MINUTES of a meeting of the Audit and Performance Committee held at Swanspool House, Wellingborough on Tuesday 10 June 2008 commencing at 7:00pm and concluded at 8:07pm.

Present: Councillor Callnon (Chairman), Councillor Allebone (Vice-Chairman), Councillors Bigley, Crofts, Morrall and Sharp

Councillors Bass, Dholakia, G Lawman and Pursglove also attended the meeting.

1 APOLOGIES FOR ABSENCE

RESOLVED to note that there were no apologies for absence.

2 DECLARATIONS OF INTEREST

RESOLVED to note that no declarations of interest were made.

3 ANNUAL AUDIT AND INSPECTION LETTER 2006-07

The Committee received a report from the Corporate Director which contained the annual audit and inspection letter for 2006-07 in its appendix. Mary Perry, Relationship Manager Audit Commission, and David Brett, external auditor KPMG, attended to present the letter. It was noted that information in the letter relating to audit – the Report to Those Charged with Governance and the Annual External Audit Report - had been brought to Committee previously.

Mary Perry stated that the focus of her presentation would be on the Council’s direction of travel report. She noted that she had raised concerns about the Council’s direction of travel in the previous year’s audit and inspection letter: there was evidence to suggest that the Council was not improving at the same rate as other comparable councils. She noted that the Audit Commission would visit the authority in July to carry out a full assessment to determine whether the Council’s excellent rating continued to be merited.

Mary Perry and David Brett responded to the Committee’s further questions and comments, which included the following:

- The Committee requested further details about how comparisons with other councils were made. Mary Perry noted that the Audit Commission was able to compare councils through Best Value Performance Indicator (BVPI) information and quartile comparisons, through trend analysis over the past 3 years and through information gathered from its Key Lines of Enquiry (KLOE) interviews with employees.
It was noted that the performance indicator information referred to in the direction of travel report related to 2006-07, and that some improvements had been made during 2007-08: those included improvements in community safety, waste collection, on time payment of invoices, determination of planning applications. It was further noted that comparisons with other councils for 2007-08 would not be available until later in the year.

The Committee noted the practical difficulties in dealing with employee vacancies and sickness issues. Mary Perry reported that this was one of the factors contributing to the Council’s decline in performance, however employee vacancies and sickness absence were experienced by all councils.

The Committee noted that the four action points, contained within item 4 of the letter, recommended by the Audit Commission were being addressed.

The Committee suggested that these action points be examined by the political leadership of the Council; it was noted that the Audit Commission had expressed these concerns previously.

The Committee noted the Audit Commission’s concerns regarding the Council’s lack of progress towards the local government equalities standard. It was noted that the Business Transformation Programme included this as an area of focus and aimed to reach level 3 by March 2009.

The Committee Chairman invited comment from the Chief Executive, who noted that during the past 2 years the Council had undergone significant change. In 2004 it had been rated excellent by the Audit Commission for delivery of services. The Council now wished to be seen as excellent in the eyes of the community it served. The Council welcomed the full assessment in July which would enable focus on more recent achievements and provide external challenge of its improvement plan.

A request was made, and the Committee agreed, that the Council’s leadership team be invited to attend a future meeting to provide information about its plans to address issues contained within the annual audit and inspection letter 2006-07.

**RESOLVED** that the report be received and that officers be instructed to bring forward an action plan to address the recommendations in the annual audit and inspection letter 2006-07.

4 CONFIRMATION OF MINUTES

**RESOLVED** that the minutes of the meeting held on 25 March 2008 be confirmed and signed.

5 CALL INS

**RESOLVED** to note that a call in had been made. Councillor Sharp, committee member, supported by Councillors G Lawman, Hollyman and Pursglove, requested that the following item considered by Resources Committee 3 June 2008 be called in:

Item 8: Town centre project programming and maternity cover

The councillors requesting the call in were invited to expand on their reasons for doing so. It was noted that they would direct full reasoning behind their request for call in to the Chief Executive by the end of week commencing 9 June 2008 to enable additional information to be presented at the next meeting of Audit and Performance at which a full debate could take place. It was agreed that this would be an agenda item for the meeting of Audit and Performance Committee on 26 June.
Prior to the Committee considering the above, the Chairman invited the Audit Manager to present an outline of the function and remit of audit committees, together with information about ConsortiumAudit and its relationship to the Council.

The Committee noted that ConsortiumAudit’s assessment of the Council related to the processes in place, rather than the performance of individual services.

The Committee received a report from the Head of Financial Services which provided ConsortiumAudit’s (internal audit’s) opinion on the overall adequacy and effectiveness of the Council’s internal control environment, together with a summary of the audit work undertaken to formulate that opinion. This report built upon the quarterly reports previously presented to the Scrutiny Committee during the past year.

It was noted that ConsortiumAudit’s overall opinion of the Council’s key management arrangements and internal controls was that an acceptable level of assurance could be provided. The Audit Manager informed the Committee that this report would feed into the annual governance statement which accompanied the annual accounts. She noted that appendix A detailed the work carried out by ConsortiumAudit during 2007-08. Appendix B contained details of high risk issues and high priority recommendations that had been raised with services managers and agreed in the reviews undertaken.

Appendix C provided details of non core financial follow up work from 2006-07: it was noted that all core financial audit work was included automatically in the following year’s audit. The committee noted that of the 10 recommendations with high risks attached made in 2006-07, 6 had been implemented, 2 partially implemented and the remaining 2 were found to be no longer applicable.

A comparison of levels of assurance for each of the core financial audits for 2006-07 and 2007-08 was provided in paragraphs 5.2 of the report. It was noted that 3 core financial audits in the current year had a limited overall level of assurance. However, the Head of Financial Services informed the committee that the new Agresso financial system included new modules which would improve control levels in areas of limited assurance.

The Audit Manager noted that ConsortiumAudit had delivered 84% of the 2007-08 audit plan; this was due to long term sickness of members of the team, together with the resignation a principal auditor and an auditor. She reported that ConsortiumAudit was trialling a new structure with would provide greater flexibility, productivity and resilience. Details of ConsortiumAudit’s compliance with the CIPFA code of practice was provided in paragraph 5.6 of the report.

The Audit Manager and Head of Financial Services responded to the committee’s questions and comments, which included the following:

- The committee requested additional information about the prevention of raising retrospective orders (appendix B: creditors including procurement). It was noted that the new Agresso financial system would prevent this.
- The committee expressed concern that the establishment was insufficient to enable effective delivery levels within certain services. It was noted that as a response to the borough wide growth agenda staffing levels may need to be increased: a request could be included in next year’s budget estimates.
• The committee requested information about the monitoring of recommendations made to services by ConsortiumAudit. It was noted that a tracking system had been put into place which could generate reports to log recommendations and suggested implementation dates, and thus enable checks and follow up actions by auditors. It was noted that the committee would receive quarterly reports from ConsortiumAudit, detailing progress of the year’s audit plan.

R1  RECOMMENDED that the annual internal audit report for 2007-08 be received.

7  URGENT MATTERS

RESOLVED to note that there were no urgent matters.

Chairman