such intimidation.

The Case Tribunal believed that for the claim to succeed it would have to accept that the letters were intended to intimidate the Chief Executive into:

- altering any evidence he was called upon to give against the Councillor; **or**
- not making further complaints about the Councillor.

On the facts of this particular case the Case Tribunal concluded that neither were Councillor Buchanan's intention. The evidence here was that the respondent was seeking revenge for the Chief Executive's past actions rather than seeking to intimidate him. Therefore there was no breach of paragraph 3(c) of the council's Code.

The Case Tribunal's view was that the respondent, in allowing his actions to be motivated by his desire for revenge, had shown himself to be unfit to be a councillor and local authorities should be protected from his membership.

Although the respondent had by then ceased to be a councillor, he was disqualified was two years.

You can read the Adjudication Panel's decision in this case on its [website](#).

# New organisational design for SfE

During the summer, Standards for England has been making progress with an internal restructure which coincides with three new senior officers taking up their posts.

Our three new directors are Director of Risk Vivienne Horton, Director of Regulation Tim Leslie, and Director of Standards Steve Barrow.

The restructuring allows us to align our resources more closely with our role as a strategic regulator and to deliver the tasks we have set ourselves in our corporate plan. Our day-to-day Regulation activities – investigations, guidance, liaison and monitoring – fall within our new Regulation directorate.

In the new Risk directorate, Vivienne leads on our approach to assessing and managing standards risks. Within the new Standards directorate we are developing our knowledge base, our approach to strategic regulation and, of course, our own standards.

## Corporate Plan and Annual Report published

Our Annual Report for 2008-09 was laid before Parliament in July. It contained a summary of our work and all of the required corporate reporting of financial arrangements.

We think you'll be more interested in our Annual Review of 2008-09 which we expect to publish in the autumn. That's a little later in the year than we've published our annual review in the past, but we wanted this year to be able to include a significant digest of the information supplied to us by authorities in our annual returns.

The document will be in two parts – a review of our work at Standards for England, and a review of the first year of the local framework based on the information you've supplied us. We'll be highlighting plenty of examples of what we consider to be notable practice, and setting out some of the issues we wish to tackle as regulator, based on what you've said.

Copies will be distributed to all authorities and we'll publish online too.

In the early part of this year, we've been operating to a draft corporate plan pending sign off by the responsible minister in our sponsor department, Communities and Local Government. The plan was signed off earlier in the summer and we have now published our corporate plan under the title of The Changing Role of the Standards Board for England.

Copies have been sent to monitoring officers and it is also available to download [here](#).

# Review of online monitoring system - an update

The majority of monitoring officers believe that our Quarterly Returns and Annual Returns are working effectively, according to our research.

During the summer, our research team conducted the final part of its review of Standards for England's online monitoring system. This forms part of a programme of work to assess how well the system is working, and was the final part of a review project that started in June 2008.

For this part of the research, the team distributed surveys to a random sample of monitoring officers and officers who are nominated to make an online submission. Some 50 surveys were sent to assess satisfaction levels with the quarterly return, and another 50 for the annual return (this was the first time this return had been used by stakeholders). We had a good response to our survey with about half the questionnaires being returned. We would like to thank all those who participated in the survey.

The survey's results show that the majority of monitoring officers/nominated staff surveyed continue to agree that the quarterly return is working effectively, with respondents encountering minimal or no difficulty in submitting their return. There were plenty of suggestions from respondents on how to further develop the form now that the quarterly return has been operational for over a year.

The annual return survey also showed that stakeholders are pleased with how the annual return form worked during its first run. There were lots of suggestions from respondents on how the form can be enhanced in the future, with certain sections of the form being considered more relevant than others. These suggestions have been passed on to our annual return development team, and will be incorporated into the design of next year's form.

If you have any questions about this review or future reviews of the system, please contact Tom Bandenburg, Research Assistant: 0161 817 5427 or email: [tom.bandenburg@standardsforengland.gov.uk](mailto:tom.bandenburg@standardsforengland.gov.uk).

## That's a wrap!

Editing is now underway for our new training DVD on Local Assessment following a successful shoot last month. Viewers will follow the work of Jack Ridley and his fellow assessment sub-committee members as they look at a variety of complaints about councillors covered by their standards committee.

The film is designed to help standards committees and officers who are involved in the assessment of complaints that a member may have breached the Code of Conduct. It will take viewers through the main stages of local assessment, exploring important or contentious issues along the way.

Learning points are interspersed with the drama. Standard DVD extras including scene selection and subtitles will also be available.

Copies of the DVD will be sent to all monitoring officers in October, and we look forward to hearing your thoughts.

## **Annual Assembly 2009: Bringing standards into focus**

There are just a handful of places left for the 2009 Annual Assembly, 'Bringing standards into focus', at the ICC, Birmingham, on 12-13 October 2009.

This year, we've responded to your call for more sessions focused on good practice, and the programme is full of opportunities for you to share the lessons you've learnt about the local standards framework. A great range of speakers are now on board, including standards committee members and officers from authorities across the country, as well as all those shortlisted for the 2009 LGC Standards and Ethics award. Full details of the programme, including confirmed speakers, is available [here](#).

Solicitors attending the Assembly can earn 10.25 bonus credits towards their continuing professional development, as the event is certified to count towards SRA's CPD scheme.

Breakout sessions are filling up fast and if you have secured your place at the conference you are urged to choose your sessions and return your preference form as soon as possible to avoid disappointment.

## **Changes at the Adjudication Panel for England**

In Bulletin [issue 42](#) we wrote about the Adjudication Panel for England's integration into the new unified tribunals' structure.

The Adjudication Panel's work is due to transfer into the new General Regulatory Chamber (GRC) within the First-tier Tribunal in January 2010, subject to Parliamentary approval. The GRC is a new chamber that will bring together individual tribunals that hear appeals on regulatory issues.

From January 2010, proceedings which would previously have been before the Panel's tribunals, and decisions previously made by the President of the Adjudication Panel, will be undertaken in the GRC of the First-tier Tribunal. Appeals from the GRC will be to the Administrative Appeals Chamber of the Upper Tribunal.

These changes are part of a programme of tribunal reform that began with the establishment of the First-tier and Upper Tribunals in November last year. This put in place a new flexible structure where services can be built that are increasingly responsive to the needs of users.

The independent status of the judicial office holders who consider the references and appeals that come to the Adjudication Panel is not affected by the transfer into the unified structure. Tribunal users will continue to receive a specialist service following the changes, as members of the Adjudication Panel will move into the new First-tier Tribunal. They will continue to deal with the references and appeals on matters arising from the operation of the Code.

You can find out more about the merger [here](#).

All postal correspondence, including standards committee referrals and subject member appeals should now be sent to the Adjudication Panel's new address:

Adjudication Panel for England  
Tribunal Service  
York House  
31-36 York Place  
Leeds  
West Yorkshire  
LS1 2ED

## Forthcoming events

Standards for England has a packed event calendar for the next few months.

