

MINUTES OF: THE JOINT MEETING OF THE AUDIT SCRUTINY COMMITTEE AND THE STANDARDS COMMITTEE

Date of Meeting: 14th JUNE 2007

**PRESENT: Councillor Smith (Audit Scrutiny Chair)
Mr A Neville (Standards Committee Chair)
Councillors Wilson (substituting for Councillor Aldred), Cheetham, Forshaw, P. Gill, Hancock, J. Pawson, S. Pawson, L. Barnes (substituting for Councillor Swain) and Thorne
Ms B O'Connor (co-opted Member, Audit Scrutiny Committee)**

ALSO PRESENT Councillor Essex, Portfolio Holder for a Well Managed Council

**IN ATTENDANCE: Linda Fisher, Head of Planning, Legal and Democratic Services
Phil Seddon, Head of Financial Services
Andrew Fox, Principal Auditor, Lancashire Audit Service
Zaheer Abbas, Senior Auditor, Lancashire Audit Service
Mike Thomas, Audit Commission
Tony Hough, Audit Commission
Heather Moore, Committee and Member Services Manager**

1. WELCOME

Councillor Smith welcomed new Members to the Committee and explained that the meeting was being held as a joint Committee of the Standards Committee and Audit Scrutiny Committee as there were many cross cutting issues of importance to each of the Committees.

2. APOLOGIES FOR ABSENCE

Apologies for absence were submitted on behalf of Councillors Aldred and Swain.

3. APPOINTMENT OF CHAIR OF STANDARDS COMMITTEE

Resolved:

That Mr Andrew Neville be appointed Chair of the Standards Committee for 2007/08.

4. APPOINTMENT OF VICE CHAIR OF STANDARDS COMMITTEE

Resolved:

That Councillor J Pawson be appointed Vice-Chair of the Standards Committee for 2007/08.

5. DECLARATIONS OF INTEREST

No declarations were made.

6. MINUTES OF THE AUDIT SCRUTINY COMMITTEE MEETING HELD ON 15th MARCH 2007

Resolved:

That the Minutes of the meeting of the Audit Scrutiny Committee held on 15th March 2007 be signed by the Chair as a correct record.

7. MINUTES OF THE STANDARDS COMMITTEE MEETING HELD ON 8th MARCH 2007

The Chair of the Standards Committee provided feedback on the actions of the last Minutes In respect of Minute Number 4 (introducing the voluntary scheme of CRB checks for Whitworth Town Council); the Council were awaiting guidance from the Home Office which would then be fed back to Whitworth Town Council. In respect of Minute Number 10, it was reported that the Council had received a draft Policy on the use by Members of Town Council facilities and this would be considered at the next meeting.

Resolved:

That the Minutes of the meeting of the Standards Committee held on 8th March 2007 be signed by the Chair as a correct record.

8. URGENT ITEMS

The Chairs reported that there were no urgent items of business.

9. PUBLIC QUESTION TIME

No questions were raised under this item.

10. EXTERNAL AUDIT REPORTS

10a. ANNUAL AUDIT AND INSPECTION LETTER

The Committees welcomed Mike Thomas from the Audit Commission who presented the Annual Audit and Inspection Letter.

Mike Thomas reported on the key messages of the report as detailed below.

- General service performance continues to improve.
- The retained strategic housing responsibility requires further development to support important issues such as affordable and decent housing, although it was recognised that good progress had been made in the context of the review taking place only six to nine months post the successful transfer of the Council's housing stock.
- Good progress has been made in the Council's contribution to the county-wide Children and Young People's Partnership.
- Improvements have been made to secure adequate performance in its use of resources but scope remains for stronger arrangements.
- The IT control environment and arrangements need to be improved to limit the exposure to IT fraud or abuse, although identified issues are being quickly addressed

- as part of the Council's ICT Strategy.
- Good progress has been made, in a relatively short timeframe, on data quality management and ethical governance arrangements.

Mike Thomas reported that the rating of the recent CPA inspection would be reported back within the next few weeks. He also outlined proposals for training on audit issues and this could be linked into joint training with other Districts.

Resolved:

That the District Auditor's Annual Audit and Inspection Letter be noted.

10b. AUDIT AND INSPECTION PLAN

Mike Thomas presented the Audit and Inspection Plan which set out the audit and inspection work proposed to be undertaken for the 2007/08 financial year.

He reported that the Plan had been developed by the Relationship Manager and Appointed Audit and was based on the Audit Commission's risk-based approach to audit planning and the requirements of the Comprehensive Performance Assessment (CPA).

Mike Thomas highlighted some of the inspection activity that would be undertaken as detailed below:

Probity in Planning
Health Inequalities
Use of Resources Report
Annual Governance Report
Use of Resources Report
Data Quality Findings Report
Direction of Travel

In response to a question about the Audit fee, Mike Thomas indicated that this could be reviewed subject to any findings of the CPA inspection.

Resolved:

That the report be noted and that authority be given to the Chair of Audit Scrutiny Committee to report comments back to the Audit Commission should Members wish to comment further on the Audit and Inspection Plan.