You can visit us on our stands at the following events:

### **NALC Annual Conference**

4-5 September  
Royal College of Physicians, London  
Stand 4 in the Dorchester Library

### **Liberal Democrat party conference**

19 -23 September 2009  
Bournemouth ICC  
Stand 36 in the Solent Hall

### **Labour party conference**

27 September - 1 October 2009  
Brighton Centre  
Stand 92 in the Hewison Hall

### **Conservative party conference**

5 -8 October 2009  
Manchester Central  
Stand 106

### **Solace Annual Conference**

20 - 22 October  
Brighton Centre

### **Society of Local Council Clerks National Conference**

23-25 October

De Vere Hotel, Daventry  
Stand 34

**AcSeS Annual Conference**  
18-19 November  
The Armouries, Leeds

## SfE continues to support LGC award

We are pleased to announce our continued support for the **Standards and Ethics** category at the **2010 LGC Awards**, following the success of last year's award.

The quality of last year's entries showed that many local authorities are strongly committed to promoting high standards of member conduct, and see the vital connection between standards, public trust and success. Good practice ideas from last year's winners are available on our [website](#).

This year, we want to know more about how authority standards committees, members and officers are working together to champion ethical standards and make a positive difference to public trust.

Entries should demonstrate how high standards of conduct are central to the authority's culture and governance. You can enter online at [www.lgcawards.co.uk](http://www.lgcawards.co.uk), where you can also find further information on the LGC Awards. The closing date for entries is **13 November 2009**.

If you would like further information on the award, you can also contact Clare Sydney, Standards for England Communications and Events Manager, on 0161 817 5332.

## NALC's Local Council Awards 2009

NALC's Local Council Awards 2009 NALC has re-launched its Local Council Awards. NALC is looking for good practice from councils regardless of size or location. This year's NALC Local Council Awards will be in the categories of:

- Council of the Year sponsored by AON
- Clerk of the Year sponsored by AON
- Councillor of the Year sponsored by the Commission for Rural Communities (CRC)
- Council Worker of the Year sponsored by The Co-operative Bank
- Much Improved Council of the Year sponsored by Standards for England

The closing date for applications is 30 November 2009.

For further information about the awards criteria and application details please visit the NALC website or the website of [NALC's](#) flagship publication, [LCR](#).

# Updating authority websites

If your authority's website contains contact information for us, please make sure that it is up-to-date.

You are welcome to use our logo as a link to our website. If you would like to do so, please contact Trish Ritchie on 0161 817 5406 or [trish.ritchie@standardsforengland.gov.uk](mailto:trish.ritchie@standardsforengland.gov.uk) who will send one to you.

Here are our current contact details

Address:

Standards for England  
Fourth Floor  
Griffin House  
40 Lever Street  
Manchester  
M1 1BB

Website: [www.standardsforengland.gov.uk](http://www.standardsforengland.gov.uk)

Email: [enquiries@standardsforengland.gov.uk](mailto:enquiries@standardsforengland.gov.uk)

Enquiries line: 0845 078 8181





- District Councils  .....
- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

- Further consideration by this Committee  .....
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

## Agenda No 3

### Audit and Standards Committee - 21 September 2009.

#### The Standards Committees (Further Provisions) Regulations 2009

#### Report of the Strategic Director of Customers Workforce and Governance

##### Recommendation

1. That the Committee considers the new arrangements under the Standards Committees (Further Provisions) Regulations 2009.
2. Adopts the guidance of the Standards Board as the basic framework for making decisions on requests for dispensations and considers whether it wishes to add any other criteria.

##### Suspension of initial assessment functions

1. The circumstances in which the Standards Board may suspend assessment functions are set out in the Regulations which came into force on 15 June 2009. They are:
  - The standards committee has failed to have regard to Standards Board guidance in respect of the exercise of functions under Part 3 of the Act or associated regulations.
  - The standards committee has failed to comply with a direction issued by the Standards Board in respect of the exercise of functions under Part 3 of the Act or associated regulations.
  - The standards committee or the monitoring officer has failed to carry out one or more of the functions under Part 3 of the Act or associated regulations in a reasonable time or a reasonable manner.
  - The authority or the standards committee has invited the Standards Board to suspend the committee's assessment and review functions.
2. The Standards Board will base their decision on the information they receive and collect about how authorities are performing. This includes quarterly and annual returns.
3. When the Standards Board intends to suspend the authority's initial assessment functions, they will notify the authority, giving reasons and ask for any observations (except in cases where the authority has requested the Board

to suspend its function). The purpose of the notice is to inform the authority of the proposed suspension, and to give them an opportunity to avoid suspension.

4. Copies of the notice will be sent to the monitoring officer and the chair of the standards committee. The notice will give the authority no less than 28 days to respond. The monitoring officer, on behalf of the authority, can take this opportunity to tell the Board why the authority's assessment and review functions should not be suspended, and what actions will be taken to address the issues set out in the notice.
5. The Board will take account of any observations made by the authority, as well as any other relevant information, before deciding whether to proceed with a direction. At this point the Board may decide not to suspend the authority's assessment and review function, and to continue to work with and support the authority.
6. If the Board has not served a direction by the time specified in the notice (maximum of 6 months from date the notice is served), the Board must issue another notice before giving a direction (effectively starting the process again).

#### **Direction to suspend functions**

7. Where the Board decides to suspend an authority's assessment and review functions, they will serve a direction on the authority in writing. Copies of the notice will be sent to the chair of the standards committee and the monitoring officer of the authority.
8. They can decide that the assessment and review functions should be carried out by another authority rather than the Board. Where the Board are considering this course of action, they will consult with that authority, and will only proceed with its agreement. They will then notify the monitoring officer and the chair of the standards committee of the authority which will be taking over the assessment function referred to in the direction.
9. The direction will state the date the suspension is to begin, the reasons for the decision, and the name of the body which will be dealing with the assessment of complaints – either the Board, or another named authority.
10. The direction will also require the authority to publish details of the direction in at least one local newspaper, and, if the Board consider it appropriate, on the authority's website or any other publication. The Board may also publish this information.

#### **Amendments to the direction**

11. During the period in which an authority's assessment and review functions have been suspended, the Board may serve a further direction specifying a different body to deal with these functions. The notice will specify the date this comes into effect, and copies of it will be sent to the chair of the standards committee, the monitoring officer, and the chairs of any standards committees referred to in the notice.

## **Assessment and review during a suspension**

12. The standards committee of an authority which has been served with a direction must refer all the complaints and review requests it receives on or after the date the suspension begins to the body specified in the direction. It must also refer all those complaints and review requests it received before that date, but which it has not yet assessed.
13. During the suspension period, the Board or the other specified authority will carry out all assessments and reviews in relation to the authority, and will produce the written summaries and decision notices. On receipt of a complaint from a suspended standards committee, the Board or the other specified authority can decide to:
  - take no action or
  - refer it to an ethical standards officer, or
  - refer it to the monitoring officer of the suspended authority, or
  - refer it to the monitoring officer of another authority if that is more appropriate, with a direction to investigate or take other action.
14. If the Board or the other specified authority decides to take no action, the complainant has the right to request that the decision is reviewed. The review must be carried out by someone other than the person or the sub-committee who made the original decision.

## **Standard Board's work with a suspended authority**

15. The purpose of a suspension is to improve performance and address the issues that gave rise to it. The Board will provide a range of tailored support to help the authority improve. They may also work with the standards committee and the monitoring officer to develop an action plan, which will be closely monitored. Support may also include advice and guidance, sharing best practice, training or facilitating peer reviews. Support may be provided by organisations other than the Board if they consider that is most appropriate.
16. The Board expect suspended authorities to cooperate fully with them or the standards committee which is carrying out its functions. This includes providing access to all relevant information required to carry out those functions. If only some of an authority's functions have been suspended, yet it fails to cooperate, they are likely to amend the direction so that all of their functions are carried out by another authority.
17. If an authority fails to respond to informal requests for information and assistance from us, they will use their powers to formally request information under Section 66C of the Act.

## **Revocation of a suspension**

18. While an authority's assessment and review functions are suspended, the Board will monitor and review its performance. When they are satisfied that the circumstances which gave rise to the suspension notice no longer apply, they will revoke the direction to suspend.

19. When they have decided to revoke a suspension direction, they will serve written notice of this decision on the authority. Like the suspension notice, the revocation notice will specify the date on which the revocation will take effect. Copies will also be sent to the chair of the standards committee, the monitoring officer, and the chair of any standards committee to which the direction referred. It will also require the authority to publish details of the revocation in at least one local newspaper, and, if the authority considers it appropriate, on the authority's website or in any other publication.

### **Joint standards committees**

20. Joint standards committees will be able to deal with all or any functions of a standards committee but there can be no concurrent functions. The terms of reference of the joint committee must include the following:
  - the functions they are to have
  - the administrative arrangements
  - where written allegations should be received for each authority involved in the arrangements
  - the number of members and their terms of office
  - any allowances they will get
  - how to withdraw from the joint arrangement
21. The finances are to be shared as agreed by the authorities involved and in default of agreement will be decided by an arbitrator appointed by them.
22. The Standards Board has produced guidance on joint standards committees which include a draft constitution or terms of reference.

### **Dispensations**

23. Standards committees can grant dispensations for members allowing them to speak and vote at a meeting when they have a prejudicial interest. The new provisions clarify the grounds on which standards committees may grant dispensations to local authority members. Dispensations may be granted for speaking only, or for speaking and voting.
24. The 2007 Code of Conduct (the Code) relaxed the provisions for restricting members from speaking. Therefore, the need to request a dispensation in this respect is now limited to circumstances where the public do not have the right to speak.
25. A standards committee may grant a dispensation to a member or co-opted member of an authority in the following circumstances:
  - where more than 50% of the members who would be entitled to vote at a meeting are prohibited from voting **OR**

- where the number of members that are prohibited from voting at a meeting would upset the political balance of the meeting to the extent that the outcome of voting would be prejudiced.
26. Standards committees must ignore any dispensations that have already been given to others at the meeting to decide whether either of these criteria apply.
27. There are two **exceptions** to this:
- Members cannot be given a dispensation allowing them to vote in overview and scrutiny committees about decisions made by any body they were a member of at the time the decision was taken.
  - A dispensation cannot be given to allow an executive member with a prejudicial interest in an item of executive business to take an executive decision about it on their own.

The dispensation granted may apply to just one meeting or it may be applicable on an ongoing basis. However, the dispensation cannot be used to allow participation in the business of the authority if it was granted more than four years ago.

### Considerations when dealing with requests

28. The Board advises that where one political party has a large majority on an authority and therefore on its committees the members of that party will not be eligible for a dispensation very often on the basis of skewed political balance. Clearly there is a distinction between being eligible to apply for an exemption and whether it is appropriate to grant one. The Committee will need to balance the prejudicial interest of the member concerned and the potential effect on the outcome of the vote if the member is unable to participate. The Board suggests that the Committee should adopt criteria to apply to requests. It puts forward the following questions
29. Is the nature of the members' interest such that allowing them to participate would not damage public confidence in the conduct of the local authority's business?

It is unlikely that it would be appropriate to grant a dispensation where the interest arises as a result of the personal financial interest of the member concerned or that of a relative. The adverse impact on public confidence would probably outweigh any public interest in maintaining the political balance, particularly where an authority has well established procedures for members on committees to be replaced by members from the same political party.

However if the interest arises from the financial impact on a public body of which they are a member, it is possible that the public interest in maintaining the political balance might be given greater prominence.

30. Is the interest common to the member and a significant proportion of the general public?

The example given is that of a member who is a pensioner and the item of business relates to reduced rates for pensioners at a public facility. If a

significant proportion of the population in the area are also likely to be pensioners then it may be appropriate to grant a dispensation.

31. Is the participation of the member in the business to which the dispensation relates justified by the member's particular role or expertise?

The example given is where a member might represent the authority on another public body such as fire or police authority. The member might have a particular expertise in the work of that body and it might be appropriate to allow a member to address the decision-making body even where the public have no right to do so. The body would have the benefit of the members' expertise before making a decision which may have a financial impact on the body.

32. Is the business that the interest relates to about a voluntary organisation or a public body which is to be considered by an overview and scrutiny committee? And is the member's interest non-financial?

In these circumstances it might be appropriate in the interests of the inhabitants to remove the incapacity from speaking or voting.

### **The Process**

33. A member must submit an application in writing explaining why the dispensation is desirable. The application should be sent to the monitoring officer. A standards committee meeting must be convened to consider the request, therefore it is not possible to grant a dispensation as a matter of urgency to deal with emergency business.
34. The Committee must consider the legal tests, the exceptions and any local criteria they have adopted. They must also consider any other relevant circumstances. The Committee will need to consider whether the member should be allowed to make oral representations or only written representations.
35. Ultimately the standards committee has the discretion whether or not to grant the dispensation or to decide the nature of any dispensation e.g. to speak not vote, how long the dispensation will last (maximum is 4 years). The Standards Board takes the view that the regulations do not allow the committee to issue general dispensations for any situation where a prejudicial interest arises. Therefore they would expect most dispensations to cover a specific item of business at one meeting of the authority.
36. The decision must be recorded in writing and must be kept with the member's register of interests.

DAVID CARTER  
Strategic Director of  
Customers Workforce and  
Governance

Shire Hall  
Warwick  
20 August 2009





- Health Authority  .....
- Police  .....
- Other Bodies/Individuals  .....

**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

- Further consideration by this Committee  Update reports on a six monthly basis
- To Council  .....
- To Cabinet  .....
- To an O & S Committee  .....
- To an Area Committee  .....
- Further Consultation  .....

## Audit and Standards Committee – 28<sup>th</sup> May 2009

### Update on Case File Recording

### Report of the Strategic Director of Adult, Health and Community Services

#### **Recommendation**

It is recommended that the Committee:

1. Consider and comment on progress made in the auditing of case file records.
2. Consider and comment on the role of the Quality Assurance Officers in case file audit.

#### **1. Introduction**

- 1.1 The qualitative and quantitative auditing of case files within Adult Social Care has continued to take place on a quarterly basis.

This report updates Committee on the results of December 08 and March 09 quantitative audits and January 09 qualitative audit (March 09 qualitative audit was in the process of analysing at time of writing this report).

#### **2. Performance Report – Quantitative Audit**

- 2.1 Appendix 1 gives a summary of the results of the December 08 and March 09 audits against the overall target of 90%. 131 cases were audited in December 08, 120 were audited in March 09.

- 2.2 December 08 saw considerable improvement in all 6 standards. March 09 has seen a slight dip below target on 4 of the targets which may reflect the changes in working practice through the introduction of tablet technology and mobile working to all teams. Staff are now more experienced in this and as a result June audit should show a return to previous good performance.

- 2.3 Appendix 2 gives full commentary on analysis.

#### **3. Outcomes of the Quality Assurance Panel**

- 3.1 The Panel has continued to meet on a quarterly basis. At time of writing, March 09 analysis was not available.

- 3.2 Appendix 3 highlights the outcomes of the December 09 Panel.