11. INTERNAL AUDIT REPORTS

11a. ANNUAL AUDIT REPORT 2006/07

The Committees welcomed Andrew Fox of Lancashire Audit Service who provided information on the planned activity and results of internal audit.

Andrew Fox reported that the Council had taken considerable steps towards the implementation of the audit recommendations. He highlighted that follow up reviews

undertaken in May 2007 recognised that the majority of recommendations had either been implemented or addressed. Major improvements had been made to the level of internal control within systems including payroll, debtors and creditors.

Resolved:

That the Internal Audit Annual Report for the period 1 April 2006 to 31 March 2007 be noted.

11b. ANNUAL AUDIT PLAN 2007/08

The Committees welcomed Zaheer Abbas of Lancashire Audit Service who presented the proposed Internal Audit Plan for 2007/08.

Zahir Abbas informed the Committees that the Plan was largely focused on an assessment of the risks to achievement of the Council's objectives and he summarised the planned work as detailed below.

Focused reviews
Data quality
Corporate Governance
National Fraud Initiative
IT Controls
Client Side Management Arrangements
Personnel systems
Anti-Fraud Corruption Policy

It was noted that there was potential for the Audit Scrutiny Committee and Standards Committee to do further joint working on Corporate Governance and Anti Fraud and Corruption.

Resolved:

That the Internal Audit Annual Plan for the period 1 April 2007 to 31 March 2008 be approved.

12. TERMS OF REFERENCE OF AUDIT SCRUTINY COMMITTEE AND THE STANDARDS COMMITTEE

The Committees considered proposed amendments to the Terms of Reference of Audit Scrutiny Committee and the Standards Committee.

The Head of Planning, Legal and Democratic Services highlighted further amendments to the Standards Committee Terms of Reference as set out below:

Deletion of (l) Consider and approve the Statement of Accounts, as this was a function of the Accounts Committee;

Deletion of (m) Monitor the Whistle-Blowing Policy as this was detailed in (k)

To exercise functions (a) to (h) and (p) in relation to Whitworth Town Council and the

Members of Whitworth Town Council.

The Chair of the Standards Committee reported on opportunities to work jointly as the Terms of Reference of the Standards Committee reflect on the work of Audit Scrutiny Committee.

Resolved:

That Full Council be recommended to amend the Terms of Reference as set out by the Head of Planning, Legal and Democratic Services.

That the Terms of Reference of these Committees be reviewed in six months time.

That the Committees approve joint working.

13. NEW MODEL CODE OF CONDUCT FOR MEMBERS

The Committees considered the report of the Head of Planning, Legal and Democratic Services which outlined the new Model Code of Conduct for Members.

The Chair of the Standards Committee reported that he had attended the Independent Members Forum for the North West of England and the Standards Board Road Show and he highlighted some of the amendments to the Code.

All Elected Members were encouraged to attend a training session on the 19 June which would go into the Code in greater detail.

Councillor Forshaw highlighted that if Elected Members were concerned about their position they should seek advice from Linda Fisher, the Council's Monitoring Officer.

Resolved:

That Full Council be recommended to approve the Model Code of Conduct for Members with immediate effect.

14. DRAFT STATEMENT OF INTERNAL CONTROL

The Committees considered the report of the Head of Financial Services which outlined the draft Statement on Internal Control for 2006/07.

The Head of Financial Services highlighted that the report was an initial opportunity for Elected Members to make comment before final approval by the Accounts Committee on 28 June 2007.

The Head of Financial Services reported on the progress that had been made in the last period and recent years in respect of Use of Resources.

It was noted that should Members have additional comments to make, these could be fed through to the Chair of Audit Scrutiny Committee or the Head of Financial Services.

Resolved:

That the report be noted.

That authority be delegated to the Head of Financial Services in consultation with the Portfolio Holder for a Well Managed Council to make any further amendments (that are in the best interests of the Council) prior to final approval by the Accounts Committee.

15. DRAFT OVERVIEW AND SCRUTINY ANNUAL REPORT

The Committee and Member Services Manager presented the Overview and Scrutiny Annual Report for 2006/07 which highlighted the work of Overview and Scrutiny during that period.

The Committee and Member Services Manager referred to the positive outcomes of the work of Overview and Scrutiny and Councillor Hancock indicated that the improvements made to scrutiny over the last year were a credit to the Scrutiny Support Officer.

It was noted that further comments on the report could be fed back to the Scrutiny Support Officer for inclusion within the report prior to submission to Full Council.

Resolved:

That the Annual Report be agreed.

16. STANDARDS COMMITTEE WORK PROGRAMME 2007/08

The Standards Committee considered their Work Programme for 2007/08 as circulated.

It was noted that an action from the last Standards Committee was required to be added to the Work Programme.

Resolved:

That the Work Programme 2007/08 be agreed.

17. AUDIT SCRUTINY COMMITTEE WORK PROGRAMME 2007/08

The Audit Scrutiny Committee considered the Work Programme for Overview and Scrutiny for 2007/08. It was noted that the Policy Scrutiny Committee would consider the development of a Policy on Town Twinning and options in respect of Irwell Sculpture Trail.

Resolved:

That the Work Programme 2007/08 be noted.

(The meeting started at 6.30pm and finished at 7.50pm)