#### **4. Quality Assurance Officers**

- 4.1 To further improve the high quality of quantitative data, the Quality Assurance officers will take responsibility for the Case File Audit with effect from June 09
- 4.2 Quality Assurance Officers have the responsibility for checking the practitioners' compliance with the standards set to improve data quality in all teams.
- 4.3 The Quality Assurance Officers will spend one week visiting teams (adding extra data protection, avoiding the number of case files being transported) and will ensure all files are audited optimising the number of returns.
- 4.4 The Quality Assurance Officers will then provide on site feedback to Managers on any non-compliance issues with agreed actions which they will then follow up within two weeks where appropriate to ensure action has been taken and noted. The Team Managers for each operational team will continue to be accountable for the standards of individuals within their team and will maintain an oversight and act on poor Data Quality issues.

GRAEME BETTS  
Strategic Director of Adult,  
Health and Community Services

Shire Hall  
Warwick

August 2009



## Appendix A

12 records did not evidence consent

17 records did not evidence consent

As this analysis reflects 1.5 eligibility it is possible to assume that assessments undertaken for Continuing Health Care may affect this standard, particularly if someone is end of life.

### 1.9 Is there an activity that shows that a carer's assessment has been offered?

December 08 (89%)  
14 Records did not evidence that Carers assessment was offered

March 09 (86%)  
16 records did not evidence that carers assessment was offered

This may reflect assessments carried out for Continuing Health Care as carers would be supported in their own right. It is also possible to assume that the case audited had become active again and the carers at time of audit were not yet assessed.

### 1.10 If yes are carers details recorded?

December 08 (25%)

March 09 (14%)

This is an area of concern and currently being addressed by the Service Manager Performance and Quality.

### 1.11 Is the structure of the file in accordance with the guidance?

Front sheet

December 08 (92%)  
10 cases did not comply

March 09 (92%)  
9 cases did not comply

Closure Summary

December 08 (81%)  
25 Cases did not comply

March 09 (80%)  
13 Cases did not comply

Assessments

December 08 (91%)  
11 Cases did not comply

March 09 (91%)  
10 cases did not comply

A care Plan

December 08 (60%)  
51 Cases did not comply

March 09 (80%)  
24 Cases did not comply

Correspondence

December 08 (86%)  
17 Cases did not comply

March 09 (84%)  
19 Cases did not comply

### **Closure Summary**

Cases may have been "active" and therefore a summary would not be evidenced.

### **Assessments**

Cases may have been "active" and assessments incomplete and not ready for transfer to paper file

### **Care Plans**

Cases may have been "active" and care plans dependent on partners and agencies to supply e.g. disabled facilities grant.

This standard is audited by viewing paper files. If the case was "active" paper files would not have been fully completed and therefore would appear to be non-compliant.





**FINAL DECISION YES**

**SUGGESTED NEXT STEPS:**

Further consideration by this Committee  .....

To Council  .....

To Cabinet  .....

To an O & S Committee  .....

To an Area Committee  .....

Further Consultation  .....

## Audit & Standards Committee – 21 September 2009

### External Auditors Annual Governance Report

#### Report of the Strategic Director, Resources

#### Recommendation

That Members of the Committee note the report and make any comments.

#### 1. Introduction

- 1.1 Our external auditors are required to report to those charged with Governance (i.e. the Audit and Standards Committee) on issues arising from the audit of the financial statements before issuing their final opinion. This report is in addition to the usual Audit Management Letter (Audit and Inspection Letter), which will be presented to Audit & Standards Committee later this year. Separate Annual Governance Reports are required this year, for the first time, in respect of the County Council and that of the Warwickshire Pension Fund.
- 1.2 The reports for the County Council and the Warwickshire Pension Fund from the Audit Commission are attached at **Appendix A and Appendix B** respectively and the District Auditor and his Audit Manager will attend the meeting to present the report.

DAVID CLARKE  
Strategic Director, Resources

Shire Hall, Warwick  
September 2009

# Annual Governance Report

**Warwickshire County Council**

**Audit 2008/09**

**September 2009**

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## **Status of our reports**

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
-

Ladies and Gentlemen

**2008/09 Annual Governance Report**

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Strategic Director, Resources on 2 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 5).

Yours faithfully

D. Rigg  
District Auditor  
Date

# Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

| <b>Financial Statements</b>            | <b>Results</b> | <b>Page</b> |
|--|----------------|-------------|
| Unqualified audit opinion              | Yes            | 7           |
| Financial statements free from error   | No             | 7           |
| Adequate internal control environment  | No             | 8           |
| <b>Use of resources</b>                | <b>Results</b> | <b>Page</b> |
| Use of resources judgements            | Yes            | 12          |
| Arrangements to secure value for money | Yes            | 12          |

## Audit opinion

- 1 We are planning to give an unqualified audit opinion by the end of September 2009.

## Financial statements

- 2 There is one error in the accounts which we wish to bring to your attention. This is in relation to the Firefighters' Pension Fund. As the Pension Fund account is shown as a separate statement within the accounts we have set a different materiality level to the main accounts. This is calculated as 1% of the contributions received, giving a materiality for the Firefighters' Pension Fund account of £28k.
- 3 The error was an expense which was incorrectly classified within Commutations & retirement lump sums, which should have been shown as a Lump sum death benefit. The amount involved was £92k, this error has been adjusted for in the accounts.

## Use of resources

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### Use of resources

- 4 We have included the final use of resources score for the County Council. These scores are for the County Council as a whole and include the impact of the separate use of resources assessment for the fire service. The overall scores have been included here as these are the scores that directly influence our VFM conclusion, which needs to take account of both county functions and the fire service. We will issue separate detailed reports for both the county council and fire service shortly.

---

## Next steps

**This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.**

---

**5** I ask the Audit Committee to:

- consider the matters raised in the report;
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- take note of the VFM Conclusion;
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 5).



# Financial statements

**The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.**

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## Opinion on the financial statements

- 6 The audit is substantially complete. At the time of drafting this report the following work still needs to be completed.
- Fixed Assets.
  - Funds, Balances & Reserves.
  - FRS 17 disclosures.
  - Warwickshire Care Services (transfer of assets to Warwickshire County Council).
- There are also some outstanding queries/information in other areas of the accounts.
- 7 In addition we have also received advice from our technical team that the statutory override provided by Regulation 30 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 may not apply to the new fire pension schemes introduced in 2006. If so, there is no statutory backing for authorities to remove the charges from the General Fund. The Audit Commission is examining the implications of this with CLG and intend to issue further guidance on this issue. We have been advised not to issue an audit opinion until this guidance is available.
- 8 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.
- 

## Errors in the financial statements

- 9 There is one error in the accounts which we wish to bring to your attention. This is in relation to the Firefighters' Pension Fund. As the Pension Fund account is shown as a separate statement within the accounts we have set a different materiality level to the main accounts. This is calculated as 1% of the contributions received, giving a materiality for the Firefighters' Pension Fund account of £28k.
- 10 The error was an expense which was incorrectly classified within Commutations & retirement lump sums, which should have been shown as a Lump sum death benefit. The amount involved was £92k, this error has been adjusted for in the accounts.
- 11 A similar error also arose in 2007/08 and so we would encourage classification to be checked prior to audit, to avoid the need for material amendments to be made to the accounts in future.
-

### Recommendation

**R1** Carry out classification checks on the Firefighters' Pension Fund statements prior to audit, to avoid the need for material amendments to be made to the accounts.

**12** Auditing standards require us to report all adjusted non trivial errors. For Warwickshire County Council the non trivial level has been calculated as £102k, and therefore any errors we find above this need to be included within this report. All errors of this type have been included within Appendix 2, however none are considered of sufficient importance to warrant further explanation here.

### Material weaknesses in internal control

**13** As reported last year we have reviewed the payroll system in two parts, central processing and those elements relating to the HR service centre. Walkthrough testing for central processing has confirmed that the system and controls are operating as expected. Walkthrough of the HR service centre transactions confirms that controls in relation to starters, leavers and variations are still not operating as expected or designed. An action plan is in place to address these issues, however we are unable to rely on controls testing in this area and have gained assurance using substantive testing.

### Recommendation

**R2** The authority should review the payroll controls in operation over the HR service centre and gain assurance that they are operating as designed.

### Letter of representation

**14** Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation I seek to obtain from you.

### Key areas of judgement and audit risk

**15** In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1

**Table 1 Key areas of judgement and audit risk**

| Issue or risk   | Finding  |
|---|--|
| <p>Fire fighter injury award. Up until 31 March 2006, any injury awards were payable (along with other pension scheme benefits) from the authority's Firefighters' Pension Fund. At the end of the financial year 2005/06, the liability for those in receipt of injury awards (£8.58m) was included with the overall pension scheme liability for the Warwickshire Firefighters' pension scheme. New financing arrangements from the Firefighters' Pension Scheme were introduced from 1 April 2006. Under these arrangements, pension scheme benefits are payable from the authority's Firefighters' Pension Fund, but injury awards are now payable by the County Council. For 2008/09 the Government Actuaries Department have assessed the liability for injury awards at 31 March 2009 as £7.9m. The draft accounts do not include this as a liability.</p> | <p>This issue was reported last year and it was agreed that as our technical advice received was not a definitive view an additional disclosure note would be added to the accounts.</p> <p>The accountants have recently presented us with additional evidence that they believe demonstrates that the accounting treatment applied is consistent with that required by the SORP.</p> <p>We are reviewing this information and are currently awaiting further guidance from our technical team.</p> |
| <p>Disclosure of impact of Atherstone on Stour Fire Investigations</p>  | <p>We have discussed the current position with officers. We understand that both the police and HSE investigations are continuing, and the Council has no indication of when these investigations will be completed or findings published. This is currently disclosed in the annual governance statement and we consider this to be appropriate.</p>  |
| <p>Warwickshire Care Services – bringing back into Council ownership</p>  | <p>Audit work in this area is currently incomplete.</p>  |
| <p>Single status</p>  | <p>We have reviewed the provision within the accounts and consider the treatment reasonable.</p>   |

| Issue or risk  | Finding  |
|--|--|
| <b>Impairment</b><br>The recession has had a negative impact on asset values. There is a risk that the Authority's assets may not have been appropriately impaired and are overvalued. | We have reviewed the management controls around this issue and undertaken detailed testing of the impairment figures. We consider the value used as reasonable.              |
| <b>Budget deficits</b>   | We have considered this as part of our UoR work and targeted cut off testing to areas where budget deficits were identified. We have not identified any errors in this area. |

### Accounting practice and financial reporting

16 I consider the qualitative aspects of your financial reporting. Table 2 contains the issues I want to raise with you.

**Table 2**

| Issue or risk   | Finding   |
|---|---|
| <b>Note 23 – Fixed Asset Numbers</b><br>The narrative note has been revised this year to make it more representative of how various buildings are used. While we have been able to reconstruct the process used, we have been unable to fully reconcile all of the figures in the note. | The audit trail needs to be improved to ensure movements in numbers are easily reconcilable to property records.  |
| <b>Supporting Working papers</b><br>Generally, the supporting working papers were good, although there are some inconsistencies in quality.   | There remains scope to improve the audit trail for the fixed asset working papers. The papers, in particular the reconciliation of the fixed asset register, had obviously been updated/amended since being put on file and did not reflect the disclosures in the financial statements.<br><br>Also, for some of the notes, a copy of the relevant page from the accounts was all that was provided, by way of support, in the working paper file. |

## Use of resources

### Recommendations

- R3** Working papers for fixed assets should be improved so that they clearly show how they support the figures in the financial statements.
- R4** All notes to the financial statements should have supporting working papers included on the file presented for audit.

# Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

## Use of resources judgements

- 17** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 18** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 19** The Council's use of resources theme scores are shown in Table 3 below. The key findings and conclusions for the three themes are summarised in Appendix 4.

**Table 3 Use of resources theme scores**

| Use of resources theme | Scored judgement |
|------------------------|------------------|
| Managing finances      | 3                |
| Governing the business | 3                |
| Managing resources     | 2                |

## Value for money conclusion

- 20** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the areas are set out in Appendix 4.

## Use of resources

- 21 I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

# Appendix 1 – Independent auditor’s report to Members of Warwickshire County Council

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## Independent auditor’s report to the Members of Warwickshire County Council

### Opinion on the accounting statements

I have audited the Authority accounting statements, the firefighters’ pension fund accounting statements, and related notes of Warwickshire County Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement and the related notes. The firefighters’ pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and the firefighters’ pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwickshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

---

### *Respective responsibilities of the Responsible Financial Officer and auditor*

The Responsible Financial Officer’s responsibilities for preparing the financial statements, including the firefighters’ pension fund accounting statements and local government pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the Authority accounting statements and the firefighters’ pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Authority accounting statements and the firefighters’ pension fund accounting statements present fairly, in accordance with relevant



## Appendix 5 – Action Plan

legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year;
- the financial transactions of the firefighters' pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with 'Delivering Good Governance in Local Government: A Framework' published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority's corporate governance procedures or its risk and control procedures

I read other information published with the Authority accounting statements, firefighters' pension fund accounting statements and related notes and consider whether it is consistent with the audited Authority accounting statements, firefighters' pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements, firefighters' pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

---

### ***Basis of audit opinion***

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements, firefighters' pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements, firefighters' pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority accounting statements, firefighters' pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority accounting statements, firefighters' pension fund accounting statements and related notes.

### **Opinion**

In my opinion:

- the Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- the firefighters' pension fund accounting statements present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the firefighters' pension fund during the year ended 31 March 2009 and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

### **Opinion on the pension fund accounts**

I have audited the pension fund accounts for the year ended 31 March 2009 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwickshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### ***Respective responsibilities of the Responsible Financial Officer and auditor***

The *Responsible Financial Officer's* responsibilities for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund's assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

## Appendix 5 – Action Plan

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword published in the financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

---

### ***Basis of audit opinion***

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Authority's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

---

### ***Opinion***

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the Pension Fund during the year ended 31 March 2009, and the amount and disposition of the fund's assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

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### **Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources**

#### ***Authority's Responsibilities***

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

#### ***Auditor's Responsibilities***

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me

to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities and fire and rescue authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities and fire and rescue authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, I am satisfied that, in all significant respects, Warwickshire County Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

### **Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

[Name]

(Officer of the Audit Commission)

[Address]

## Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

**Table 4**

|                               |   | Income and Expenditure Account |   | Balance Sheet |          |
|-------------------------------|---|--------------------------------|---|---------------|----------|
| Adjusted misstatements        | Nature of Adjustment  | Dr £000s                       | Cr £000s                                  | Dr £000s      | Cr £000s |
| Firefighters' Pension Fund    | £92k expenses incorrectly classified as Commutations & retirement lump sums. These should be shown as Lump sum death benefits. This is a material adjustment as materiality for this statement is £28k. | 92<br>Lump sum death benefits  | 92<br>Commutations & retirement lump sums |               |          |
| Earmarked reserves<br>Note 36 | Transfer from Service Savings account to create a specific Fire earmarked reserve of £264k. No change required to the overall total in the accounts.  |                                |   | N/A           | N/A      |

## Appendix 4 – Use of resources key findings and conclusions

|                        |   | Income and Expenditure Account |          | Balance Sheet                              |                        |
|------------------------|---|--------------------------------|----------|--|------------------------|
| Adjusted misstatements | Nature of Adjustment  | Dr £000s                       | Cr £000s | Dr £000s                                   | Cr £000s               |
| Insurance Fund Note 36 | Transfer from the Liability fund to the All Risks fund of £656k. No change required to the overall total in the accounts.   |                                |          | N/A  | N/A                    |
| Debtors Note 42        | Classification error between Trade debtors (invoiced income system) and Other trade debtors and prepayments of £2.3m. Trade debtors have been overstated by £2.3m and Other trade debtors and prepayments have been understated by the same amount. |                                |          | 2,300<br>Other trade debtors & prepayments | 2,300<br>Trade debtors |

## Appendix 5 – Action Plan

|                                     |  | Income and Expenditure Account |          | Balance Sheet                   |                            |
|-------------------------------------|--|--------------------------------|----------|---------------------------------|----------------------------|
| Adjusted misstatements              | Nature of Adjustment   | Dr £000s                       | Cr £000s | Dr £000s                        | Cr £000s                   |
| Capital Receipts Reserve<br>Note 36 | £125k has been received as a deposit for the sale of the North Leamington school site. However, until the sale is contractually complete, this should not be treated as a useable capital receipt. For prudence, it should be treated as a receipt in advance. |                                |          | 125<br>Capital Receipts Reserve | 125<br>Receipts in advance |

# Appendix 3 – Draft letter of representation

## Draft management representation letter

To: Dave Rigg  
Appointed Auditor  
Audit Commission  
2nd Floor  
1 Friarsgate  
1011 Stratford Road  
Solihull  
West Midlands  
B90 4EB

### **Warwickshire County Council - Audit for the period ended 31 March 2009**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Warwickshire County Council, the following representations given to you in connection with your audit of the *Council's* financial statements for the period ended 31 March 2009. All representations cover the Council's and Pension Fund accounts included within the financial statements.

#### ***Compliance with the statutory authorities***

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the County Council and for making accurate representations to you.

#### ***Supporting records***

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Warwickshire County Council Committee meetings have been made available to you.



### ***Irregularities***

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### ***Law, regulations, contractual arrangements and codes of practice***

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

### ***Fair Values***

I confirm the reasonableness of the significant assumptions within the financial statements.

### ***Assets***

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

### ***Compensating arrangements***

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in Note X to the financial statements we have no other lines of credit arrangements.

***Contingent liabilities***

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements; [and]
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements[.]; and
- no financial guarantees have been given to third parties.]

***Related party transactions***

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

***Post balance sheet events***

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

Signed on behalf of Warwickshire County Council

I confirm that the this letter has been discussed and agreed by the Audit Committee on [date]

Signed

Name

Position

Date

## Appendix 4 – Use of resources key findings and conclusions

The following tables summarise the key finding and conclusions for each of the three use of resources themes.

**Table 5**      **Managing finances**

|  |            |
|--|------------|
| <b>Theme score</b>   | <b>3</b>   |
| Key findings and conclusions   |            |
| <p>The Council can demonstrate that financial planning is contributing to better outcomes in priority areas. There has been a continued shift to invest in priority areas, most significantly adult social care. Overall the Council is a low spending authority and has a good track record of managing spending within its available resources. WCC has a good understanding of costs and unit costs and how these compare. The Council has an excellent track record of identifying scope for making efficiencies and delivering against its efficiency targets. Financial reporting is good with information being acted on to deliver outcomes. Public facing reporting is considered, with particular emphasis on the statement of accounts.</p> |            |
| <b>KLOE 1.1 (financial planning)</b>   |            |
| <b>Score</b>   | <b>3</b>   |
| <b>VFM criterion met</b>   | <b>Yes</b> |
| <b>KLOE 1.2 (understanding costs and achieving efficiencies)</b>   |            |
| <b>Score</b>   | <b>2</b>   |
| <b>VFM criterion met</b>   | <b>Yes</b> |

## Appendix 4 – Use of resources key findings and conclusions

|                                       |            |
|---------------------------------------|------------|
| <b>KLOE 1.3 (financial reporting)</b> |            |
| <b>Score</b>                          | <b>3</b>   |
| <b>VFM criterion met</b>              | <b>Yes</b> |

**Table 6      Governing the business**

|  |            |
|--|------------|
| <b>Theme score</b>   | <b>3</b>   |
| <b>Key findings and conclusions</b>  |            |
| <p>The Council is low spending with high quality services. VFM reviews were targeted and have resulted in differential efficiency targets for the 2<sup>nd</sup> year based on intelligence developed through the reviews. Finding £13m efficiencies for 2009/10 has been achieved through having a better understanding of relative VFM and clarity over priorities and narrowing the gaps. The council secures good quality data, however arrangements for ensuring data quality from third parties is still developing. The results of the corporate governance audit support the conclusion that staff and members exhibit high standards of personal conduct. There are various training opportunities for members, feedback is gathered from this training and acted on to improve future events. The Council has controls in place to ensure compliance with the Council's risk management policy and processes. In Economy and Environment effective risk management enabled the Council to assess the impact of recession early with its partners involve in the Camp Hill regeneration project. As a result the project is still moving forward. The Council is aiming to create a zero tolerance culture towards fraud and corruption. This is promoted in all associated documents and via media streams to staff, members and the public. There is evidence that the audit committee provides effective challenge in terms of examining the results of audit reports and taking action where further work or improvements are required.</p> |            |
| <b>KLOE 2.1 (commissioning and procurement)</b>  |            |
| <b>Score</b>   | <b>3</b>   |
| <b>VFM criterion met</b>   | <b>Yes</b> |

## Appendix 5 – Action Plan

|  |                        |
|--|------------------------|
| <b>KLOE 2.2 (data quality and use of information)</b><br>Score<br>VFM criterion met  | <b>2</b><br><b>Yes</b> |
| <b>KLOE 2.3 (good governance)</b><br>Score<br>VFM criterion met                      | <b>3</b><br><b>Yes</b> |
| <b>KLOE 2.4 (risk management and internal control)</b><br>Score<br>VFM criterion met | <b>3</b><br><b>Yes</b> |

**Table 7 Managing resources**

|   |            |
|---|------------|
| <b>Theme score</b>  | <b>2</b>   |
| Key findings and conclusions  |            |
| <p>The Council developed a climate change strategy in 2006 which it includes information about its total energy use and resultant CO2 emissions and the amount of CO2 from staff travel. The Council is not able to produce baseline data yet for a number of targets relating to environmental sustainability. The Council is establishing systems to manage its environmental performance. 6 directorates have achieved ISO 14001 environmental management and a number of schools have signed up to the eco schools initiative. The Council has lots of individual projects which reduces its impact on the environment. The Council is reducing the amount of waste sent to landfill and with partners is increasing recycling rates in the county. The council has worked effectively with partners to reduce disruption of services through flooding. The Council has an established strategic approach to asset management. It links asset management with other policies to provide clear direction for development, acquisition and disposal of assets. Asset management is enabling the delivery of corporate priorities. The council has good property information and performance data to enable it to deliver VFM. The Council has undertaken a series of area property reviews to enable assets in an area to be assessed and rationalised across organisations including the third sector. The recession has meant that there can be little progress with implementing proposals in the short/medium term.</p> |            |
| <b>KLOE 3.1 (use of natural resources)</b>  |            |
| <b>Score</b>  | <b>2</b>   |
| <b>VFM criterion met</b>  | <b>Yes</b> |
| <b>KLOE 3.2 (strategic asset management)</b>  |            |
| <b>Score</b>  | <b>2</b>   |
| <b>VFM criterion met</b>  | <b>Yes</b> |

# Appendix 5 – Action Plan

| Page no.  | Recommendation  | Priority<br>1 = Low<br>2 = Med<br>3 = High | Responsibility | Agreed | Comments | Date |
|---|---|--|----------------|--------|----------|------|
| <b>Annual Governance Report 2008/09 – Recommendations</b> |   |  |                |        |          |      |
| 7   | R1 Carry out classification checks on the Firefighters' Pension Fund statements prior to audit, to avoid the need for material amendments to be made to the accounts. | 3  |                |        |          |      |
| 7   | R2 The authority should review the payroll controls in operation over the HR service centre and gain assurance that they are operating as designed.                   | 3  |                |        |          |      |
| 10  | R3 Working papers for fixed assets should be improved so that they clearly show how they support the figures in the financial statements.                             | 2  |                |        |          |      |
| 10  | R4 All notes to the financial statements should have supporting working papers included on the file presented for audit.  | 2  |                |        |          |      |

---

# The Audit Commission

The Audit Commission is an independent watchdog, driving economy, efficiency and effectiveness in local public services to deliver better outcomes for everyone.

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

As a force for improvement, we work in partnership to assess local public services and make practical recommendations for promoting a better quality of life for local people.

---

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[www.audit-commission.gov.uk](http://www.audit-commission.gov.uk)

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# Annual Governance Report

Warwickshire Pension Fund

Audit 2008/09

September 2009

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# Contents

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---

## Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission, explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non executive directors, members or officers and are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
  - any third party.
-

Ladies and Gentlemen

**2008/09 Annual Governance Report**

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Strategic Director, Resources on 2 September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report; and
- approve the letter of representation on behalf of the Council before I issue my opinion (Appendix 2).

Yours faithfully

Name

District Auditor

Date

---

# Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements.

---

| Financial Statements                          | Results | Page |
|---|---------|------|
| Unqualified audit opinion                     | Yes     | 6    |
| Financial statements free from material error | Yes     | 6    |
| Adequate internal control environment         | Yes     | 6    |

---

## Audit opinion

- 1 We intent to issue an unqualified audit opinion on the financial statements of the pension fund.

---

## Financial statements

- 2 We have not identified any issues to report to those charged with governance in relation to the financial statements of the pension fund.

---

## Audit Fees

- 3 There has been no change to the audit fee previously agreed with the committee for the 2008/09 accounts.

## Next steps

---

# Next steps

**This report identifies the key messages that you should consider before I issue my opinion on the pension fund's accounts, which forms part of my report on the Council's financial statements. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.**

---

**4** I ask the Audit Committee to:

- consider the matters raised in the report; and
- approve the letter of representation on behalf of the Council before I issue my opinion (Appendix 2).

---

# Financial statements

The Pension Fund's accounts are important means by which the Fund accounts for its stewardship of pension funds. The Council has a final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements.

---

## Opinion on the financial statements

5 Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report on the Council's financial statements that includes an unqualified opinion on the Pension Fund's accounts. Appendix 1 contains a copy of my draft audit report which includes the entire opinion for Warwickshire County Council, incorporating the opinion for the pension fund accounts.

---

## Errors in the financial statements

6 We have not identified any errors in the financial statements that require reporting.

---

## Material weaknesses in internal control

7 We have not identified any material weaknesses in internal control.

---

## Letter of representation

8 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 2 contains the draft letter of representation I seek to obtain from you.

---

## Key areas of judgement and audit risk

9 In planning the audit specific risks were identified and areas of judgement were considered as part of the audit. The findings are set out in Table 1.

## Financial statements

---

**Table 1 Key areas of judgement and audit risk**

| Issue or risk  | Finding   |
|--|---|
| Valuations and Impairment– Impact of recession on value of investments | We have received external verifications for all investments and considered the management arrangements surrounding the valuation of these assets. |
| Pension fund – changes to employee contribution rates                  | We have considered the management controls in this area and placed reliance on a combination of controls and substantive testing in this area.    |

---

---

# Appendix 1 – Independent auditor’s report to Members of Warwickshire County Council

---

## Independent auditor’s report to the Members of Warwickshire County Council

### Opinion on the accounting statements

I have audited the Authority accounting statements, the firefighters’ pension fund accounting statements, and related notes of Warwickshire County Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The accounting statements comprise the Income and Expenditure Account, the Statement of Movement on the General Fund Balance, the Balance Sheet, the Statement of Total Recognised Gains and Losses, the Cash Flow Statement<sup>1</sup> and the related notes. The firefighters’ pension fund accounting statements comprise the Fund Account, the Net Assets Statement and the related notes. The accounting statements and the firefighters’ pension fund accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwickshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

---

### Respective responsibilities of the Responsible Financial Officer<sup>2</sup> and auditor

The Responsible Financial Officer’s responsibilities for preparing the financial statements, including the firefighters’ pension fund accounting statements and local government pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the Authority accounting statements and the firefighters’ pension fund accounting statements and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

---

<sup>1</sup> The description of the accounting statements should only include those relevant to the local authority’s circumstances.

<sup>2</sup> This will need to be amended to reflect the local title used.



## Appendix 1 – Independent auditor’s report to Members of Warwickshire County Council

I report to you my opinion as to whether the Authority accounting statements and the firefighters’ pension fund accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Authority and its income and expenditure for the year;
- the financial transactions of the firefighters’ pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Authority’s corporate governance procedures or its risk and control procedures.

I read other information published with the Authority accounting statements, firefighters’ pension fund accounting statements and related notes and consider whether it is consistent with the audited Authority accounting statements, firefighters’ pension fund accounting statements and related notes. This other information comprises the Explanatory Foreword<sup>3</sup>. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Authority accounting statements, firefighters’ pension fund accounting statements and related notes. My responsibilities do not extend to any other information.

---

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Authority accounting statements, firefighters’ pension fund accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the Authority accounting statements, firefighters’ pension fund accounting statements and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

---

<sup>3</sup> The other information that is ‘read’ is the content of the Explanatory Foreword, the printed Annual Report (where one is produced) other than the financial statements. The description of the information that has been read needs to be tailored to reflect local circumstances.

## Appendix 1 – Independent auditor’s report to Members of Warwickshire County Council

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Authority accounting statements, firefighters’ pension fund accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Authority accounting statements, firefighters’ pension fund accounting statements and related notes.

---

### Opinion

In my opinion:

- The Authority financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Authority as at 31 March 2009 and its income and expenditure for the year then ended; and
- The firefighters’ pension fund accounting statements present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the firefighters’ pension fund during the year ended 31 March 2009 and the amount and disposition of the fund’s assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

### Opinion on the pension fund accounts<sup>4</sup>

I have audited the pension fund accounts for the year ended 31 March 2009 under the Audit Commission Act 1998. The pension fund accounts comprise the Fund Account, the Net Assets Statement and the related notes. The pension fund accounts have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Warwickshire County Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

### Respective responsibilities of the Responsible Financial Officer and auditor

The Responsible Financial Officer’s responsibilities for preparing the pension fund accounts, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the pension fund accounts and related notes in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

---

<sup>4</sup> If the authority publishes separate accounts in respect of more than one LGPS fund, this section will need to be replicated for each fund with a suitable reference in each to the fund to which the opinion relates.

## Appendix 1 – Independent auditor’s report to Members of Warwickshire County Council

I report to you my opinion as to whether the pension fund accounts present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the pension fund during the year and the amount and disposition of the fund’s assets and liabilities, other than liabilities to pay pensions and other benefits after the end of the scheme year.

I read other information published with the pension fund accounts and related notes and consider whether it is consistent with the audited pension fund accounts. This other information comprises the Explanatory Foreword published in the financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the pension fund accounts and related notes. My responsibilities do not extend to any other information.

---

### Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the pension fund accounts and related notes. It also includes an assessment of the significant estimates and judgments made by the Authority in the preparation of the pension fund accounts and related notes, and of whether the accounting policies are appropriate to the Authority’s circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the pension fund accounts and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the pension fund accounts and related notes.

---

### Opinion

In my opinion the pension fund accounts and related notes present fairly, in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial transactions of the Pension Fund during the year ended 31 March 2009, and the amount and disposition of the fund’s assets and liabilities as at 31 March 2009, other than liabilities to pay pensions and other benefits after the end of the scheme year.

---

**Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources****Authority’s Responsibilities**

The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

**Auditor’s Responsibilities**

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Authority for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities and fire and rescue authorities. I report if significant matters have come to my attention which prevent me from concluding that the Authority has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Authority’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

**Conclusion**

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities and fire and rescue authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, I am satisfied that, in all significant respects, (name of body) made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

**Certificate**

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Name

(Officer of the Audit Commission)

Address

Date

---

# Appendix 2 – Draft letter of representation

---

To Dave Rigg  
Audit Commission  
No. 1 Friarsgate  
1011 Stratford Road  
Solihull  
West Midlands  
B90 4EB

## **Warwickshire Pension Fund - Audit for the period ended 31 March 2009**

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other officers of Warwickshire County Council, the following representations given to you in connection with your audit of the pension fund financial statements for the period ended 31 March 2009. All representations cover the accounts for the pension fund financial statements.

### **Compliance with the statutory authorities**

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with [the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the pension fund and for making accurate representations to you.

### **Supporting records**

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Pension fund have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council and Committee meetings, have been made available to you.

### Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

### Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the pension fund.

### Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements.

### Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts.

### Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

## Appendix 2 – Draft letter of representation

### Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties. The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements

### Post balance sheet events

Since the date of approval of the financial statements by the Council, no additional significant post balance sheet events that have occurred which would require additional adjustment or disclosure in the financial statements.

The pension fund has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Warwickshire Pension Fund

I confirm that the this letter has been discussed and agreed by the Audit Committee on date

Signed

Name

Position

Date

---

# The Audit Commission

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**AGENDA MANAGEMENT SHEET**

**Name of Committee**                      **Audit And Standards Committee**

**Date of Committee**                      **21<sup>st</sup> September 2009**

**Report Title**                                **Work Programme**

**Summary**                                    To consider the work programme for the Committee

**For further information  
please contact:**                      John Wright  
Committee Manager  
Tel: 01926 412320  
johnwright@warwickshire.gov.uk

**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
- Finance                                   .....
- Other Chief Officers                   .....
- District Councils                       .....
- Health Authority                       .....
- Police                                     .....
- Other Bodies/Individuals               .....

**FINAL DECISION    YES**

**SUGGESTED NEXT STEPS:**

Details to be specified

Further consideration by  
this Committee

.....

To Council

.....

To Cabinet

.....

To an O & S Committee

.....

To an Area Committee

.....

Further Consultation

.....

**ITEMS FOR FUTURE MEETINGS  
RELEVANT TO THE WORK OF AUDIT AND STANDARDS COMMITTEE**

| MEETING DATE | ITEM AND RESPONSIBLE OFFICER  | Minute Reference | REPORT TYPE           |                        |                            |          | CORPORATE PRIORITIES/LAA                 |                         |                                   |                              |
|--------------|---|------------------|-----------------------|------------------------|----------------------------|----------|--|-------------------------|-----------------------------------|------------------------------|
|              |   |                  | Member Requested Item | Performance Management | Policy Review/ Development | Overview | Raising Levels of Educational Attainment | Caring for Older People | Pursuing a Stable Environment and | Protecting the Community and |
| 23/11/09     | Internal Audit Report for the period 1 Apr 2009 to 30 Sept 2009 EXEMPT (Garry Rollason) |                  |                       | X                      |                            |          |  |                         |                                   |                              |
|              | Audit Commission Recommendations Tracking report (Garry Rollason)                       |                  |                       | X                      |                            |          |  |                         |                                   |                              |
|              | Standards Board Bulletin (Jane Pollard)   |                  |                       |                        |                            |          |  |                         |                                   |                              |
|              |   |                  |                       |                        |                            |          |  |                         |                                   |                              |
| 22/02/10     | Internal Audit Report for the period 1 Oct 2009 to 31Dec 2009 EXEMPT (Garry Rollason)   |                  |                       | X                      |                            |          |  |                         |                                   |                              |
|              | Contract Standing Orders Audit 2009 (Garry Rollason)                                    |                  |                       | X                      |                            |          |  |                         |                                   |                              |
|              | Standards Board Bulletin (Jane Pollard)   |                  |                       |                        |                            |          |  |                         |                                   |                              |

| MEETING DATE                           | ITEM AND RESPONSIBLE OFFICER   | Minute Reference | REPORT TYPE      |                        |                            |          | CORPORATE PRIORITIES/LAA      |                         |                   |                |
|--|--|------------------|------------------|------------------------|----------------------------|----------|-------------------------------|-------------------------|-------------------|----------------|
|  |  |                  | Member Requested | Performance Management | Policy Review/ Development | Overview | Raising Levels of Educational | Caring for Older People | Pursuing a Stable | Protecting the |
|  |  |                  |                  |                        |                            |          |                               |                         |                   |                |
| <b>Dates not set</b>                   |  |                  |                  |                        |                            |          |                               |                         |                   |                |
|  |  |                  |                  |                        |                            |          |                               |                         |                   |                |
| <b>On going Issues to be monitored</b> | Arrangement of training for members on the Comprehensive Area Assessment                 |                  |                  | X                      | X                          |          |                               |                         |                   |                |
|  | Cabinet approval of the updated anti fraud and corruption policy and supporting strategy |                  |                  | X                      | X                          |          |                               |                         |                   |                |
|  | Update of Case File Recording  |                  |                  | X                      | X                          |          |                               |                         |                   |                |
|  |  |                  |                  |                        |                            |          |                               |                         |                   |                |
|  |  |                  |                  |                        |                            |          |                               |                         |                   |                |